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THE WORLD BANK

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Meeting: Dr. Daniel Vasella,
CEO, Novartis

Monday, May 19, 1997
5:30 - 6:00 p.m.
MC11-127 Conference Room

DECLASSIFIED
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President Wolfensohn - Briefings Books for Presidents Meetings - Meeting Material
Dr Daniel Vasella - May 19, 1997



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A. CLASSIFICATION

☒ Meeting Material
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☐ Corporate Management
☐ Communications with Staff

☐ Phone Logs
☐ Calendar
☐ Press Clippings/Photos

☐ JDW Transcripts
☐ Social Events
☐ Other

B. SUBJECT: MEETING: DR. DANIEL VASELLA, CEO, NOVARTIS (B)(N)
VENUE: MC-11-127 (NEW CONF. RM.)
CONTACT: MICHELE HARBER (FOR MS. KATHY BLOOMGARDEN) @
212-593-6497 // FAX: 212-715-1656
IN ATTENDANCE: JDW, DE FERRANTI, D. FORNO & K. CLEAVER FOR
{MCCALLA-SERAGELDIN - not able to attend}, FEACHEM, HANY
EXTERNAL ATTENDEES:
DR. DANIEL VASELLA, CEO
MS. KATHY BLOOMGARDEN
(4/19) FAX SENT CONFIRMING APPT. // INCOMING CORRESPONDENCE
FAXED TO SERAGELDIN
(B) SERAGELDIN & FEACHEM // DUE: WED. MAY 14
EXC: HANY // ALI (4/19)
Brief Includes memo to Mr. Wolfensohn from David de Ferranti of May 14,
1997, entitled, "Briefing Note for Meeting with Dr. Daniel Vasella, CEO of
Navartis" and tabs:
- World Bank Activities in Pharmaceutical Sector
- Briefing Note by Serageldin
- Bio
Letter to H. Assaad from Ismail Serageldin, April 9, 1997; Letter to Klaus
Leisinger from Ismail Serageldin, February 21, 1997

DATE: 05/19/97

C. VPU

Corporate

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E. COMMENTS:

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The World Bank
Washington, D.C. 20433
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ISMAIL SERAGELDIN
Vice President
Environmentally Sustainable Development

April 9, 1997

Mr. Hany Assaad
EXC, Room E12-31
The World Bank

Dear Hany:

Thank you for your note enclosing a copy of Kathy Finn Bloomgarden's letter to Jim Wolfensohn of March 25, 1997, suggesting that the latter meet with Dr. Daniel Vasella, CEO of Novartis (recently formed after the merger of Sandoz and Ciba-Geigy). The letter asked for an appointment on April 30, May 1, or May 2, to discuss 're-engineering' of large, global organizations and partnerships with the private sector. In light of this request, I thought I would let you know that I have had excellent contacts with Professor Klaus Leisinger of the Novartis Foundation (previously Ciba Geigy Foundation for Cooperation with Developing Countries). Klaus is a senior manager with Novartis, has excellent intellectual credentials in the Swiss development community, and is a strong supporter of the CGIAR. I have been working with him to develop ways in which the private sector's expertise in biotechnology can support international agricultural research for the benefit of poor countries (please see attached copy of a recent letter). At Klaus's request, I am also planning to stop over in Basel in mid-May to give a seminar to senior managers at Novartis.

I don't know the nature of our response to Ms. Bloomgarden, but I would be glad to (a) join the meeting, or (b) meet Dr. Vasella separately if a charged calendar prevented Jim from meeting him. I will await your advice.





Mr. Klaus Leisinger
Novartis Foundation
CH-4002 Basel
Switzerland

February 21, 1997

Dear Klaus:

Knowing of your long-standing interest in, and support for an improved and closer working relationship between the CGIAR and the private sector, I wanted to take it upon myself to brief you about the developments that have occurred. Let me add that if these developments have taken place at all, it is largely due to the openness and support that you have shown in your relationships with the scientists of the CGIAR. Your generosity in sharing with IRRI the BT gene, despite the controversy it generated, was a gesture widely seen as an outstretched hand of partnership. It, and your many other personal actions, have helped create a climate where the elusive idea of building a partnership in some areas of the CGIAR's work with the private sector is increasingly seen as the way of the future. With the exception of Monsanto, with whom I have had many contacts, there are still relatively few members of the private sector agro-scientific complex (if I may use such a term) that share this visionary approach. But I hope that some of the developments outlined below will help pave the way, so that in future, we may have quite a few successes in expanding collaboration in areas of mutual interest. Such well-designed areas of collaboration, building on specific areas of comparative advantage, may also have a beneficial effect on the public image of the private sector as I believe has been the case for Merck in both the Costa Rica arrangement and the onchocerciasis (river blindness) program.

First, the CGIAR has established a private sector committee to open it up to the ideas and thinking of the private sector. The membership of that committee is naturally drawn from different parts of the world and represents different types of private sector activity related to agriculture in developing countries. (A copy of the membership of the committee, and its terms of reference are attached.) This committee has representation at all our stakeholder meetings and has a seat at the table at the formal meetings of the CGIAR. It is helping us design a way to engage the private sector more effectively in the future. A major private sector conference is now envisaged, to take place later this year, when further avenues for expanding public-private sector research partnerships will be explored. You will, of course, receive an invitation to attend this important meeting that will be the first of its kind. (A note on the meeting is attached.)

Outside of the CGIAR, we have started a major effort at building a Global Forum for Agricultural Research, that brings together for the first time the advanced research institutions of North America, Europe and Japan, the developing country

National Agricultural Research Systems (NARS) -- organized into five regional groupings -- the international centers including those of the CGIAR, and the private sector and the NGOs and farmers groups. This has worked, and we have had the first ever meeting last November in Washington. I attach the text of the Declaration and Plan of Action that ensued.

I hope that these few examples show how much progress we have been making, and I look forward to further collaboration with the private sector in areas of mutual and compatible interests.

With best wishes.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Ismail', with a small horizontal line underneath.

Ismail Serageldin
Chairman, CGIAR

Attachments

1. CGIAR Private Sector Committee Membership
2. CGIAR Private Sector Committee Terms of Reference
3. Note on proposed High-Level Conference
4. Declaration and Plan of Action - global agricultural research

CGIAR Private Sector Committee

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Secretary	
Selçuk Özgediz Management Adviser CGIAR Secretariat The World Bank 701 18th Street, N.W. Washington, D.C. 20433 Tel: (202) 473-8937 Fax: (202) 473-8110 e-mail: sozgediz@worldbank.org	

CGIAR Private Sector Committee

Terms of Reference

1. The Committee will interact with the CGIAR to provide a private sector perspective of the current status of global agricultural research and future needs. It would serve as a link between the CGIAR and the agricultural private sector organizations at large, in the North and the South, and facilitate the liaison between the agricultural private sector and the CGIAR. Through rotation of membership, over a period of time the Committee would facilitate representation of the views of a broad cross section of the private sector in relation to policies, strategies, research priorities, and program activities in agricultural research and development in the North and in the South.
2. The CGIAR initiative to form a Private Sector Committee is not aimed at engaging the private sector as a future financial contributor to the Group, but to foster and develop new programmatic partnerships which exploit fully the respective strengths, network of relationships, and comparative advantages of the CGIAR and the private sector.
3. The Committee will bring to the CGIAR its perspectives on questions such as the following
 - current and future needs and priorities for agricultural research and development in the developing countries;
 - current and future strategies of the private sector, especially in the South, to respond to those needs;
 - private sector views on CGIAR policies, strategies and activities, including views on recent private sector research breakthroughs or cutting-edge technologies that the private sector would be willing to share the CGIAR;
 - identification of program thrusts that represent an opportunity for the private sector and the CGIAR to collaborate and to optimize the comparative advantage of the respective partners to achieve mutual goals and objectives; and
 - the evolution of a new partnership between the private sector and the CGIAR that will represent a holistic and all encompassing global approach to food security.
4. The Committee is expected to carry out its work by:
 - meeting twice a year for approximately two days at locations in the North and the South (these may or may not coincide with the MTM and ICW);

- interacting with the various elements of the CGIAR system and the clients that it serves in the developing countries;
 - consulting with the CGIAR and its Chairman, as necessary;
 - organizing meetings, workshops and consultations to broaden interactions between CGIAR and private sector institutions; and
 - presenting to the CGIAR views and proposals emerging from the Committee's deliberations.
5. The Committee would be represented at CGIAR meetings through attendance by the co-chairs.

High-Level Private Sector Conference on Agricultural Research

The CGIAR Private Sector Committee (PSC) plans to organize a one-day conference involving leaders of key private sector firms engaged in agricultural research. The conference would explore the potential for expanding public-private sector research partnerships for combating food insecurity and environmental degradation. In addition to providing a forum for dialogue on the role of agricultural research in addressing these problems, the conference would seek the advice of private sector leaders on two specific policy questions:

- How could poor developing countries benefit from proprietary technology generated by the private sector, either directly or through the CGIAR?
- Under what conditions could private sector institutions participate in global research partnerships addressing problems related to food security and protection of the environment?

The first question stems from concentrated ownership of technology in the private sector as a result of this sector's increasing involvement with biotechnology. The private sector now accounts for over half the \$500m annual global spending on research on agricultural biotechnology--reflecting a change in its traditional role as a user of basic research findings coming from the public sector. As a result, private sector research findings (both products and processes) are being patented at an increasing rate. The need to control the flow of proprietary information has led to significant consolidation in the private sector. Within the last year alone, over \$1.5b was spent by two major corporations to acquire other technology companies. If this trend continues, in the future the full spectrum from upstream research to production and distribution of major agricultural products could be under the control of a few global corporations. An unintended but possible consequence of this is a logjam inhibiting efficient flow of technology critical to product development for food security. The conference would seek the advice of the chief executives on ways such a logjam could be cleared.

The second question stems from declining public resources devoted to agricultural research (including international agricultural research), as contrasted with expansion of private sector resources devoted to research, particularly in the area of biotechnology. Could the financial capital being invested by the public sector in agricultural research be leveraged to tap the knowledge assets of the private sector? The world community needs to assemble the best scientific talent available to address the urgent problems affecting global food security and environmental sustainability--and much of the best science is now practiced in the private sector. The conference would seek the views of corporate leaders on ways in which the private sector could contribute to such research, and technology transfer, while fully safeguarding the particular interests and accountabilities of the private sector.

The conference would be sponsored by the President of the World Bank, Mr. James Wolfensohn. It would be attended by the CEOs of 15-20 major companies (from the North and the South) which have significant investments in agricultural research, who might each be accompanied by the head of the business unit engaged with research. It would be held in or around Washington, D.C. at the end of 1997 or beginning of 1998.

*Research Partnerships to Protect the Environment,
Transform Agriculture, and Combat Poverty*



Declaration and Plan of Action
for Global Partnership
in Agricultural Research

Adopted at the
Global Forum on Agricultural Research
International Centers Week 1996
Washington, DC, USA
October 30-31, 1996

Declaration and Plan of Action for Global Partnership in Agricultural Research

The *Declaration and Plan of Action for Global Partnership in Agricultural Research* were adopted on October 31, 1996 at a Global Forum on Agricultural Research held as part of International Centers Week, the main annual meeting of the Consultative Group on International Agricultural Research (CGIAR).

Mr. Fawzi Al-Sultan, President of the International Fund for Agricultural Development, presided at the Global Forum, at which the various components in the global agricultural research system joined together for the first time to explore the needs and opportunities for agricultural research, the scope for collaboration, and practical measures to strengthen partnerships, in the interest of promoting sustainable agricultural development for food security.

The origins of the Global Forum lie in the recent efforts of the CGIAR to broaden its partnerships with national agricultural research systems (NARS), regional organizations, advanced research institutions, non-governmental organizations, universities, and the private sector, among others, and to increase the participation of the South in CGIAR decisionmaking. This process involved consultations with groups of NARS on the substance of research collaboration, the subsequent emergence of representative regional groupings, and, finally, a Global Forum.

Five key goals were emphasized by the Global Forum:

- to enhance the capacity of NARS to generate and transfer in a participatory mode appropriate technology that responds to the needs of the end users;
- to improve priority setting for a global framework for agricultural research;
- to strengthen NARS-NARS partnerships and the emerging regional fora;
- to develop partnerships among all partners in the global agricultural research community; and
- to secure financial support for implementing a *Plan of Action*.

CGIAR Chairman Ismail Serageldin described the adoption of the *Declaration and Plan of Action* as a "great step forward," and stressed the need for action because "the problems that await the attention of the global agricultural research community are too urgent for unified attempts at their solution to be postponed."

The *Declaration and Plan of Action* were tabled at the World Food Summit held in Rome, Italy on November 13-17, 1996.

Declaration

We, the representatives of the national agricultural research systems, regional and subregional organizations, universities, advanced research institutions, non-governmental organizations, farmers' organizations, the private sector, and international agricultural research centers, gathered in a Global Forum on Agricultural Research at the Consultative Group on International Agricultural Research, International Centers Week 1996:

Cognizant of the formidable challenges of the future, in particular the need:

- to alleviate poverty;
- to increase productivity and resource use efficiency to feed an expanding population; and
- to address environmental degradation, sustainably manage the natural resource base, and develop and implement more appropriate agricultural policies and sustainable technologies;

Aware that the world leaders are holding a summit to address the global challenge of ensuring food security;

Convinced that scientific and technological responses and sociocultural factors are essential elements in improving food and nutritional security, as well as more sustainable use of cropland, rangeland, aquatic, and forest resources;

Realizing that the national agricultural research systems are the cornerstones of the emerging global research system; and

Recognizing that current cooperative research arrangements need to be adjusted to meet challenges of unprecedented nature and magnitude:

Hereby affirm our strong commitment to contribute to the development of productive, sustainable, and equitable agriculture. We recognize the crucial role played by farmers, especially women, in agriculture and natural resources management. We agree to work in partnership with them toward their empowerment, building on their indigenous knowledge systems.

We fully recognize the immense value of collaboration and research partnership and urge that such collaboration be governed by the principles of subsidiarity, participatory decisionmaking, complementarity of efforts, adaptability, openness, and, above all, a deep sense of commitment to the common purpose. We agree to meet the challenges of the present and the future through an efficient, effective, and coherent global agricultural research system.

Plan of Action

We commit ourselves to undertake the following actions, in the pursuit of our common objectives and the foregoing *Declaration*:

Mobilize the world scientific community in support of a global framework for agricultural research aimed at:

- alleviating poverty;
- achieving food security; and
- assuring sustainable use of natural resources;

Contribute to the strengthening of national agricultural research systems and the sub-regional and regional fora;

Foster the participation in research collaboration by national agricultural research institutes, regional and subregional research organizations, international agricultural research centers, advanced research institutes, universities, the private sector, non-governmental organizations, farmers, and farmers' organizations;

Encourage the identification of concrete collaborative projects through suitable mechanisms, including subregional and regional fora; and

Convene a Global Forum on Agricultural Research every three years to exchange information in order to identify common challenges, confirm principles of collaboration, and propose alternative means of implementing collaborative programs with the purpose of facilitating partnerships.

We strongly believe that, by committing ourselves to this task and establishing the necessary enabling mechanisms, based on a bottom-up approach and strong national, subregional, and regional fora, the global agricultural research system will be capable of addressing the agricultural research priorities required to meet the challenges and opportunities that humanity is facing today and will face in the foreseeable future.

We propose, in order to implement this *Plan of Action*, to increase efficiency in research management and collaboration through the pooling of resources, and call on the development assistance community, the governments of developing countries, and all stakeholders in agricultural and rural development to increase their support to agricultural research.

We hereby mandate the Global Forum Steering Committee, consulting as necessary, to translate this *Plan of Action* into a detailed program of activities.



OFFICE MEMORANDUM

DATE: May 14, 1997

TO: Mr. James D. Wolfensohn

FROM: David de Ferranti, HDDDR



EXTENSION: 3-8729

SUBJECT: **Briefing Note for Meeting with Dr. Daniel Vasella, CEO of Novartis**

Please find attached the briefing materials for your meeting, scheduled for May 19 at 5:30 pm. in MC11-127.

Attachment

cc: : Messrs./Mme.:

Feachem (HDDHE), Serageldin (ESDVP), McCalla (AGRDR),
Forno (AFRAF), Kassum (IFC), Assaad (EXC).

Briefing Note

Prepared for the meeting between Mr. James D. Wolfensohn and Dr. Daniel Vasella, Chief Executive Officer, Novartis

Date of Meeting: May 19, 1997

Time: 5:30 p.m.

Location: MC-11-127

Other Participants: David de Ferranti, Richard Feachem (HD Network), Ismail Serageldin, Alexander McCalla, Douglas Forno (ESSD Network), Jemal-Ud-din Kassum (IFC), Hany A. Assaad (EXC)

Who is Daniel Vasella?

- Daniel Vasella is the President and Chief Executive Officer of Novartis. He also is Chief Executive Officer of Sandoz Pharma AG, the pharmaceutical division of Sandoz Ltd., and one of Europe's most talked about business leaders.
- His biography is attached.

Why This Meeting?

- Daniel Vasella asked for this meeting with Mr. Wolfensohn at the suggestion of Kathy Finn Bloomgarden, President, Ruder-Finn Inc.

World Bank Involvement with Novartis

- The World Bank has been indirectly involved with Novartis through its partnerships with two pharmaceutical industry associations: the Pharmaceutical Research and Manufacturers of America (Phrma) and the International Federation of Pharmaceutical Manufacturers Associations (IFPMA).

Issues Dr. Vasella May Raise

- Dr. Vasella will likely discuss the largest merger in history, Sandoz and Ciba-Geigy into Novartis, and ask questions about the restructuring of the World Bank.
- The issue of the World Bank's pharmaceutical procurement procedures may be raised. If so, we have recently initiated dialogue with the pharmaceutical research based industry to discuss the formation of a drug procurement working group.

Possible Discussion Point

- The Bank has been exploring how to better promote public-private partnerships on pharmaceutical and vaccine development in low-income countries. The Rockefeller Foundation is also involved in this initiative.
 - ⇒ David de Ferranti and Richard Feachem have had discussions with senior representatives from pharmaceutical companies, such as Merck, Pfizer and Glaxo-Wellcome on the issue.
 - ⇒ Contact has also been made with Novartis regarding this initiative, but no discussions have taken place as yet. We would like to learn more about their perspective on this topic.

Key Points about Novartis

- Sandoz and Ciba-Geigy officially merged in December 1996 to form Novartis.
- Its core businesses are Healthcare, Agribusiness and Nutrition.
- The Company is based in Basel, Switzerland, has 100,000 employees world-wide, and operations in over 100 countries, including the United States.
- Novartis ranked number one with Glaxo Wellcome in 1995 in terms of market share (4.4%) of the total world pharmaceutical market, valued at US \$285 billion.
- Total 1996 sales for Novartis were US \$29 billion.
- Its work in healthcare
 - ⇒ Novartis has a broad product portfolio of pharmaceutical, consumer health, generic and vision care products and services.
 - ⇒ Total sales for Healthcare in 1996 were US \$13 billion.
- Its work in agribusiness
 - ⇒ Agribusiness involvement includes crop protection work to control weeds, pest and crop diseases; animal health; and, seeds.
 - ⇒ Total sales for Agribusiness were US \$6 billion in 1996.
- Its work in nutrition
 - ⇒ Novartis develops, manufactures and markets a wide range of branded nutritional products, such as Gerber, Ovaltine, and Wasa.
 - ⇒ Total sales for Nutrition were US \$3 billion in 1996.

Attachment

World Bank Activities in the Pharmaceutical Sector

- Adequate supplies of good quality, affordable, essential drugs are critical to the success of the health sector. But in developing countries, there are many problems with pharmaceutical systems, such as erratic supply in the public supply systems, poor or non-existent quality control mechanisms and irrational prescription patterns.
- Pharmaceuticals are a major element of health spending in developing countries, making up between 30% and 50% of total health spending.
- The Bank supports improving the effectiveness of pharmaceutical policies in developing countries through an active policy dialogue on pharmaceutical issues at the country level and through its lending.
- The Bank now commits about US \$220 annually for project components related to pharmaceuticals. This includes support for drug procurement, related medical supplies, computers, civil works, technical assistance, and training.
- The goals of pharmaceutical lending are commonly to improve pharmaceutical selection, procurement, and supply in the public sector, strengthen drug regulation and quality control, and promote rational drug use.
- Through the Special Grants Program, the Bank supports pharmaceutical research and development for diseases, such as malaria, where private investment flows are inadequate because of market failures. Even though the disease burden from malaria is immense, the market for malaria drugs is weak compared to disease problems of affluent countries. Because of this, the private sector invests relatively little in malaria research, and several major companies have recently withdrawn from the field.

Malaria Initiative

- The Bank is also at the early stages of exploring a major initiative to control malaria in Africa. The initiative would support the development of a multi-agency, African-led, malaria control strategy, perhaps similar to the Onchocerciasis (river blindness) Control Program in West Africa that the Bank has been instrumental in creating and supporting.
- The success of a malaria initiative would depend on the effective integration of research and control, and on strong links with the pharmaceutical industry on drugs and vaccines and the agrochemical/pesticide industry on vector control. Novartis covers both these areas.

World Bank-IFPMA Fellow

- As evidence of close working relations with the pharmaceutical industry, the IFPMA has seconded an industry fellow from Hoechst-Marion Roussel to the Bank for two years to work in the pharmaceutical area.

OFFICE MEMORANDUM

DATE: May 14, 1997

TO: Mr. James D. Wolfensohn, EXC

FROM: Ismail Serageldin, ESDVP *IS*

EXTENSION: 34502

SUBJECT: **Briefing Notes on Agribusiness Activities of Novartis:**
Meeting with Dr. Daniel Vasella, President of Novartis - May 19, 1997 at 5:30 p.m.

Background

Novartis was formed by the merger in 1996 of the life-sciences activities of the two major Swiss chemicals/pharmaceuticals groups, Ciba-Geigy Ltd., and Sandoz Ltd. The merger was announced in March 1996 and finalized in December 1996. The Chairman of the 16 strong Board of Directors is Dr. Alex Krauer and the President is Dr. Daniel Vasella.

The chemical divisions of both companies were divested or spun off as part of the merger. Novartis now characterizes itself as a life-sciences company, not as a chemical or pharmaceutical company.

Novartis consists of three operating divisions:

- Agribusiness (key sectors: Crop Protection, Animal Health, Seeds)
- Healthcare (key sectors: Pharmaceuticals, Generics [pharmaceuticals], Consumer 1/ Health [non prescription drugs], CIBA Vision [contact lenses, lens care etc.])
- Nutrition (key sectors: Infant and Baby Nutrition, Medical Nutrition, Health Nutrition).

Agribusiness Division: Key facts

In 1996 the Agribusiness Division had sales of around US\$ 5.2 billion (CHF 7.6 billion); 27.5% of total Group sales.

- * Crop Protection Sector sales US\$ 3.8 billion (CHF 5.5 billion)
- * Seeds Sector sales US\$ 840 million (CHF 1.2 billion)
- * Animal Health Sector sales US\$ 580 million (CHF million)

¹ See separate briefing note from David de Ferranti on the Healthcare and Nutrition Divisions.

Research and development spending was US\$ 465 million (CHF 675 million), 8.9% of Division sales. This is largest individual company expenditure on agri-business research world-wide and slightly above industry average in terms of a percentage of sales.

The number of people employed in the Agribusiness Division is around 18,000. Details of each of the crop protection, seed and animal health sectors of the Agri-business Division are as follow:

Crop Protection Sector: Novartis is the largest crop protection company world-wide with total sales (including seed sales) of US\$ 4.5 billion (CHF 6.7 billion), US\$ 1.5 billion (CHF 2.2 billion) more than second ranked Monsanto and US\$ 1.8 billion (CHF 2.6 billion) more than third ranked Zeneca.

The joint Ciba-Geigy/Sandoz product range gave Novartis a dominant/controlling position in the maize herbicide market. As a result they were obliged to divest parts of the product range (to BASF for approximately US\$ 700 million) to gain approval for the merger.

Their product range is well balanced with a mixture of herbicides, fungicides, and insecticides. Novartis also has a portfolio of non traditional products such as pheromone traps, plant defense stimulants, bio pesticides and diagnostic kits.

Note: Novartis has just announced (May 13, 1997) the acquisition of the crop protection business of Merck Corp., for a price of US\$ 910 million. This acquisition will strengthen the insecticide portfolio.

Seeds Sector: By turnover, Novartis Seeds was ranked number two in the world in 1995. The main areas of operation are North America and Europe in the maize, sugar beet and oilseeds markets. They also have more extensive global sales in the vegetable and flower seed markets.

Animal Health: Novartis Animal Health is in the top 5 of companies in the animal health field. The Sector employs 1500 people world-wide in 50 countries.

Biotechnology

Novartis is heavily involved in the application of recombinant (rDNA) technology in plant breeding. They own what is probably the most comprehensive genome map of sugar beet in the world which will allow them to readily adapt the genomes of other dicotyledonous plants.

Novartis has commercialized Bt and herbicide tolerant maize with further development in virus resistant tomato and sugar beet at the point of commercialization. It was the EU approval and potential sale of Novartis Bt maize seed that prompted a

before further national and EU agreement on the safety and sale of genetically modified food stuffs. Novartis is also researching crop traits for modified food characteristics, improved yields, stress tolerance and improved post harvest storage and transport.

Issues for the Bank

The primary objective of Novartis research programs is the development of products for high value markets in the developed world. Spin-offs from this research are adaptable to non commercial markets in the developing world. The question is how we could facilitate access for our clients in the developing world to the research, particularly in agricultural biotechnology, and within the constraints of intellectual property rights.

Examples: Monsanto has donated virus resistance technology to Kenya and Mexico for the development of virus resistance sweet potato and white potato. Zeneca has also donated insect resistant technology to Indonesia for the development of insect resistance maize.

In promoting itself as a life sciences company, Novartis is giving greater emphasis to sustainable production systems and integrated pest management (IPM). Nevertheless, there is considerable skepticism on the part of the NGO community that this will not be carried forward in the field where representatives of companies like Novartis are seen to be largely motivated by pesticides sales volume. The issue is how the Bank, industry and NGO's can learn to work together in promoting wider uptake of IPM.

Additional Points to note

I will be visiting Novartis in Basel on Friday, May 16, 1997 for discussions with Wolfgang Samo, Head of Novartis Agribusiness Division and Crop Protection Sector, Klaus Leisinger, Executive Director of Novartis Foundation, and Klaus von Grebner, Head of Public Affairs.

On May 5 and 6, 1997 the newly formed Rural Sector Board of the Bank along with myself, visited the research facilities of both Monsanto and Pioneer Hibred Seeds to better acquaint ourselves with current advances in crop biotechnology. This was a highly informative activity which has highlighted attention on seeking ways to tackle the above issues.

cc: Messrs. McCalla (AGRDR); Forno (AGRAF); Cleaver (AFTKT); Feachem (HDDHE); Kassum (IFC); Assaad (EXC); de Ferranti (HDDDR)



DANIEL VASELLA

Daniel Vasella

Dr. Daniel Vasella is President and Chief Executive Officer of Novartis. He currently holds the title of Chief Executive Officer of Sandoz Pharma AG, the pharmaceutical division of Sandoz Ltd., the Swiss health care group. In this capacity, he is responsible for managing all activities of the pharmaceutical division of the Sandoz group worldwide. Vasella is also a member of the Sandoz Group Executive Committee.

Prior to his appointment as CEO, Vasella was COO of Sandoz Pharma and, before that, Senior Vice President and Head of Worldwide Development. In that position, he supervised a restructuring of development, leading to stronger, more focused decision-making, the separation of the research and development functions, and the establishment of a matrix organization of international project teams and worldwide line functions. This more cohesive organizational structure effectively globalized and shortened Sandoz's development cycle.

In 1993, Vasella was Head of Corporate Marketing, where he initiated a strategic review which culminated in a new set of priorities and the elimination of non-core activities. In 1992, as Assistant Vice President, Office of the COO, Vasella led the redesign of product development strategy for the company. He was responsible for implementing this plan in the ensuing years as Head of Worldwide Development.

From 1988 until 1992, Vasella was with Sandoz Pharmaceuticals Corp., the U.S. arm of Sandoz Pharma, based in New Jersey, where he held three positions over a four year period. He began his career with Sandoz in market research and sales, progressing to Product Manager for Sandostatin which, under his direction, experienced rapid growth. As Director of Marketing, he was responsible for launching a group of innovative compounds: Sandimmun in auto-immune disease, Miacalcin, Leucomax and Sandostatin. His final position with the U.S. arm of Sandoz was as Director of Special Project Marketing (Department Head).

Before working at Sandoz, Vasella held a number of senior medical positions in Switzerland. From 1984 until 1988, he was attendant physician and administrator for operations at C.L. Lory Haus, University Hospital, Berne. Prior to this, he held residencies at Waid Hospital in Zurich, University Hospital, Berne and at the University of Berne's Institute of Pathology.

Vasella has published numerous papers in his fields of expertise: psychology and central nervous system disorders. He has frequently lectured at the University of Berne, the University of Fribourg, as well as at other medical colleges and civic groups.

Vasella lives in Basel, Switzerland and is married with three children.

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May 14, 1997

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