

Global Approaches to Unique Funding Models



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Innovate 2012

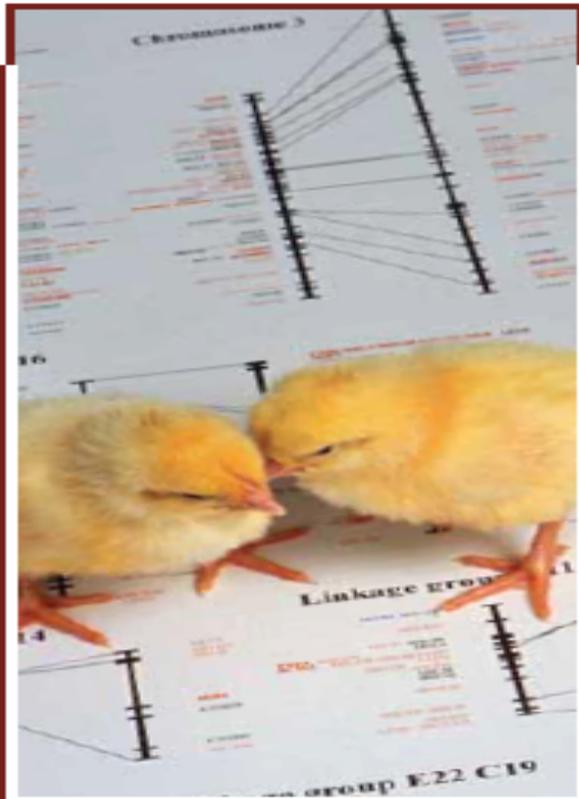
Innovation: Funding Livestock Research and Outreach in the Future

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The Cliffs Resort / Shell Beach, CA

My Background

- ❖ **University professor for past 35 years.**
- ❖ **Funding sources have included competitive grants from: USDA, NSF, State of Iowa, National Pork Board, Iowa Pork Producers Association and various companies from a number of different livestock industries.**
- ❖ **Total funding = nearly \$35 Million**
- ❖ **Recent years much of my lab supported by industry funds**



PUBLIC RESEARCH, PRIVATE GAIN

CORPORATE INFLUENCE OVER UNIVERSITY AGRICULTURAL RESEARCH

Snapshot of Selected Professors at Iowa State University⁶⁴

Years	Professor	Department	Private Grants	Percentage of Total Funding	Examples of Corporate Donors
2006–10	Kan Wang	Agronomy	\$1.8 million	90.7 percent	Pioneer Hi-Bred, Dow
2006–10	Silvia Cianzio	Agronomy	\$2.6 million	83.9 percent	Iowa Soybean Association, United Soybean Board
2006–10	Stuart Birrell	Agricultural & Biosystems Engineering	\$2.1 million	93.0 percent	Deere & Company, Archer Daniels Midland
2006–10	Gregory Tylka	Plant Pathology	\$1.5 million	97.6 percent	Iowa Soybean Association, Monsanto
2006–10	Antonio Mallarino	Agronomy	\$1.4 million	92.2 percent	Monsanto, Fluid Fertilizer Foundation, Iowa Soybean Association
2006–10	Alison Robertson	Plant Pathology	\$1.2 million	85.3 percent	Syngenta, BASF, Iowa Soybean Association
2006–10	Max Rothschild	Animal Sciences	\$1.3 million	76.5 percent	National Pork Board, Pfizer, Monsanto Fund
2006–10	Leonor Leandro	Plant Pathology	\$1.2 million	99.6 percent	Monsanto, DuPont, Iowa Soybean Association
2006–10	Palle Pedersen	Agronomy	\$1.0 million	94.5 percent	Valent, Monsanto, BASF, Bayer

My Interests and Background in the Developing World



- ❖ Working in Uganda with livestock and development in ISU's Center for Sustainable Rural Livelihoods since 2005.
- ❖ Low tech projects but thinking about genomics and development.
- ❖ National Academy of Science and US State Department supported Jefferson Science Fellowship to work in research and policy at USAID.



USAID
FROM THE AMERICAN PEOPLE



- ❖ **The US agency for International Development (USAID) is the US government agency primarily responsible for civilian foreign aid**
- ❖ **Created in 1961.**
- ❖ **USAID's goals: "economic, development and humanitarian assistance around the world in support of the foreign policy goals of the United States."**
- ❖ **Lead agency for Feed the Future , the US global program on hunger and food security.**
- ❖ **Represents a major funding source for global research and development.**

What Does Feed the Future Do?

1. Help farmers produce more
2. Help farmers get more food to market
3. **Support research & development to improve smallholder agriculture in a changing climate**
4. Strengthen regional trade
5. Create a better policy environment
6. Improve access to nutritious food and nutrition services



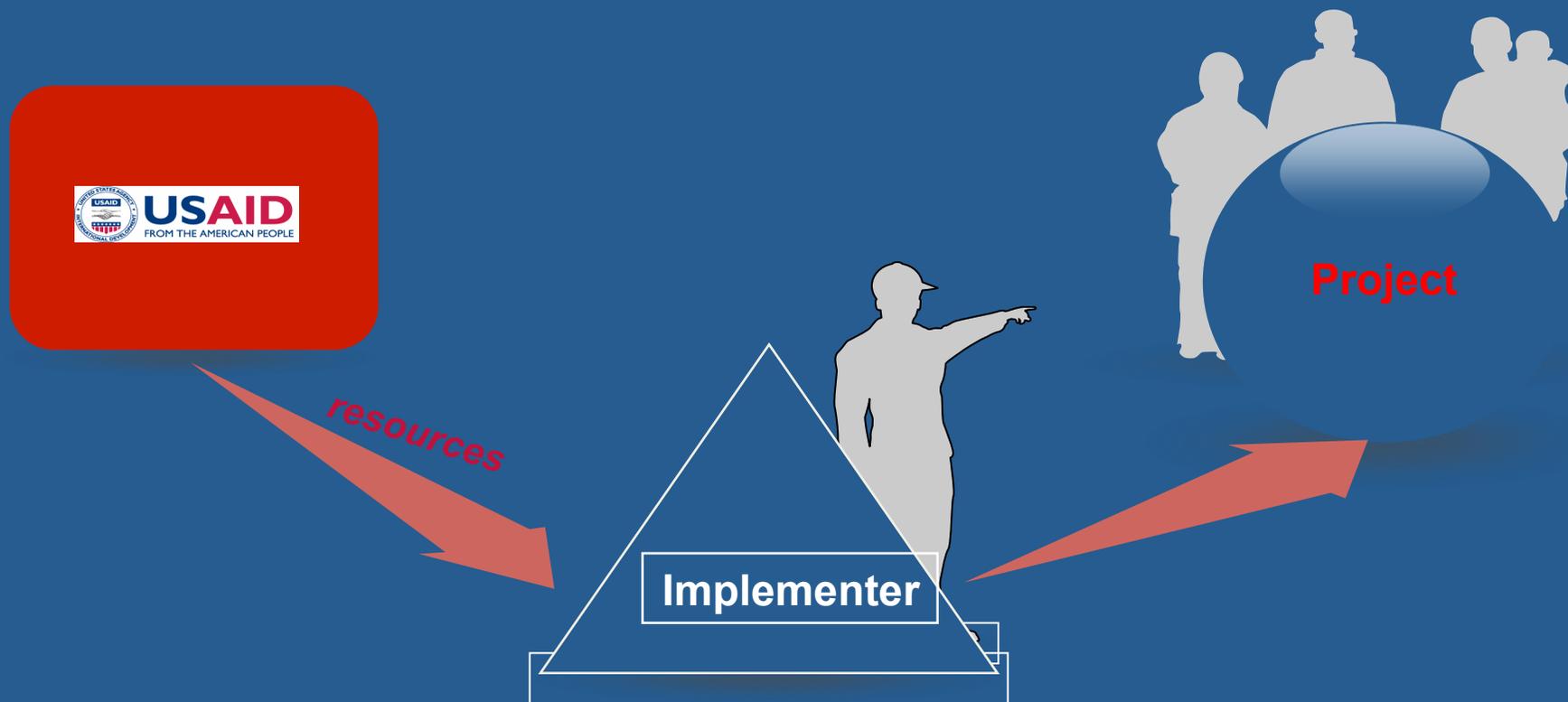
USAID (and other donor) Models

- ❖ **Direct funding from Washington DC to implementers**
- ❖ **Direct funding from Washington DC to universities**
- ❖ **Hybrid model: implementers/universities.**
- ❖ **Funding by way of the USAID missions**
- ❖ **New approaches: private – public partnerships**
- ❖ **Expanded private public partnerships**

Traditional USAID Model: Funding to Implementers

- **Large projects – implementers bid the projects**
- **Hire consultants to help**

Funding to Implementers



USAID to Universities: Animal Science Example: Livestock-Climate Change CRSP:

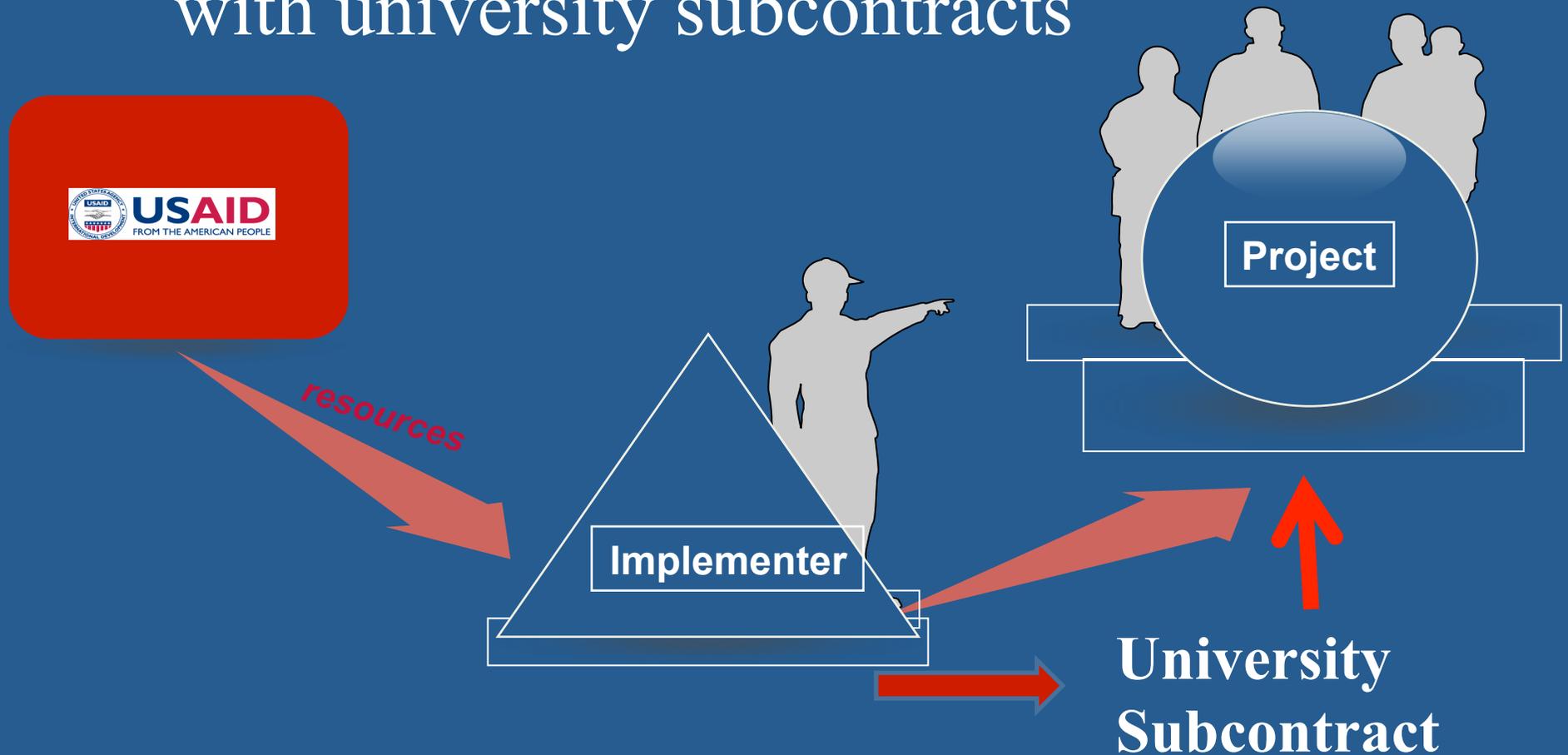


- ❖ Total funding of \$15 million over 5 years
- ❖ Management entity gets funding
- ❖ Projects competed out to others - \$70K-\$500K
- ❖ Missions can add funding

Hybrid Model

Funding to implementers

with university subcontracts



Traditional

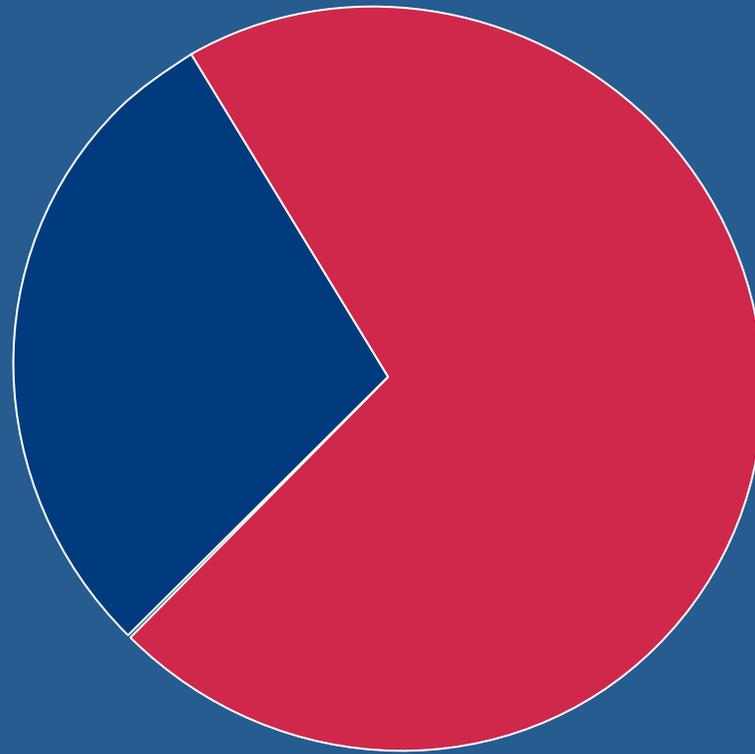
NEW PARTNERING



New paradigm

U.S. Resource Flows to the Developing World in the 1960s: \$22.8 Billion

**Private
Flows
27 %**

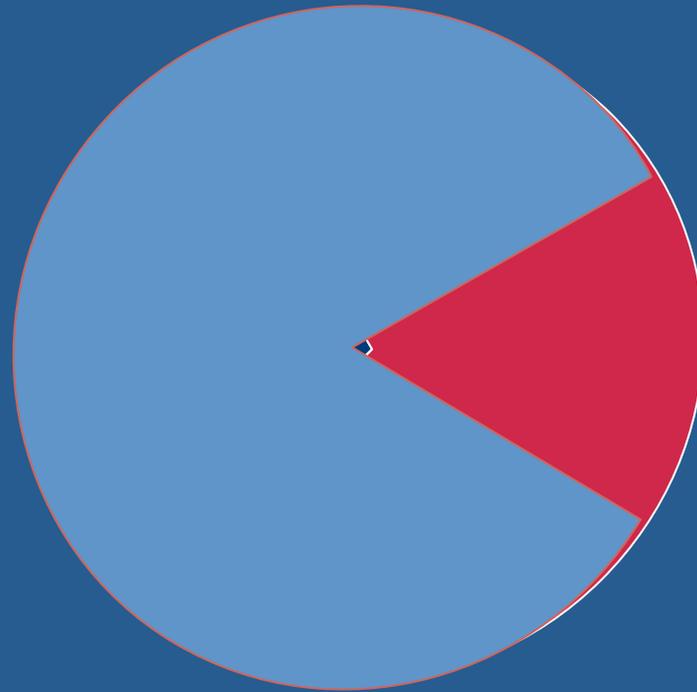


**Public
Flows
73 %**

U.S. Resource Flows to the Developing World in the 2010: \$204.8 Billion

A Shifting Landscape

**Private
Flows
86 %**



**Public
Flows
14 %**

Strategic Rationale for Private Sector Partnerships

- **Engine of Economic Growth:** Private sector fuels economic growth, innovation and job creation
 - *JP Morgan → estimates \$1 trillion over the next decade in developing country investment opportunities.*

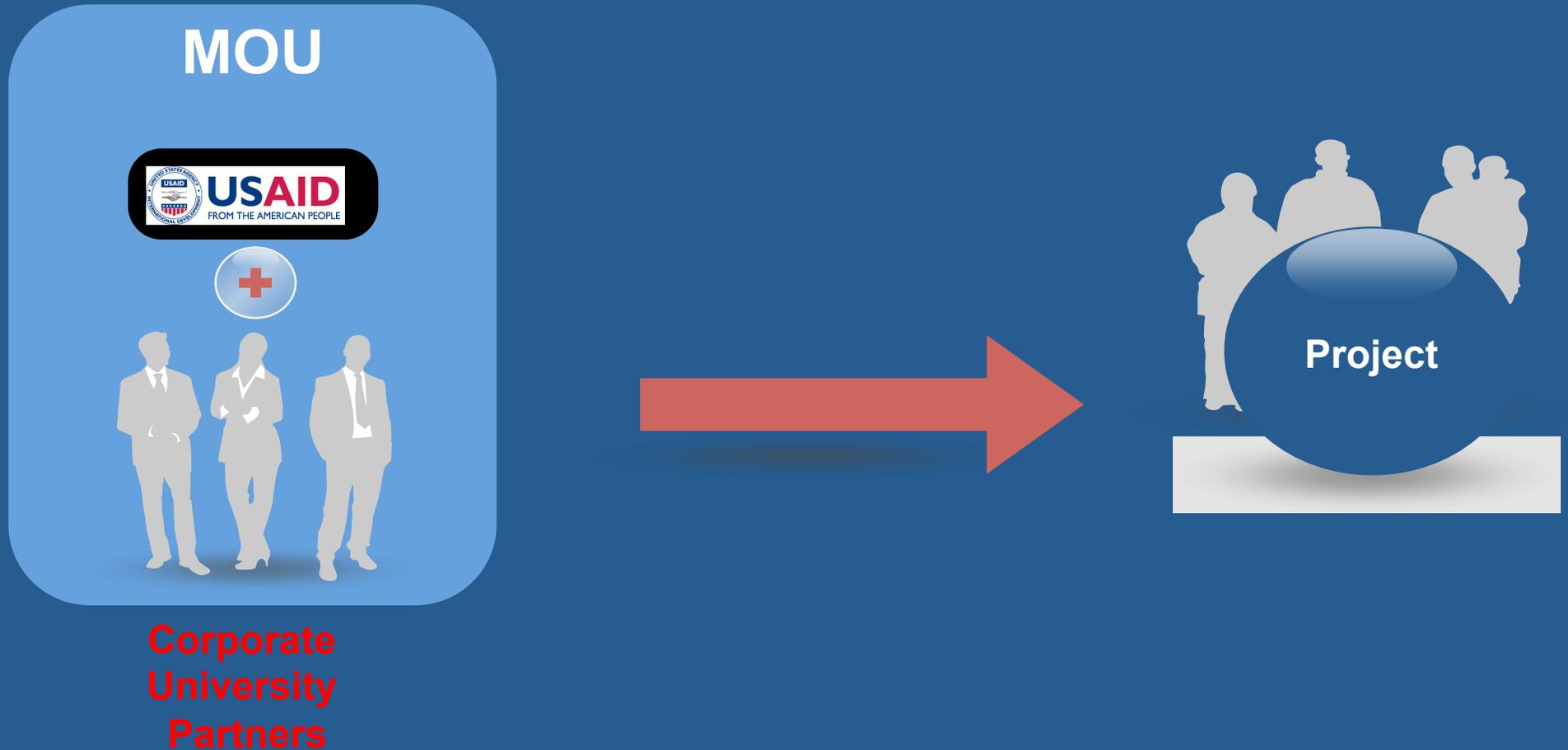
Strategic Rationale for Private Sector Partnerships

- **Broad-Based Development Impact:** Private sector interests increasingly align with development goals; opportunity to tap private sector skills, resources and technologies to drive more innovative, cost-effective development solutions across all Agency priority areas
 - *93% of CEOs believe that sustainability issues will be critical to the future success of their business*

Strategic Rationale for Private Sector Partnerships

- **Sustainability and Scale:** Market-led private sector approaches often increase the sustainability of development efforts, and global corporations bring an ability to scale solutions
 - *Scale: 53 of the 100 largest economies in the world are companies; P&G reaches 4 billion customers*

Building Partnerships: *Alliance Model*



Partnering Principles:

Global Development Alliances (GDAs) Defined

- Global Development Alliances are a **market-based approach** to partnerships between the public and private sectors to address **jointly defined** business and development objectives.
- Alliances are **co-designed, co-funded, and co-managed** by partners so that the risks, responsibilities, and rewards of partnership are equally shared.
- GDAs are an approach to partnering with **a wide range of private sector stakeholders**, including corporations, the local private sector in developing countries, NGOs, civil society, diaspora communities, and academic and research institutions

Partnering Principles



Significant and sustainable development impact



Jointly defined problem and solution



Shared resources, risks, and responsibilities



Innovative approaches to working with new partners



Contributes to public goods (not *solely* private benefits)



Mutual investment - goal of 1:1 leverage of cash, expertise, systems, other resources *



What's Been Accomplished

Partnerships Track Record

USAID has been a pioneer among donor agencies partnering with the private sector

Global Development Alliance: Key Facts

- Over 1,000 partnerships with 3,000 distinct partners
- Leveraged over \$9 billion in combined public and private resources
- On average leveraged \$4 in private resources for every \$1 in USG funds
- Diverse portfolio of partnerships spanning all regions and development priorities
- Broad base of partner relationships: 30+ "global" strategic relationships / MOUs

Selected Global Partner Relationships



PEPSICO



CISCO



Swiss Re



Walmart

Microsoft



GENERAL MILLS

the David & Lucile Packard
FOUNDATION



Building Partnerships

Identifying complementary capabilities

Question: What are the complementary assets of USAID and private sector partners?

USAID

- Policy influence
- Development expertise
- Convening power
- Local and global networks
- Relationships
- Long-term country presence
- Credibility
- Funding

Resource Partners

- Market driven approaches
- Skills, services and expertise
- Access to supply chains/ markets
- Technology and intellectual support
- Relationships
- Long-term country commitment
- Communications and marketing
- Funding

USAID Partnerships

Examples

Partnership	Focus	Partnership Strength
World Cocoa Foundation West Africa	➤ Strengthening smallholder cocoa farmer productivity	➤ Strong intersection of a business challenge and a development need
Swiss Re Horn of Africa	➤ Introducing weather-based insurance products for farmers and pastoralists	➤ Leverages core competence of private sector partner
PepsiCo and World Food Program <i>Ethiopia</i>	➤ Developing chickpea value chain & new products	➤ Dual impact – business benefit & development impact
MTV Exit <i>Asia</i>	➤ Anti-trafficking media and social messaging campaign	➤ Leverages partner capabilities to enable scale

Corporate Image

- ❖ Has there been anything in the media that would reflect negatively upon the company?
- ❖ Is the company looking solely for PR opportunities by aligning itself with USAID?
- ❖ Is the company only or primarily looking for procurement opportunities or money from USAID?
- ❖ Is the company willing to engage with USAID in a transparent manner without expecting an exclusive relationship (i.e., barring competitors)?
- ❖ Is the company willing to accept limitations on the publicity (i.e., press and media coverage) of the alliance so as to ensure that USAID is not perceived to be endorsing the company or its products and services?

Social Responsibility

- ❖ Does the company have a good reputation especially in areas of corporate social responsibility (CSR)? For new companies or companies with past CSR troubles, are they committed to instituting/improving a sound CSR policy?
- ❖ Does the company have policies barring harmful child labor or forced labor?
- ❖ Does the company have a non-discrimination?
- ❖ Does the company have a health and safety action plan for workers, including the handling of hazardous materials and the prevention of environmental accidents?
- ❖ Does the company have a policy for codes of conduct, labor standards?

Environmental accountability

- ❖ Does the company collect and evaluate adequate and timely information regarding the environmental, health, and safety impacts of their activities?
- ❖ Does the company maintain contingency plans for preventing, mitigating, and controlling serious environmental and health damage from their operations?
- ❖ Does the company continually seek to improve corporate environmental performance, and be efficient in their consumption of energy and natural resources? Can they be reused, recycled, or disposed of safely.

DEVELOPMENT INNOVATION VENTURES

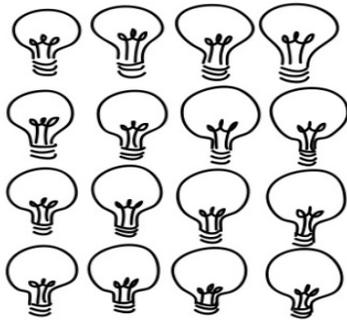
DIV in a nutshell:

- **Objective:** to identify, develop and transition to scale evidence-based global public goods
- DIV is a fund to which virtually anyone in the world can propose their cost-effective development solution
 - *Including entrepreneurs, firms, NGOs, academics*
- DIV is open to solutions in all sectors in development supported by USAID
- Proposals compete every quarter for staged financing

DEVELOPMENT INNOVATION VENTURES INNOVATIONS PIPELINE

STAGE 1

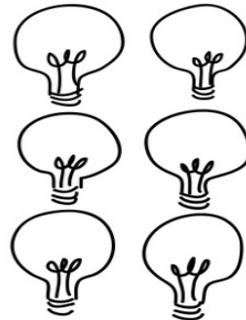
<\$100k



seed
financing

STAGE 2

<\$1M



start-up
&
testing

STAGE 3

<\$15M



transitioning
to
scale

Can apply at any stage, and must compete to advance to the next stage

Low-cost sustainable sanitation solutions



Kenya's slums represent a potential annual market worth over \$50m

Illustrative examples of Innovative Solutions that DIV may support include:

- ❖ New tools for more effective **agriculture** extension and testing for the most effective way to reach scale;



What USAID Learned: *The Next Generation of Partnerships*

Last Generation



Next Generation

- Often implementer-led; agency 'responds' to proposals
 - Opportunistic approach, central funds
 - Helped private sector meet 'CSR' objectives
 - Measured leverage, track *quantity* of partnerships
 - Focused on leveraging cash from private sector
 - Partnered 'all over' to learn, pilot, experiment
- USAID 'at the table'; co-create partnerships based on mutual interests
 - Tied to agency priorities & mission strategies + budgets
 - Align to core business interests
 - Measure development impact; track *quality* of partnerships
 - Focus on leveraging private sector skills, technology, core capabilities ... and cash
 - Partner in those contexts where partnering adds value

USAID Higher Education Solutions Network (HESN)



- ❖ 500 concept notes from 49 states and 33 countries
- ❖ 45 notes chosen for full proposals
- ❖ 16 video conference interviews
- ❖ 5-6 chosen

USAID Higher Education Solutions Network (HESN)



Central concepts

- 1) meet RFA
- 2) partner with many institutions – both in US and in host countries
- 3) Partner with industry
- 4) Obtain \$\$ match – preferred at or more than request

New Request for Applications



Global Hunger and Food Security Research Strategy:

Climate Resilience, Nutrition, and Policy Grant

Animals:

Climate resilient livestock

Vaccine development and disease resistant livestock

Total of 1-2 grants - \$2M total a year for 5 years= \$10M

<http://www07.grants.gov/search/search.do?&mode=VIEW&oppId=202755>

The Genome Canada Partnership

\$21 Million in total funding



UNIVERSITY OF CALGARY



Génétiporc



Agricultural Research Service

NIFA

GRANTS



pork checkoff



IOWA STATE UNIVERSITY

ALMA
Alberta Livestock and Meat Agency Ltd.



Canadian Swine Health Board
Conseil canadien de la santé porcine



Issues to Consider

- ❖ **Does partnering serve the institution's mission?**
- ❖ **Do students and faculty benefit from the activity AND partnering with private and public?**
- ❖ **Does partnering with private sector cause institution to sacrifice independence?**
- ❖ **Are conflicts of interest clearly avoided?**

Bottom Line

- ❖ Donors are looking for new partners.
- ❖ Partners traditionally were either single universities or implementers.
- ❖ Now the desire for “new expertise” and more \$\$ \$ drives new partnership arrangements.
- ❖ Universities will need to reinvent their roles to participate and get funding.

Acknowledgments

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THANK YOU



Questions??