

March 2011

	منظمة الأغذية والزراعة للأمم المتحدة	联合国 粮食及 农业组织	Food and Agriculture Organization of the United Nations	Organisation des Nations Unies pour l'alimentation et l'agriculture	Продовольствен ная и сельскохозяйств енная организация Объединенных	Organización de las Naciones Unidas para la Agricultura y la Alimentación
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JOINT MEETING

**Joint Meeting of the Hundred and Sixth Session
of the Programme Committee and Hundred and Thirty-eighth Session
of the Finance Committee**

Rome, 23 March 2011

FAO STRATEGY ON PARTNERSHIPS WITH THE PRIVATE SECTOR

(Provisional Outline)

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EXECUTIVE SUMMARY

➤ The present document proposes a first (work in progress) basis to define a general framework for FAO's work with the private sector. It presents views for discussion on the global context for interaction, the definition of private sector, guiding principles, criteria for selection of partners, and types of private sector contributions in a proactive and operational approach.

➤ Three main areas of engagement include:

- Development and technical programmes;
- Norms and standards setting; and
- Policy dialogue.

➤ Additional cross-cutting areas of collaboration highlighted are advocacy, knowledge management and dissemination, and mobilization of resources. It is a work-in-progress document subject to review and updating, complemented by risk management and due diligence procedures, capacity building tools, guidelines and operational mechanisms. Once finalized in one year, the strategy will be a public document available for consultation by the membership, the private sector, other United Nations agencies, civil society and other partners.

➤ Special attention will be made on the private sector's important role in the Committee on World Food Security (CFS) reform process. FAO will work to enhance the private sector's involvement in the CFS and its Advisory Group to ensure its effective contribution to discussions on the full spectrum of policies for food security from agriculture to supporting smallholder farms, food markets to nutrition, food safety nets to emergency action to prevent famines and reach the most vulnerable of the world's hungry. Among other stakeholders, the private sector is expected to be actively involved in the development of the CFS Global Strategic Framework for Food Security and Nutrition (GSF), which is currently being developed through a comprehensive, participatory and transparent process, as well as in the CFS-sponsored process of consultations on the Principles for Responsible Agricultural Investment (RAI).

➤ At the national and regional levels, the CFS is engaged in an exercise to map food security interventions. One guiding principle of this exercise is to build on, and strengthen existing structures and linkages with key partners at all levels. Key partners should include national mechanisms and networks for food security and nutrition, the UN country teams and other coordination mechanisms such as the Alliance Against Hunger and Malnutrition (AAHM) and its National Alliances, food security thematic groups, regional intergovernmental bodies and a large number of civil society networks and private sector associations operating at the regional and national levels.

➤ In the context, FAO sees a tremendous opportunity for the Alliance Against Hunger and Malnutrition (AAHM) to strengthen its role in the fight against hunger and support the CFS's new vision, role and functions to be reflected at country level and nurturing the growth of a strong network of national partnerships. The AAHM has also been recognized as one of the existing mechanisms to build upon to serve the implementation of the CFS reform, particularly at the country level. The AAHM is therefore well placed to draw on the existing network of National Alliances and also play a crucial role in building partnerships with the private sector at global, regional and local levels.

GUIDANCE SOUGHT FROM THE JOINT MEETING

- The Joint Meeting may wish to acknowledge the provisional strategy and its importance for FAO's work under the reform and in order to develop a dynamic and more proactive approach to communication and collaboration with the private sector.
- The Joint Meeting may wish to comment on the provisional strategy with a view to:
 - 1) acknowledge the importance of the provisional strategy and its proposed Agenda for Action;
 - 2) provide clear guidance for the finalization of the provisional strategy and its proposed Agenda for Action;
 - 3) consider the resources available and necessary for the execution of the proposed Agenda For Action.

Background

1. The provisional strategy is based on conclusions drawn from the *“Evaluation of Partnerships and Alliances”* (PC 95/4 b) in 2006, the *“FAO: The Challenge of Renewal, Report of the Independent External Evaluation of the Food and Agriculture Organization of the United Nations”* (C 2007/7 A.1-Corr.1); the *Report of the Conference Committee on follow-up to the Independent External Evaluation of FAO (CoC-IEE) Immediate Plan Action* (C2008/4 para 49); and the *Report of the CoC-IEE to the FAO Conference on the Immediate Plan of Action for FAO renewal*. (C 2009/7, para. 72).
2. In addition, FAO's Strategic Framework 2010-2019 calls for *“a broadening base of governance to give full recognition to the roles and interests of the private sector, NGOs, regional economic organizations, regional development banks and other agencies”* (Para. 3 g).
3. FAO's membership has recognized the importance of the private sector's contribution to all key areas of FAO's mandate, in particular to (i) the reduction of the absolute number of people suffering from hunger; (ii) the elimination of poverty; and (iii) the sustainable management and utilisation of natural resources, including land, water, air, climate and genetic resources.
4. The role of private sector in agriculture, nutrition and rural development concerns all of FAO's Strategic Objectives, and is outlined in Functional Objective X *“Effective collaboration with Member States and stakeholders”*, and Core Function H *“Working through strong partnerships and alliances where joint action is needed”*.
5. The provisional strategy has been prepared within the framework of the *“Ad interim Organization-wide Strategy on Partnerships”*.
6. The present document was prepared at the request of the Joint Meeting of the 104th Session of the Programme Committee and the 135th Session of the Finance Committee, held in Rome, 27 October 2010 (CL 140/9, paragraphs 11 and 12).

Annex: Outline of the Provisional FAO Strategy on Partnerships with the Private Sector

Scope and Context

7. This provisional strategy is intended to propose a baseline in view of defining a general framework for FAO's work with the private sector. Being a living document and subject to regular review and updating, complemented by tools, guidelines and operational mechanisms, it is expected to support FAO in partnering with the private sector at the corporate, regional, subregional and country levels.

8. Grounded in the FAO renewal process and in line with FAO's Strategic Framework 2010-2019¹, the provisional Strategy builds on and is an integral part of the "*Ad interim Organization-wide Strategy on Partnerships*" and takes into consideration the outline of the Resource Mobilization and Management Strategy and other categories of stakeholders, including the civil society, UN agencies.

9. In recent decades, the food and agriculture sector and related services along the food chain have been increasingly transformed by new technological, knowledge-based, financial and managerial resources. Increasingly, the private sector has been instrumental in the development and often at the origin of these transformations. The private sector should become an important partner in achieving FAO's mandate at global, regional and country levels². In partnering with the private sector FAO's objective is to act as a neutral broker between public and private sectors, maximizing the contribution of all actors to manage public goods effectively and make them available to the most needy.

Definition

10. For FAO the private sector includes individual enterprises whether entirely or partly privately owned; special purpose coalitions and consortia; financing institutions; international industry associations; other representative business organizations; intermediary organizations of private or mixed ownership; private foundations and research institutes.³ This applies to all actors from small and medium-size enterprises to the largest international corporations.

FAO cooperation with the private sector

11. FAO's experience in private sector partnerships has focused in particular on the policy environment and enhancing the capacity of global and regional producers' organizations and cooperatives; business and industry in the value chain of food and related agricultural goods and services; and small and medium-size enterprises in developing countries. In addition, private sector federation representatives regularly participate and collaborate in the array of norms and standards setting consultations, meetings and roundtables and support the production of technical manuals on good practices.

Potential of the private sector

12. Within FAO's Strategic Planning Framework, cooperation with the private sector will focus on improved coordination among value-chain actors in agriculture, food, nutrition, forestry and fisheries, natural resource management and promoting public-private partnerships.

13. FAO intends to participate and, if relevant, lead in interagency initiatives with the private sector and to strengthen its internal capacity for interaction with the private sector.

14. Special attention is made to the private sector's important role in the Committee on World Food Security (CFS) reform process. FAO will work to enhance the private sector's involvement in the CFS and its Advisory Group to ensure its effective contribution to discussions on the full spectrum of policies for food security from agriculture to supporting smallholder farms, food markets to nutrition, food safety nets to emergency action to prevent famines and reach the most vulnerable of the

¹ "Core Function H" on "Partnerships and Alliances" and "Organizational Result X3" under Functional Objective X on "Key partnerships and alliances that leverage and complement the work of FAO and partners" in the FAO Strategic Framework 2010-2019.

² This includes agriculture, fishery, forestry, natural resource management, the food value chain from farmer to consumer, and diverse goods and services.

³ See Director-General's Bulletin 2010/22 on the establishment of the Partnerships Committee.

world's hungry. Among other stakeholders, the private sector is also expected to be actively involved in the development of the CFS Global Strategic Framework for Food Security and Nutrition (GSF), which is currently being developed through a comprehensive, participatory and transparent process, as well as in the CFS-sponsored process of consultations on the Principles for Responsible Agricultural Investments (RAI).

15. At the national and regional levels, the CFS is engaged in an exercise to map food security interventions. One guiding principle to support this exercise will be to build on, and strengthen existing structures and linkages with key partners at all levels.

16. Key partners include national mechanisms and networks for food security and nutrition, the UN country teams and other coordination mechanisms such as the Alliance Against Hunger and Malnutrition (AAHM) and its National Alliances, food security thematic groups, regional intergovernmental bodies and a large number of civil society networks and private sector associations operating at the regional and national levels.

17. In the context, FAO recognises the tremendous opportunity for the Alliance Against Hunger and Malnutrition (AAHM) to strengthen its role in the fight against hunger and support the implementation of FAO's vision, role and functions to be reflected at country level and nurturing the growth of a strong network of national partnerships. The AAHM has also been recognized as one of the existing mechanisms to build upon to serve the implementation of the CFS reform, particularly at the country level. The AAHM is well placed to draw on the existing network of National Alliances and also plays a crucial role in building partnerships with the private sector.

18. All partnerships with the private sector are expected to adhere to the Principles and Guidelines for FAO cooperation with the private sector⁴.

Proposed areas for collaboration

19. Three main areas of collaboration with the private sector include:

- a) Development and technical programmes;
- b) Norms and standards setting; and
- c) Policy dialogue.

20. In addition three cross-cutting areas have been identified as follows:

- a) Advocacy and communication;
- b) Knowledge management and dissemination; and
- c) Mobilization of resources.

1) Development and technical programmes

21. In complementing FAO's policy and technical work, private sector companies can enhance field activities and programme delivery and complement local and national institutions, while international and medium/large scale companies can provide support to local small and medium-size enterprises, strengthening national capacity and economic growth.

22. The private sector can be involved in protecting and promoting food and nutrition security and contribute to sustainable development, integrating economic, social and environmental dimensions.

23. The collaboration in this area is intended to support smallholder producers, processors and marketers, as well as farm enterprises and their organizations, federations or cooperatives currently facing the parallel pressures of globalizing markets and increasing local and national demand. Supporting scaling up of these local entities can contribute to enhanced goods and services for the poor and malnourished and broader provision of increased economic opportunities.

⁴ The strategy updates and therefore will replace the *FAO Principles and guidelines for cooperation with the private sector* (2000).

24. The proactive and operational approach can be implemented through targeted projects to strengthen private sector capacity as an instrument to achieve public goods for the sectors of relevance for FAO's mandate; joint initiatives to test innovations under FAO's technical supervision; and monitoring, evaluation and risk-management tools to improve transparency and effectiveness of programmes and activities developed in partnership with the private sector.

2) *Norms and standards setting*

25. FAO already has a strong intersect with the private sector in this area. Private sector federation representatives regularly participate and collaborate in the array of consultations, meetings and roundtables and support the production of technical manuals on good practices.

26. In order to ensure maximum benefit from private sector participation in regulatory matters and mitigate risks of possible conflicts of interest, collaboration in this area of work is intended to:

- continue regular consultation with the private sector through networks, business associations and coordination mechanisms to influence the norm-setting process and facilitate respect and implementation of international instruments;
- engage the private sector in strengthening coordination along the value chain fostering responsible practices and transparency at all levels of the production process;
- convene the private sector with other stakeholders in line with FAO's role as a neutral broker.

3) *Policy dialogue.*

27. The role of FAO as a facilitator in public-private partnerships and multi-stakeholder processes is highly acknowledged and has gained strong credibility through the years. Private sector participation in policy dialogue adds validity and balance to the debate and decision-making, and ensures that the interests of all sectors of society are taken into account.

28. The collaboration in this area is intended to provide:

- advice and information to help the public sector understand the potential supportive roles that can be played by private enterprise at all stages of the agrifood chain, from local to global;
- assistance in the preparation of proposals for policy and regulatory reforms to reduce transaction costs, foster competition, and increase incentives for the growth of related industries and enterprises;
- support for the appraisal, negotiation and development of public-private partnerships to facilitate and promote investments;
- help to build public sector institutional capacity to work with private sector actors on agricultural value chain innovation, market and product development, agricultural financial services and investment, input and equipment supply systems.

29. FAO intends to facilitate the participation of the private sector in multistakeholder fora at local and national levels and in intergovernmental bodies in FAO, such as the CFS, strengthening linkages with the CFS-related and other processes at regional and country level. The AAHM should play a crucial role at local level to draw on the existing network of National Alliances and building partnerships with the private sector.

4) *Cross-cutting areas*⁵

- a) **Advocacy:** support to advocacy communication;
- b) **Knowledge management and dissemination:** support to knowledge production, exchange of expertise, enhancement of organizational capacity and efficient;

⁵ Private sector contributions in all areas of collaboration are regulated by risk management measures to protect FAO's reputation and integrity, and guarantee the alignment of its mission and mandate with the proposed partnership.

- c) **Mobilization of resources**: support to FAO's development activities to improve programme effectiveness (the private sector strategy complements the FAO resource mobilization strategy).

Criteria for selection of private sector partners

30. FAO collaboration with private sector partners should:
- observe the defined best practices in corporate social responsibility (CSR)⁶;
 - operate in fields relevant to FAO's work and mandate;
 - exist as legally recognized and uncontested entities, and have an appropriate public image;
 - operate in non-exclusive and non-preferential relationships, in alignment with FAO's corporate principles for partnerships;
 - undergo validation through the FAO due diligence screening and risk mapping.⁷

Types of Private Sector Contributions

31. In-kind contributions encompass inputs, such as seeds, fertilizers and tools, and provision of services such as communication and advocacy campaigns that contribute to strengthening FAO's impact.
32. Managerial, technological and scientific expertise contributions can be extremely beneficial, contributing to achieve FAO's goals at national and international levels.
33. Direct project funding or co-investments⁸ for field development programmes or projects can support the development activities of FAO and its member countries. Public-private partnerships may fall within this category, especially for projects that have long-term business and development potential, but cannot get financing or technical expertise on reasonable terms through the market.
34. Proactive participant in multistakeholder fora at local, regional and international levels linked to FAO's mandate and to strengthen processes related to food and agriculture development.

Implementing the strategy

35. Establishing partnerships with the private sector has the potential to create an enabling environment for business; increase collaboration in the areas of food quality and safety management and control; foster job creation; develop market mechanisms to reduce transaction and information costs; manage risk; and improve nutritional quality.
36. It can also lead to increased investment in agriculture; strengthen local agribusiness and natural resource management systems; enhance capacity for private entrepreneurship at country level; and, above all, contribute to increased food production, distribution and availability in poor countries.
37. Private sector should be an active stakeholder in the global and national discussions processes on policies and governance of food and agriculture.
38. The current private sector strategy is complemented by the principles and guidelines for cooperation with the private sector, the due diligence screening process, and the assessment, monitoring and evaluation of private sector partnerships.⁹ Each implementation component has distinct reference documents and instruments to inform staff and management. They are

⁶ By CSR (Corporate Social Responsibility) we refer to the integration of sustainable practices into the business and the day-to-day operations.

⁷ FAO has developed a comprehensive pre-screening process for private sector entities using risk management tools aimed at addressing both risk mitigation and alignment of mission and mandate.

⁸ A private sector entity might decide to contribute by co-investing in an FAO-led project.

⁹ The FAO principles incorporate and adapt the UN Business Guidelines as well as the UN Global Compact principles for partnering with the private sector and are aimed at providing practical guidance on how to partner with the private sector. The purpose of the due diligence screening and review process is to guarantee that potential selected private sector partners are compliant with FAO's mission and mandate and with FAO's Principles and Guidelines. This is an integral function aimed at guaranteeing the impartial and objective evaluation envisaged by the new corporate process of review of private sector partnerships performed by the Partnerships Committee and its operational Sub-Committee. Monitoring and regularly evaluating FAO's partnerships with the private sector is a fundamental step in proactively engaging with the private sector. An initial assessment allowed to evaluate the current quality and types of collaboration and to inform the Strategy and other components on the basis of best practices and lessons learned.

complementary and inter-related. The due diligence process will ensure selection and oversight of desirable partners, document experience and rely on an organizational risk management policy.

39. The Organization will further fine-tune the provisional strategy in the coming year, based on a broad consultative process.

40. A high-level management committee has been established to oversee the development of the corporate policy and consider the image, neutrality or other potential implications of specific proposed partnerships.¹⁰

41. On a regular basis its subcommittee deliberates on proposals for private sector partnerships.¹¹

42. The office responsible for overall coordination and facilitation of private sector relations will ensure ongoing management of relations, conduct pre-screening of partners, and document experiences in collaboration with headquarters and decentralized offices.

¹⁰ The Partnerships Committee created per Director-General's Bulletin 2010/22 and its Sub-committee on review of financial and other agreements (SubCom-RFA), with support from the Office of Corporate Communications and External Relations (OCE).

¹¹ In order to deliver more timely review and endorsement of potential partnerships, the SubCom-RFA has a deadline of one week to receive Partnerships Committee members' comments on the cases under review as per approved Modus Operandi.

Agenda for Action		
Private Sector Cooperation Workplan (2010–2013)		
Key Action 1: Finalization of FAO's Strategy for Partnership with the Private Sector		
Activities	Outputs	Timeline
1.	Presentation of the Outline Provisional FAO Strategy for Partnership with the Private Sector to the FAO Partnerships Committee	- Received guidance from the Partnerships Committee. January/February 2011
2.	Presentation of the Outline Provisional FAO Strategy for Partnership with the Private Sector to the Joint Meeting of the Programme and Finance Committee	- Received guidance from Members. March 2011
3.	Finalization and presentation at the Partnerships Committee and Management	- Approved by the Partnerships Committee. Mid 2011
4.	Final presentation to Members	- Endorsed by Members. End 2011
Key Action 2: Implementation of FAO's Strategy for Partnership with the Private Sector		
Activities	Outputs	Timeline
5.	Facilitate/support the establishment of an integrated and coordinated framework for multistakeholder dialogue and participation in policy, norm-setting, development programme and advocacy work	- Established or strengthened consultative private sector mechanisms and processes. 1 st phase completed. Ongoing until 12/2012
6.	Encourage/facilitate participation of the private sector in processes dealing with food security and nutrition at global, regional and local levels	- Ensured private sector participation in workshops, conferences and seminars organized in cooperation with FAO technical units, sister agencies and private sector stakeholders on private sector engagement in development. - Increased involvement of the private sector in the CFS process. - Increased collaboration with private sector at international, regional and local levels, in particular through creating linkages with national mechanisms and networks for food security and nutrition (AAHM, etc). Ongoing until 12/2013
7.	Technical support to FAO staff in identifying new partnership initiatives	- Strengthened capacity of headquarters and decentralized offices to manage private sector cooperation at field level. 1 st phase completed. Ongoing until 2013
8.	Launch of new strategic partnerships	- Initiated four new partnerships every year according to areas of engagement. Ongoing until 12/2013
9.	Annual review process of the Strategy	- Refined strategy. Ongoing after end 2011

Key Action 3: Revision and dissemination of FAO's Principles and Guidelines on partnerships			
Activities		Outputs	Timeline
1.	Consolidation of Principles and Guidelines for cooperation with the private sector	<ul style="list-style-type: none"> - Principles and Guidelines for cooperation with the private sector approved. - Strengthened capacity to partner with private sector entities at decentralized and headquarters level. - Dissemination of the Guiding Principles throughout FAO headquarters, as well as decentralized offices. 	1 st phase completed. Ongoing until 12/2011
2.	Update of internal policies, procedures and guidelines for partnering with the private sector	<ul style="list-style-type: none"> - Simplified internal policies and procedures. - Provided recommendations for revision of legal and administrative documents including FAO's Basic Texts. 	From 04/2011. Ongoing to 12/2013
Key Action 4: Due diligence and screening system			
Activities		Outputs	Timeline
1.	Ongoing process for assessment of partners	<ul style="list-style-type: none"> - Finalized due diligence pre-screening tool to assess potential private sector partners, as a basis for the SubCom-RFA. - Set-up a database of pre-screened private sector actors. 	1 st phase completed. Ongoing until 05/2011
Key Action 5: Assessment and monitoring of private sector partnerships			
Activities		Outputs	Timeline
1.	Review FAO's cooperation with the private sector (2005-2010)	<ul style="list-style-type: none"> - Compiled lessons learned. - Identified best practices. - Highlighted recommendations on the way forward. - Information shared through relevant fora (Partnerships Committee, Web portal, training). 	Completed 2011
2.	Update FAO's private sector database	<ul style="list-style-type: none"> - Revised corporate database (FPMIS) with private sector data available on-line to FAO staff and key partners. 	1 st phase started. Completion expected by 06/2011
3.	Design, develop and pilot methodology for partnership monitoring and evaluation	<ul style="list-style-type: none"> - Developed and implemented monitoring and evaluations tools. - Databases contain up-to-date information. 	1 st phase completed. Ongoing until 12/2012

Key Action 6: Support to partnerships with private sector			
Activities		Outputs	Timeline
1.	Development of “Do’s and Don’ts ”of partnering with the private sector	- Provided clear guidelines and shared best practises in partnering with the private sector to headquarters and decentralized offices.	1 st phase completed. Ongoing until 06/2011
2.	Provide a guide to headquarters and decentralized offices on different types of engagement	- Disseminated due diligence pre-screening principles and risk management measures to headquarters and decentralized offices.	Ongoing to 12/2012
Key Action 7: Training on partnerships			
Activities		Outputs	Timeline
1.	Develop tools for the strategic management of partnerships in consultation with headquarters and decentralized offices	- Developed training modules for strategic partnerships and capacity building. - Publication and CD-Rom on “Managing Partnerships” developed.	12/2012
2.	Conduct training activities at headquarters and decentralized offices on strategic partnerships	- Tested pilot training modules on managing strategic partnerships with the private sector.	06/2011
Key Action 8: Communication to internal and external audiences			
Activities		Outputs	Timeline
1.	Communicate to FAO staff and to external audience on the Strategy for Partnership with the Private Sector and on the Guiding Principles for private sector cooperation	- Finalized new FAO Private Sector Web site. - Developed knowledge sharing tools (seminars, intranet, UN-business portal).	1 st phase completed. Ongoing until 12/2011