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## **IRRI partners with Tao Commodity Trader, Inc. for a Limited Exclusivity Agreement to commercialize elite HRDC hybrid varieties in the Philippines**

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The International Rice Research Institute (IRRI) continues to build partnerships with private sector partners to bring innovative and beneficial agricultural technologies to more and more farmers.

Hybrid rice technology has significant potential to increase rice productivity and contribute to rice self-sufficiency in the Philippines. Elite hybrid rice varieties are bred for higher yield, better grain quality, improved pest and disease resistance, and greater level of seed production, helping farmers increase yields and incomes by up to 20%.

IRRI, through its Hybrid Rice Development Consortium (HRDC, see [hrdc.irri.org](http://hrdc.irri.org)), plays a key role in the development of elite rice parental lines and hybrids suitable for different agro-climatic conditions. HRDC develops and maintains a steady supply of elite parental rice lines which caters to hybrid rice seed industry and public institutional needs. HRDC hybrids are genetically resource use-efficient with multiple tolerances for abiotic and biotic stresses, thereby reducing high dependence on chemical inputs and increasing rice yields which make rice production more efficient, sustainable, and affordable for rice consumers.

Under HRDC, seed companies are allowed a wide, non-exclusive, or limited-exclusive access to HRDC germplasm in order to accelerate the development and dissemination of new products to farmers. Access to HRDC germplasm for further research and development are subject to the Standard Material Transfer Agreement ([www.fao.org/3/a-bc083e.pdf](http://www.fao.org/3/a-bc083e.pdf)), with additional conditions as appropriate and allowed under the Plant Treaty framework.

IRRI, as a non-profit autonomous international organization, has entered into a seven-year Limited Exclusivity Commercial License Agreement with Tao Commodity Trader, Inc. (TCTI) to develop and promote in the Philippines the commercialization of three HRDC elite hybrids: Mestizo 71, Mestizo 77, and Mestizo 89.

Tao Corporation, a Philippines-based diversified group, is the largest supplier of molasses in the Philippines, supplying molasses to farms and feed mills to enhance the nutritional value of livestock and poultry feeds. Recently, Tao Corporation decided to diversify in the rice seed market via its subsidiary TCTI, which became a member of the IRRI-led HRDC.

TCTI shall work together with Aski Inc., a leading microfinance company with over 18,000 farmer-clients in the Philippines, to provide farmers with training, technologies, and financial services to help further spread the use of elite hybrid rice seeds. TCTI shall further contribute to the development of superior hybrid rice seeds as a member of HRDC.

TCTI commits to invest towards achieving impact through scaled-up development, production, and distribution of high-quality seeds, as well as meeting seed sales objectives, for each of the three (3) elite hybrid varieties.

As part of their further development, pre-commercial quantities of seeds of the hybrid varieties need to be produced, and their performance evaluated in different sites in the Philippines. Assuming they perform well, considerable additional investment is necessary to produce commercial quantities of seeds of the varieties and marketing the seeds. IRRI does not, on its own, have capacity or resources to undertake these critical tasks to further develop the hybrids or to produce the seeds and disseminate them on large scale for farmers. Partnerships with other organizations who take on these responsibilities is an essential part of the impact pathway for this research and development chain. The limited exclusivity license with TCTI provides it with requisite incentives to make the investments in the outstanding research and dissemination that is necessary to get materials into farmers hands,

As per CGIAR Principles on the Management of Intellectual Assets for Limited Exclusivity Agreements (LEAs), the exclusivity conferred is of a limited nature, subject to exemptions for non-commercial research and breeding by public sector institutions and food security emergencies, as well as farmers' rights to access in-trust materials.

Mestizo hybrids were developed by IRRI and are derived from 'in trust' materials in the international rice collection managed by IRRI under the Plant Treaty framework., and those materials that were received under SMTA where IRRI has full Freedom to Operate (FTO). All in trust materials will remain available under the SMTA. In addition, the licensed hybrids remain available to 3<sup>rd</sup> parties for further research and breeding.

Royalties paid by TCTI to IRRI shall be shared with the Philippine Rice Research Institute (PhilRice) and with the benefit-sharing fund of the International Treaty for Plant Genetics for Food and Agriculture (ITPGRFA, see [www.fao.org/3/a-i0510e.pdf](http://www.fao.org/3/a-i0510e.pdf) ). The benefit-sharing obligations exceed the SMTA and ITPGRFA requirements, since the benefit sharing clause is not activated and the final product is still available for further research and breeding.

IRRI promotes responsible technology transfer in accordance with its Intellectual Property and Commercialization Policy (IP&C Policy)<sup>1</sup> and with the CGIAR Principles on the Management of Intellectual Assets ("IA Principles")<sup>2</sup>, Open Access and Data Policy. This Commercial License Agreement is a Limited-Exclusive Agreement (LEA) as described in the IA Principles and complies with the conditions for such agreements as set out in the IA Principles [, i.e., limited in geographic scale, field of application, and time, and necessary for the further improvement of an innovation and/or to increase the scale and scope of its impact].

## **CURRENT STATUS**

In May 2020, the first Amendment to the Commercial Licensing Agreement was entered into between IRRI and TCTI. The agreement covers the replacement of Mestizo 71 parental lines initially provided by IRRI to TCTI. Initial seeds provided did not meet the required quality standards, hence IRRI offered to replace them with high quality seeds at no additional cost to TCTI. As an effect, the three-year gestation period for royalty collection for Mestizo 71 shall start from July 2020 instead of July 2019. At the same time, licensing period for Mestiso 71 will be extended until July 2027.

The COVID crisis negatively impacted the hybrid seed production at TCTI, delaying market introduction. TCTI has asked IRRI to consider extending the exclusivity period accordingly. TCTI's request has been accepted and agreed by IRRI through an amendment of their commercial licensing agreement.

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<sup>1</sup>Available at <http://books.irri.org/Approved-IPC-Policy-291017.pdf>

<sup>2</sup>Available at <https://storage.googleapis.com/cgiarorg/2018/03/CGIAR-IA-Principles.pdf>