

# FAO STRATEGY FOR PARTNERSHIPS WITH THE PRIVATE SECTOR



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FOR PARTNERSHIPS WITH  
**THE PRIVATE SECTOR**

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# ACRONYMS

<b>AGORA</b>	Access to Global Online Research on Agriculture
<b>COAG</b>	Committee on Agriculture
<b>CFS</b>	Committee on World Food Security
<b>COFI</b>	Committee on Fisheries
<b>COFO</b>	Committee on Forestry
<b>CPF</b>	Country Programme Framework
<b>CSAP</b>	Procurement Service
<b>FSIN</b>	Food Security Info Network
<b>FIN</b>	Fish Info Network
<b>FMM</b>	FAO Multipartner Programme Support Mechanism
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MoU</b>	Memoranda of Understanding
<b>OPC</b>	Office of Partnerships, Gender, Advocacy and Capacity Development
<b>PC</b>	Partnerships Committee
<b>PSM</b>	Private Sector Mechanism
<b>RBM</b>	Results Based Management
<b>SME</b>	Small and Medium Enterprises
<b>Sub-Com – RFA</b>	Sub Committee for Review of Financial and other Agreements
<b>UN</b>	United Nations



# FOREWORD

The fight against hunger can only be won in partnership with governments and other non-state actors, among which the private sector plays a fundamental role.

FAO is actively pursuing these partnerships to meet the Zero Hunger Challenge together with UN partners and other committed stakeholders. We are calling for bold actions and true global commitments to end hunger, make food systems sustainable, and minimize food waste and losses.

An exceptional level of collaboration between the public and private sectors will be needed to develop the initiatives necessary to transform agricultural production and meet future food and employment demands. Eradicating hunger is about joining forces to scale up successful programs and linking actions for better results.

In doing so, we need to work with small-scale producers, helping them increase their production and productivity and linking them to value chains and to functioning markets. In rural areas where markets are relatively underdeveloped and weakly linked, the private sector can reinforce improvements in the income and food conditions of the people by supporting family-based agricultural trading activities and production for self-consumption. Private sector support can also be provided through technology creation, adaptation and transfer, by investing in research and skills development to respond to the needs of farmers. Moreover, small and large-scale businesses may contribute by disseminating their knowledge, data and scientific innovation to increase sustainable food production and provide access to food to the most vulnerable people. Working with the private sector is not only about receiving financial support, but also about benefitting from their dynamism and entrepreneurship.

In this spirit, one of my priorities as FAO Director-General has been to strengthen partnerships with other development actors, including the private sector, to achieve better results in the fight against hunger and for sustainable development.

The FAO Strategy for Partnerships with the Private Sector is a step forward in this direction. It represents a milestone in the Organization's work and provides the operational framework for managing relations with the private sector in a proactive and efficient manner at the global and decentralized level and in line with national development priorities of each country and with FAO's reviewed strategic framework.

It also demonstrates the Organization's commitment to working hand in hand with the private sector, leveraging and learning from each other's comparative advantages. Indeed, private sector representatives participated alongside member countries and FAO staff in the consultation process that led to this document. I take this opportunity to thank all of those who have contributed to make it a reality.

There is no longer any doubt that business plays an integral role in delivering economic and social progress. This strategy is a step towards innovative and sustainable collaboration with the private sector and thereby an important step towards the eradication of hunger and malnutrition.

José Graziano da Silva  
FAO Director General

# EXECUTIVE SUMMARY

The revised Strategy for Partnerships with the Private Sector has been prepared in response to the comments of the Programme and Finance Committees,<sup>1</sup> and is aligned with ongoing efforts for decentralization, the review of FAO's Strategic Framework and the Organization-wide Strategy on Partnerships, within the context of the Director-General's overall vision for transformational change of the Organization.

The revised Strategy has been informed by an extensive internal consultation with Members and FAO's senior management, as well as with representatives of multinational corporations (MNCs), private foundations and industry representative bodies.

FAO recognizes that the private sector is a key stakeholder in the fight against food insecurity, malnutrition and rural poverty, and acknowledges the potential that better coordination and collaboration between the public and private sectors can offer in the delivery of the Organization's Strategic Objectives. The Organization, therefore, takes an open and pro-active approach to optimizing the benefits of closer collaboration. In this regard, FAO will consider engaging with all private sector entities, including small and medium enterprises (SMEs), cooperatives and producers' organizations, local companies through to MNCs.<sup>2</sup>

This Strategy has been elaborated on the following premises: i) given the intrinsic nature of its membership and governance, the main interlocutors of FAO are the Members; and ii) the basic texts, rules, procedures or composition of FAO's governing bodies will not be affected by this strategy.

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<sup>1</sup> CL 143/9 paras. 13-15

<sup>2</sup> Academia, research institutions and cooperatives are not included in this strategy. Given their specific nature and the relevance of their work to FAO's mandate, they will be considered in a separate document.

## EXECUTIVE SUMMARY

Partnership activities must be consistent with FAO's mission and should enhance the effectiveness of its work programme. FAO does not enter into partnership with organizations or enterprises whose products, programmes or methods of operation are not in line with FAO's mandate, or into partnerships that might in any way undermine the Organization's credibility with Member Nations as a steward of public trust and funds.<sup>3</sup>

The Country Programme Frameworks (CPFs), defined by governments for FAO's work at country level provides the conditions and priorities under which FAO can implement this Strategy at the national level.

This Strategy does not address partnerships with academia, research institutions or philanthropic foundations, as they will be treated in other FAO documents.

Cooperatives and small-scale farmers organizations, given their specific nature and relevance in relation to FAO's mandate, will be considered separately. In principle, as they are usually for-profit, they will fall under the private sector strategy, unless these organizations state otherwise and comply with the criteria for civil society organizations. Such cases will be addressed individually.

The Strategy identifies the following main areas of engagement with the private sector: development and implementation of technical programmes, policy dialogue, norms and standard setting, advocacy and communication, knowledge management and dissemination; and mobilization of resources.

Taking into account FAO's intergovernmental nature and the primacy of FAO's role in standard setting across a broad spectrum of responsibilities, the Organization has a policy to grant opportunities for the private sector to be heard, as observers, and to encourage the private sector to engage in the implementation of these standards, while ensuring adequate safeguards and guaranteeing the full independence of FAO's decision-making processes.

<sup>3</sup> cf. Annex 1, Basic Principles for FAO Partnership with the Private Sector, 7b) Conformity with FAO's mission, mandate, objectives and work programme.

To ensure that partnerships will not compromise FAO's neutrality and impartiality, this Strategy foresees a risk assessment process and a monitoring and evaluation system to measure outcome and impact of collaborations.

For this purpose, a thorough risk management process is in place to review all potential partnerships, with the private sector, foundations, international financial institutions, civil society and academia. Special attention is given to the assessment of mutual benefits of potential partnerships and to risks that could potentially affect FAO's reputation as an impartial forum and knowledge-based intergovernmental organization. Potential risks include: conflict of interest, undue influence on standard setting, and unfair advantages to specific private sector entities. The risk assessment and management process involves preliminary screening, review and endorsement by the FAO Partnerships Committee and subsequent ongoing monitoring and evaluation.

The Strategy will be supplemented by a set of principles and guidelines for FAO's cooperation with the private sector and an action plan at the decentralized level, which will set out the practical steps to be taken in implementing this Strategy.

Given the emphasis that Members and FAO have given to accelerating the decentralization process, the Strategy and its supporting principles and guidelines will provide useful tools for FAO staff working in decentralized offices. The Strategy's implementation at the decentralized level will take place in close consultation with governments and within the context of Country Programme Frameworks to define medium-term responses to the assistance needs of Member Nations in pursuit of national development objectives.

Further steps in the Strategy roll-out and implementation will include: dissemination of clear guidance and procedures for the development of collaboration and partnerships, an improved risk management system that includes better monitoring of ongoing partnerships, a central support unit and the appointment of partnership focal points in technical units at headquarters and in decentralized offices, a yearly report on all ongoing private sector partnerships made available to Member Nations on the Internet and a comprehensive training programme for focal points and staff in general.

## BACKGROUND

The revision of the draft Strategy has been informed by an extensive process of consultation with Members, key staff at headquarters, regional and other decentralized offices, as well as with representatives of multinational corporations, private foundations and industry representative bodies. Current practice within the United Nations system has been taken into consideration, with special attention to the strategies and activities of the other UN Rome-based agencies and the UN Global Compact.

This Strategy has also been informed by FAO's broad and longstanding experience in working with the private sector, as reflected in the outcome of a thorough review of its private sector partnerships undertaken since 2010.

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Collaboration with the private sector is a dynamic area that is rapidly developing. This Strategy is therefore to be considered as a living document that will be further refined as FAO's experience in this area evolves.



# INTRODUCTION

In a world with almost 868 million people chronically undernourished in 2013, no single organization or sector can solve the problem of hunger on its own. FAO therefore places high importance on working together in partnership<sup>4</sup> with all relevant governmental, non-governmental and private sector stakeholders at local, national, regional and international levels. By joining forces, FAO and its partners can more effectively contribute to eradicating chronic hunger and poverty and improving access to food by the poor and vulnerable.

The FAO Strategy for Partnerships with the Private Sector has been developed within the context of the FAO Organization-wide Strategy on partnerships. The latter covers the broad range of partnerships in general terms and calls for elaboration of specific strategies related to key categories of partnership, including the private sector.

Collaboration will start at the grassroots level in a bottom-up approach that builds on well-established local relationships

Agricultural development and production are core private enterprise activities. The private sector can thus potentially widely contribute to lifting large numbers of people in developing countries out of poverty and hunger through responsible and productive investment, innovation, enhanced efficiency and employment creation. One of the roles of governments is to create enabling environments for the private sector to optimise their role in rural development. FAO is well positioned to facilitate dialogue and collaboration between the public and the private sector.

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<sup>4</sup> For the purposes of this document, the use of the term “partnership”, covers different types of agreements and collaborative relationships with other organizations. Such terminology may be understood to include terms such as collaboration, agreement, alliance, engagement, etc.

## INTRODUCTION

Approximately two billion smallholder farmers live and work in the developing world. They are crucial in the fight to reduce poverty and to feed a growing global population. Improving agricultural practices, technology transfer, access to knowledge and tools to enhance productivity are important, but these alone will not lift families and communities out of poverty. The systems in which smallholder farmers, operate, in order to create sustainable growth in agricultural industries and provide opportunities for increased economic benefits for farmers need to be optimized. A broader approach to development which targets the entire market system is required, working in close partnership with all stakeholders including the private sector.

In recent decades, food and agriculture<sup>5</sup> systems have been transformed by new technological, knowledge-based, financial and managerial resources and innovation, as well as by consolidation and globalisation of supply chains. The private sector has been instrumental in driving these transformations. Private sector entities play important roles in virtually every dimension of FAO's mission and mandate at global, regional and country levels.

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The Organization is responding to evolving needs and new international challenges and is strengthening its approach to enhancing the effectiveness of its engagement and partnerships with private sector entities, including, but not limited to, existing private sector platforms, and its role in international mechanisms, such as the UN Global Compact and the World Economic Forum.

The Director-General has launched a Strategic Thinking Process to review FAO's Strategic Framework and re-define FAO's priorities and methods of work, including reasserting the role that the private sector could play as a key ally in the fight against hunger.

For FAO to engage effectively with the private sector in the fight against food insecurity, much collaboration will start at the grassroots level in a bottom-up approach that builds on well-established local relationships. Regional and decentralized offices play a great role in building partnerships with the private sector.

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<sup>5</sup> This includes agriculture, fishery, forestry, natural resource management, the food value chain from farmer to consumer and diverse goods and services.

This Strategy and its supporting principles and guidelines for FAO's cooperation with the private sector,<sup>6</sup> will provide practical guidance for staff to develop meaningful collaboration and partnerships with this sector. A pro-active approach will be promoted to seek partners who are best positioned to contribute to the fulfilment of FAO's objectives, as well as the Millennium Development Goals and the Post 2015 Development Agenda.

The Country Programme Frameworks, defined by governments for FAO's work at country level, provide the conditions and priorities under which FAO can implement this Strategy at the national level. Where relevant, FAO, working together with governments, will assist in identifying key private sector stakeholders that can enhance food security and poverty reduction within the context of CPFs.

Enhanced collaboration with the private sector under this Strategy has been addressed under the understanding that: i) given the intrinsic nature of its membership and governance, the main interlocutors of FAO are the Members; and ii) the basic texts, rules, procedures or composition of FAO's governing bodies will not be affected by this Strategy and the current rules, procedures or composition of the Organization's governing bodies will not change.



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<sup>6</sup> Ref. Annex 1, FAO Principles and Guidelines for FAO Cooperation with the Private Sector, 2000.

## RATIONALE, MUTUAL BENEFITS AND OBJECTIVES

### *Rationale*

FAO recognizes the private sector as a key stakeholder in the fight against food insecurity, malnutrition and rural poverty. In particular, it recognizes the potential that better coordination and collaboration between public and private sector can offer in increasing the delivery of FAO's Strategic Objectives. FAO therefore takes an open and proactive approach to optimizing the benefits from closer collaboration, including dialogue, exchange of information and knowledge, funding initiatives and joint activities. Depending on the nature of activities, collaboration can be time-bound, or on a more continuous basis and present different levels of formalization and geographical focus.

10 Through enhancing dialogue and consultation between the governments and the private sector, the Organization aims to improve the efficiency and inclusiveness of development processes. This applies to agriculture, fisheries, forestry, natural resource management, the food value chain from farmer to consumer and diverse goods and services. Particular attention is paid to gender equality and the role of women in developing partnerships to improve food security and livelihoods.

Imbalances in the access to markets, including data and other relevant information, by different economic actors may result in difficulties for the most vulnerable in capturing benefits that can accrue from the private sector, markets and economic activities. FAO seeks to develop partnerships that help make services, goods and opportunities<sup>7</sup> available for this segment of the population.

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<sup>7</sup> These partnerships will be identified on the basis of existing in-country rules and procedures.

## *Mutual benefits of collaboration*

Closer collaboration of FAO and governments with relevant private sector entities is expected to result in:

- increased responsible and productive investment and innovation in agriculture;
- strengthened local agribusiness;
- enhanced efficiency in the supply chain;
- creation of decent rural employment;
- access to topical information and expertise;
- management and dissemination of knowledge and lessons learned;
- enhanced extension services (particularly technology transfer);
- data and scientific innovation and advances;
- increased entrepreneurship at country level resulting in job creation;
- implementation of sustainable business practices embodied in corporate social responsibility (CSR) programmes.

Increased awareness about private sector perspectives will help FAO and Governments to optimize the potential benefits of collaboration.

For private sector entities, the engagement with FAO could generate:

- increased opportunity to be heard in international policy development and standard setting processes for food and agriculture;
- improved alignment of national requirements with international standards, which would enhance the ease of doing business;
- enhanced dialogue with governments and an opportunity to contribute to the development of national planning frameworks;
- an environment that is more conducive to private sector responsible and productive investments;
- participation in processes to establish codes of conduct for responsible business practices, and
- creation of level-playing fields that would enable fairer competition and a more stable business environment.



## Objectives

The main objective of the Strategy is to enhance collaboration aimed at further increasing delivery of FAO's objectives of eliminating food insecurity and reducing poverty, while safeguarding the Organization's characteristic of being a neutral forum.

More specifically, the Strategy aims at:

- a) assisting governments in enhancing coordination and collaboration with the private sector to boost agricultural production and food supply, to increase incomes, and enable the provision of employment, services and goods in isolated and vulnerable areas where access to market is particularly difficult;
- b) helping FAO achieve its five Strategic Objectives as 'development outcomes' in FAO's new Strategic Framework, at local, national and international levels;
- c) enhancing the involvement and participation of the private sector, as an observer in international fora related to FAO's mandate and encouraging the private sector to respect relevant standards set by such fora and Members through FAO's governing bodies; and
- d) enhancing the participation of the private sector through financial and non-financial contributions in FAO's activities, with mutual cooperation including sharing of lessons learned and development of best practices.



## DEFINITIONS

### OF THE PRIVATE SECTOR AND PARTNERSHIPS

The FAO Organization-wide Strategy on Partnerships<sup>8</sup> defines the term partnership as, "...cooperation and collaboration between FAO units and external parties in joint or coordinated action for a common purpose. It involves a relationship where all parties make a contribution to the output and the achievement of the objectives rather than a solely financial relationship".

The private sector includes enterprises, companies or businesses, regardless of size, ownership and structure. It covers all sectors of the food, agriculture, forestry and fisheries systems from production to consumption, including associated services: financing, investment, insurance, marketing and trade.

FAO considers the private sector as encompassing a broad array of entities that range from farmer organizations,<sup>9</sup> cooperatives and SMEs to the largest international corporations. For the purposes of this Strategy this also includes private financial institutions; industry and trade associations; and consortia that represent private sector interests. Academia, research institutions and philanthropic foundations are not included in this Strategy.

Any consortium, organization or foundation, largely funded or governed by private entities, as well as cooperatives, which generally have for-profit orientations, will be considered as private sector. In instances where this definition is not clear (e.g. cooperatives established by social movements) eligibility will be reviewed on a case-by-case basis by the Office for Communication, Partnerships and Advocacy (OCP) to determine if they fall more appropriately under the domains of civil society or private sector, on the basis of the in-country appropriate rules and procedures.

<sup>8</sup> Organization-wide Strategy on Partnerships, Rome 2011, page 2, [http://www.fao.org/fileadmin/user\\_upload/corp\\_partnership/docs/stratbrochure\\_en\\_web.pdf](http://www.fao.org/fileadmin/user_upload/corp_partnership/docs/stratbrochure_en_web.pdf).

<sup>9</sup> FAO tends to consider small-scale producers organizations under the scope of civil society. Larger foundations funded or governed by private sector or commercial food organizations are usually treated as private sector. However, the division is not always clear-cut. Therefore, these organizations may be considered on a case-by-case basis to determine under which Strategy they fall more appropriately. Given FAO's mandate, FAO will work to ensure adequate representation and participation of producers' organizations at FAO meetings and processes to ensure their voices are considered and reflected. This will be done according to either the strategy for partnership with the private sector strategy or with civil society.

## CATEGORIES OF PRIVATE SECTOR CONTRIBUTIONS

FAO recognizes two main categories of contributions from the private sector: non-financial and financial contributions. These two categories are not mutually exclusive.

### a) Mutual collaboration

These partnerships involve active collaboration of the private sector with FAO in support of its work and in line with government priorities. Such collaboration could concern any of the areas of engagement listed below and may draw on mutual know-how, expertise and other support.

### b) Sponsorships

These involve exclusively financial contributions from the private sector in support of FAO's programmes through identified areas of engagement. Private sector contributions can be targeted towards specific projects and programmes.



# FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS AND PRIVATE SECTOR COLLABORATION



Food and Agriculture  
Organization of the  
United Nations

want to eliminate  
Food Insecurity



Private  
sector  
around  
the world

they identified six  
**Areas of Work**

*This infographic seeks  
to explain the basic  
relationship between  
some of the items  
of the strategy.*



Knowledge  
Management and  
Dissemination



Norms  
and Standard  
Setting



Mobilization  
of Resources



Development and  
Technical  
Programmes



Policy  
Dialogue



Advocacy and  
Communication

to achieve a set of  
**Objectives**

**Note:**  
These are not the areas of collaboration for  
the FAO mandate, they are specific to this strategy.



Increase  
Involvement  
of Private  
Sector in  
FAO's  
Activities



Assist  
Governments  
in Enhancing  
Collaboration



Help Achieve  
FAO's  
Strategic  
Objectives



Involve  
Private Sector  
as an  
Observer to  
International  
Fora

and achieve  
**Food Security  
For All**

## AREAS OF ENGAGEMENT

Specific areas of engagement through which the private sector could contribute to delivery on FAO Strategic Objectives, include:

### Development and technical programmes



The private sector can complement FAO's technical work locally, regionally and globally. Private companies can complement governmental programmes, as well as programmes that FAO develops at local level, in order to boost markets. International, large and medium-size enterprises can provide support to local SMEs and other actors, strengthening national capacity and economic growth. This can be manifested through the equitable distribution of goods and services; enabling access to agriculture insurance; providing credit and financing opportunities; agricultural inputs; improved production techniques, amongst others. Country Programme Frameworks, jointly prepared by FAO and governments, will be the basis for implementing the Strategy at the national level. Within the CPF context, governments with the assistance of FAO would identify key private sector entities that could work with Members in achieving their national development objectives.

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### Policy dialogue



Private sector participation in policy dialogue on issues related to food and nutrition security at national and international levels can contribute to the debate. It allows for private sector interests and technical expertise to be heard. This nurtures a sense of ownership that will enhance sustainability of policy adoption and implementation. FAO can play a role in encouraging and guiding such dialogue at the national and international levels. Examples of policy dialogue fora include the Private Sector Mechanism (PSM) at the Committee on World Food Security (CFS), Partnership on the environmental benchmarking of livestock supply chains and the World Banana Forum.



### Advocacy and communication

Engaging the private sector in FAO's advocacy and communication activities could allow the Organization to reach a wider audience, with a strengthened scope and impact across broader sections of the population. The private sector might sponsor events organised at country level through financial or in-kind donations, or might help improve visibility and effectiveness of global and local public awareness initiatives. These include communication and social media outreach campaigns, patronage and co-sponsorship of FAO-led events, e.g. World Food Day, Save Food Initiative and TeleFood.



## Norms and standard setting

FAO plays a key convenor and facilitator role in the negotiation and implementation of international codes of conduct, safety and quality standards for food and other commodities, and global conventions and regulatory frameworks in areas related to FAO's mandate (e.g. Code of Conduct for Responsible Fisheries;<sup>10</sup> International Treaty on Plant Genetic Resources for Food and Agriculture; Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests).<sup>11</sup> Over the years, and as agreed by Members where required, both private sector organizations and civil society organizations have provided their views as observers, which has been useful in informing the standard setting process. As agreed upon by Members, the private sector and civil society have a consultative role and are excluded from decision-making on policy development or standard setting, in order to safeguard FAO's intergovernmental nature, its independence and impartiality in decision-making.



## Knowledge management and dissemination

A wide range of FAO's activities are aimed at providing the international community with impartial information and knowledge, including statistics on food and agriculture. FAO's technical advice is often requested by international public and private organizations. The private sector contributes to FAO's knowledge and research capacity by providing data and information on market trends and emerging technologies. Private sector knowledge and technology can provide important contributions to public goods. FAO encourages and supports the sharing and dissemination of private sector information through global networks and along the value-chain. Examples include Access to Global Online Research in Agriculture (AGORA), FishInfo Network (FIN) and the Food Security Info Network (FSIN)

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## Mobilization of resources

Mobilization of human, financial and other resources is fundamental to the implementation of FAO's programme of work. Private sector entities may provide human, logistics, managerial and financial resources to specific activities. When FAO responds to a humanitarian crisis, partnerships with private sector entities can assist by contributing in various ways, e.g. know-how, expert services, in-kind donations, or funds. Both can contribute to global fund raising and sponsoring of activities at all levels, as well as improving effectiveness of national implementation of policies and programmes in line with FAO's Resource Mobilization and Management Strategy.

<sup>10</sup> The participation of different stakeholders, as appropriate, in the Technical Committees, will be on the basis of decisions taken by the Members.

<sup>11</sup> These normative frameworks and guidelines have resulted from negotiations and discussions at FAO's Technical Committees, such as the Committees on Forestry (COFO), Fisheries (COFI) and Agriculture (COAG).

## MODELS OF COLLABORATION

There are different models of collaboration with the private sector that range from dialogue and consultation through to comprehensive partnerships. Not all forms of collaboration require a formalised partnership and FAO recognizes the value of developing informal collaborations as an initial step. When collaboration becomes more structured, or involves funding or other resources, a formalised partnership arrangement is required.<sup>12</sup>

Partnerships with the private sector can be formalised through existing legal arrangements used by FAO, in accordance with the Principles and Guidelines for Cooperation with the Private Sector (2000):

### Memoranda of Understanding (MoU)

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MoUs do not usually entail any financial commitment and establish a framework for collaboration.

### Partnership Agreements

Partnership agreements are established to enable receipt of financial contributions from private sector entities.

### Exchange of Letters

In cases where collaboration is limited (to a reduced period of time, or with a more limited scope) and does not entail any financial commitments, an exchange of letters can be used, for example, to carry out a joint assessment or to coordinate actions while implementing field activities. The approval process is similar to that of MoUs.

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<sup>12</sup> Detailed guidance will be provided in revised Principles and Guidelines for FAO Cooperation with the Private Sector

FAO will encourage unearmarked or lightly earmarked support from the private sector to the Organization's Programme of Work and Budget through existing mechanisms including the FAO Multipartner Programme Support Mechanism (FMM) and new mechanisms that will be established, including a private sector Multidonor Trust Fund. These mechanisms will allow the Organization to receive contributions that can be translated into programmes and activities in line with FAO's Strategic Objectives. For larger contributions, separate trust funds may be set up, if appropriate. The Organization will establish operational rules and procedures that satisfy FAO and donor requirements for transparency and reporting.

FAO will continue to work closely with the other Rome-based agencies, the UN system and the UN Global Compact to monitor best practice in the use of tools for collaboration, capacity development and communication with the private sector. While acknowledging its unique characteristics, FAO will seek to achieve efficiencies of operation by drawing on the experience of other agencies, wherever appropriate.



## FAO RISK MANAGEMENT

Adopting an open approach to private sector partnerships requires adequate mechanisms to identify and manage potential risks that could affect FAO's intergovernmental character and its independence and impartiality. Such risks include: conflict of interest; undue influence on standard setting; and unfair advantage to specific companies. Being proactive in the selection of partners will help reduce such risks. This implies that FAO actively selects and approaches potential private sector partners that are expected to be able to make useful contributions to specific FAO Strategic Objectives. Any identification of potential partners at national level will be within the framework of the CPF and involve government endorsement from the initial stage.

A thorough risk assessment process has been developed to assess proposed partnerships

Within the UN system, FAO is one of the organizations with a broad range of standard setting responsibilities. These include standards related to food safety, nutrition, food quality, prevention of animal and plant diseases, fisheries, forestry, biodiversity, trade and use of pesticides. These standards serve to protect the public interest and often have a bearing on operations of private sector businesses. FAO follows a policy to ensure that views of private sector stakeholders are heard, and that the private sector is encouraged to respect these standards, but at the same time it also ensures that there are adequate safeguards against undue influence and that full independence of decision-making on such standards is guaranteed.

Over recent years, the demand for partnerships with the private sector has been increasing both at HQ and decentralized levels. In order to be able to respond to such requests, a thorough risk assessment process has been developed to assess proposed private sector partnerships. This process will be further improved as the Organization develops more experience in this area.

FAO's current risk assessment consists of three distinct steps:

## Preliminary screening - (OPC)



FAO's initial screening of potential partners is performed according to the following principles and guidelines: the UN Global Compact Principles,<sup>13</sup> the Guidelines on Cooperation between the United Nations and the Business Sector,<sup>14</sup> the FAO corporate risk factors as outlined in the 2000 Principles and Guidelines for FAO Cooperation with the Private Sector, and existing CSR standards. The information gathered also includes: (a) identification of the proposed partners' business segments and geographical operations; (b) its major shareholders and subsidiary groups; and (c) its corporate social responsibility activities. If required, information might be requested from the regional offices.

In particular, FAO screens the proposed partner against UN Global Compact Principles, human and labour rights, environmental and governance practices, and conducts an initial assessment of the partnership against FAO risk factors (conflict of interest, threat to neutrality/scientific credibility, unfair advantage, and financial risk).

A colour code is used to provide an instant analysis of the outcome of the screening assessment, depending upon the level of compliance with international principles and standards<sup>15</sup>.

<sup>13</sup> The UN Global Compact ten principles, 2000, address core values in the areas of human rights, labour, environment and governance, and are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

<sup>14</sup> Guidelines on Cooperation between the United Nations and the Business Sector, 2009, serve as a common framework for the UN system in partnering with the business sector. The guidelines address general principles on partnerships among which are transparency, integrity, independence and no unfair advantage.

<sup>15</sup> International Principles and Standards include: the UN Global Compact Principles, the Guidelines on Cooperation between the United Nations and the Business Sector and the FAO corporate risk factors as outlined in the 2000 Principles and guidelines for FAO cooperation with the Private sector.



## Review - Sub-Committee for Review of Financial and other Agreements (SubCom-RFA)

The Sub-Committee RFA, composed of FAO management and senior technical officers (including a representative from both the regional office and the legal office), elaborate on the initial screening carried out by OPC and reviews and examines partnership proposals in the specific operational context, with particular attention to corporate risk factors and envisaged mutual benefits. The SubCom-RFA then summarizes its findings and makes a recommendation to the Partnerships Committee.



## Decision - Partnerships Committee (PC)<sup>16</sup>

The Partnership Committee, chaired by the Director-General, with the participation of the highest level of the organization is responsible for the final endorsement of partnership proposals.



## Monitoring and reporting - OPC in collaboration with FAO Focal Points for partnerships

All partnerships will be monitored and evaluated to ensure that they continue to meet FAO requirements and to assess the expected outcome and impact. This will involve annual reporting on all individual partnerships. Any infringement on original selection criteria will result in re-assessment of the partnership and may lead to its cancellation. Full transparency will be ensured by a yearly report detailing screening criteria and results, and a list of approved partnerships made available to Members.

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<sup>16</sup> Partnership Committee composition and Modus Operandi, please see Director-General's Bulletin 2010/22.

## IMPLEMENTING THE STRATEGY

The Office of Partnerships, Gender, Advocacy and Capacity Development (OPC) is the responsible unit for the implementation of this Strategy and the associated corporate tasks as specified below.

To ensure coherent and effective implementation of the Strategy across the Organization, each regional office and technical division at headquarters will designate a partnership focal point to support the development of collaboration with the private sector. The private sector unit at headquarters is being reinforced and will coordinate the network of focal points.

The key areas of OPC support will include:

- creation and maintenance of a corporate database of past and ongoing partnerships;
- developing and maintaining a network of Partnerships Focal Points throughout the Organization;
- enhancing exchange of information through the Partnerships Focal Point network;
- developing appropriate tools and implementing staff training on private sector partnerships at headquarters and decentralized offices;
- guide and facilitate the development of partnerships by technical units and decentralized offices; provision of a help-desk function;
- development of an interactive web-portal; conducting the preliminary screening of proposed partnerships; coordinate and collaborate with private sector partnership programmes of other UN agencies and the UN Global Compact; reporting on progress in implementation of the Strategy.

Implementation of the strategy will be through the Country Programming Frameworks

Functions related to assessment and management of risks will be separated from advocacy and catalytic functions to promote and develop partnerships.

At the global and regional levels, OPC assistance will focus on four key areas:

- a) building capacity in FAO to develop partnerships that address needs identified by FAO and governments;
- b) developing innovative mechanisms for partnerships with the private sector (e.g. through multi-stakeholder partnerships);
- c) providing practical assistance to colleagues in decentralized offices and divisions in the development of partnerships, including the identification and management of risks and the monitoring of outcome and impact; and
- d) developing best practices from the available information on ongoing partnerships with the private sector.

Exchange of information and knowledge will be fostered through regional and global platforms and associations in which the private sector is represented.

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At the national level, implementation of this Strategy will be through the Country Programme Frameworks, which will indicate potential areas of cooperation with the private sector. The CPF is the mechanism through which FAO and the governments define their priorities and work plans.

It is recognised that in many cases collaboration starts at the field level, building on local needs and established relationships. At the request of governments, FAO's decentralized offices, could provide support in building partnerships with the private sector that can promote country-level development and poverty alleviation programmes within the context of CPFs.

Decentralized offices, could also assist governments in developing local action plans and in identifying potential partners. These action plans will form an integral part of the CPF and be aligned with FAO's Strategic Objectives and the areas of engagement and criteria detailed in this Strategy.

OPC's role is to provide guidance and support to concerned staff in the implementation and management of partnerships. OPC will also serve as a catalyst and focal point in expanding the quality, number and impact of FAO's relationships with the private sector at global, regional and national levels.

## MONITORING, EVALUATION AND ACCOUNTABILITY

OPC, together with key FAO units, will continue to develop a monitoring system, design progress indicators and determine means of verification aimed at evaluating the delivery of partnerships on agreed objectives. The monitoring system will be linked to FAO's corporate information and project management tools, and inform the corporate Results Based Management (RBM) framework. Staff responsible for specific partnerships will report regularly on progress and the reports will be uploaded in corporate information systems. This monitoring system will assist the Organization in improving the quality of its partnerships, evaluating their outcome and impact, including through a set of indicators against which performance can be evaluated. The renewal or termination of partnership agreements will be decided accordingly.

For each partnership, a technical officer will be assigned to serve as contact person and be responsible for the day-to-day management of the partnership, including the regular reporting. The Director of the Division concerned will carry overall responsibility and is expected to ensure adequate management of risks and benefits deriving from the partnership.

FAO recognizes that effective management of partnerships with the private sector requires the maintenance of a high-quality database of past and ongoing partnerships with the private sector that serves as an accessible repository of accumulated experience of working with the private sector which can be a source of organizational learning both for FAO and its partners.

OPC will issue an annual report detailing collaboration between FAO and the Private Sector. The report will provide details on geographical distribution, industry category, outcomes, key achievements and financial aspects. The report will be made available on the partnerships web portal.

The OPC Web site will list the selection criteria for collaboration with the private sector and provide up-to-date lists of approved partnerships to ensure transparency.

In addition, OPC will inform the appropriate governing bodies on a regular basis about the progress of the implementation of this strategy and key lessons learnt.

## General Principles from the FAO Organization-wide Strategy on Partnerships

A partnership should lead to a clear and mutual added value in terms of results relevant to shared goals and objectives, weighted against costs and impediments. Therefore, costs versus benefits need to be carefully considered.

A partnership should serve as a means for greater effectiveness in supporting international governance of agriculture and agricultural development, including through results-based monitoring and incorporating lessons learned, in line with FAO's goals and strategic objectives.

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Building on ongoing collaboration, new partnerships should be based on the comparative advantages of each partner.

The nature of the role of FAO in a partnership, which could be that of a leader, facilitator or participant, should be determined by the nature and relevance of inputs and services to be provided.

FAO must at all times preserve its neutral and impartial role in partnerships and act in a transparent manner while at the same time avoiding any conflict of interest.

The implementation of global partnerships should take into account conditions and requirements at regional and country levels.



## Basic Principles for FAO Partnership with the Private Sector

The FAO's Principles and guidelines for FAO cooperation with the Private sector were first issued in 2000<sup>17</sup>. The current Strategy and experience with partnerships to date will provide the basis for their revision.

These Principles and guidelines are aligned with the UN Business Guidelines and similar principles of other UN agencies and the World Bank. All FAO partnerships with the private sector are expected to adhere to the following Principles:

- a) Alignment with UN guidelines and international agreements: Compliance and alignment with common UN guidelines is a prerequisite for a mutually beneficial partnership;
- b) Conformity with FAO's mission, mandate, objectives and work programme. Partnership activities must be consistent with FAO's mandate and should enhance the effectiveness of its work programme. FAO does not enter into partnership with organizations or enterprises whose products, programmes or methods of operation are judged by the Organization to be unethical or otherwise antithetical to its mandate; or into partnerships that might in any way undermine the Organization's credibility with Member Governments as a steward of public trust and funds;
- c) Common objectives and mutual benefits: A prerequisite of a partnership is alignment in mission and mandate, as well as long-term objectives;
- d) Non-exclusivity with no preferential treatment, unfair advantage or endorsement: No contribution may be construed as a FAO endorsement of any product or service, nor will FAO enter into any agreement that excludes the right to negotiate similar arrangements with other partners. Under no circumstances will a voluntary contribution from a private sector entity entitle that entity to special consideration in FAO recruitment, procurement or contracting procedures or give the appearance of any such favourable treatment;

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<sup>17</sup> The revision of the Principles and guidelines for FAO cooperation with the Private sector, 2000, will be informed by the current strategy.

- e) Neutrality and integrity: Partnerships must ensure that the neutrality of the Organization is maintained and the integrity, independence and reputation of FAO are not put at risk. In particular, declarations of interest are to be made explicit for policy, normative, knowledge production and dissemination work included in the partnership agreement;
- f) Accountability of all parties with clear and agreed responsibilities: Partnership activities will be designed and implemented in a manner that ensures clear and agreed responsibilities and accountability by all partners;
- g) Transparency: Joint FAO/private sector initiatives will be fully transparent. Information on agreed activities will be publicly available and may be reported in documents to FAO's governing bodies. In partnership activities where business confidentiality is necessary or proprietary knowledge is a factor, exceptions to full transparency may be agreed on the basis of narrowly established criteria and explicit agreements;
- h) Sustainability: Partnership activities should be planned to promote economic, environmental and social sustainability and to make optimum use of a partner's resources. A mutually agreed process for the monitoring and evaluation of partnership projects should be built into the project design;
- i) Respect for intellectual property in delivery of public goods: There will be consultation and prior agreement between FAO and private sector partners regarding specific activities that could generate material subject to copyright, patent or other intellectual property jurisdiction;
- j) Scientific credibility and innovation: Partnership activities should be defensible in terms of objective scientific judgment. FAO will further develop this principle to ensure that scientific credibility is protected.



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