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Annual report on private sector engagement 2021



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Engagement with the private sector represents an opportunity for FAO to more efficiently deliver on its mandate, advance on the path to achieving the 2030 Sustainable Development Agenda, and ensure better production, better nutrition, a better environment and a better life, leaving no one behind.

This report covers the first year of implementation of FAO's Strategy for Private Sector Engagement 2021-2025. It looks at the progress made since the strategy was approved during the 165th session of the FAO Council in December 2020, documenting changes in approaches to private sector engagement, key achievements and lessons learned, and outlines major priorities for private sector engagement in the year to come.

Further updates and additional details on FAO's private sector engagements are available on the CONNECT portal.

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Foreword

When FAO's Members endorsed a new strategy for engagement with the private sector in December 2020, it underlined a powerful message about the essential role that the private sector can play in achieving the Sustainable Development Goals (SDGs). The *FAO Strategy for Private Sector Engagement 2021-2025* recognizes the private sector as a key development partner, one that fosters the knowledge, technology, innovation and investments needed to transform our agrifood systems to make them more efficient, inclusive, resilient and sustainable.

Closer engagement with the private sector is key to advancing all three areas of sustainable development – economic, social and environmental – bolstering SDG-aligned investments in agrifood systems, and scaling up collective, multistakeholder efforts to deliver country-owned and country-led solutions to some of the most pressing challenges we face. With less than a decade left to deliver on the SDGs, there is no time to waste.

In order to deliver on the strategy, FAO has worked to increase our engagement and connections. We have embraced a broader definition of the private sector – from multinational companies to micro, small and medium-sized enterprises (MSMEs), from farmers and producers' organizations and cooperatives to industry and trade associations, and from philanthropic foundations to financial institutions – all of which play an important role in effecting change across the food and agriculture sectors and beyond.

Over the course of 2021, we have expanded and diversified our engagements with the private sector, expanding our number of formal engagements to 40 and encouraging a greater number of informal collaborations that further our shared goals. These engagements have delivered sustainable impact and benefits at country level and proactively supported FAO's regional priorities.

Secondly, to support and sustain our engagements, we have made sure that our internal structures are fit for purpose. We have taken a risk-conscious approach to engagements, and put in place tools that safeguard FAO's neutrality – including a robust due diligence framework – to ensure that impartiality stays firmly at the heart of what we do. We've simplified and modernized our internal processes and workflows, and have invested in tools and training to support our employees around the world, recognizing that the success of our private sector engagements rests chiefly with them.

Finally, this first year of the new strategy has also taught us some important lessons. We have seen that informal engagements can be just as impactful as formal partnerships, as long as they are properly planned and managed. We have seen that strong technical ownership is a key factor in ensuring the success of any engagement. And most importantly, our experience has confirmed that when searching for solutions to common challenges, bringing everyone to the table is vital for change.

Fulfilling the pledge we made to keep our Members informed on how the implementation of the strategy has progressed, I am pleased to present on the following pages our *Annual report on private sector engagement, 2021*.

Beth Bechdol

Deputy Director-General,

Food and Agriculture Organization of the United Nations (FAO)



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Working together for the change we need

Throughout 2021, FAO engaged with a wide variety of private sector entities, through multiple means, from informal discussions to data sharing to formal partnership agreements. All engagements were assessed for their potential to advance progress towards the Sustainable Development Goals (SDGs) and bring about transformation to more efficient, inclusive, resilient and sustainable agrifood systems.

Working with the private sector: Engagement vs. Partnership

FAO's Strategy for Private Sector Engagement defines engagement with the private sector as any type of interaction with business entities. The vast majority of FAO's private sector engagements are of an informal nature, with a relatively small number of engagements constituting formal partnerships, defined as "cooperation and collaboration between FAO units and external parties in joint or coordinated action for a common purpose".

All engagements pursued provide a clear added value for FAO, its Members and beneficiaries, and offer scalable, high-level impacts at national, regional or global levels.

2021 figures suggest that the majority of FAO's private sector engagements – around 90 percent – are of an informal nature. A small percentage are formalized through various legal instruments, which at the time of writing included memoranda of understanding (MoUs) and letters of intent (LoIs).

All engagements have been underpinned by a renewed and robust due diligence system (FRAME), built into the engagement cycle, that helps to safeguard FAO's neutrality and independence while allowing the Organization to work closely with the private sector.

Beginning in 2022, a Customer Relationship Management (CRM) system will be integrated into CONNECT, FAO's online portal for private sector engagement. The CRM system will help to crowdsource intelligence for the management of informal engagements across FAO's entire global network, and support FAO employees in making better business decisions that result in more successful engagements.



Creating new value chains: Mace Foods

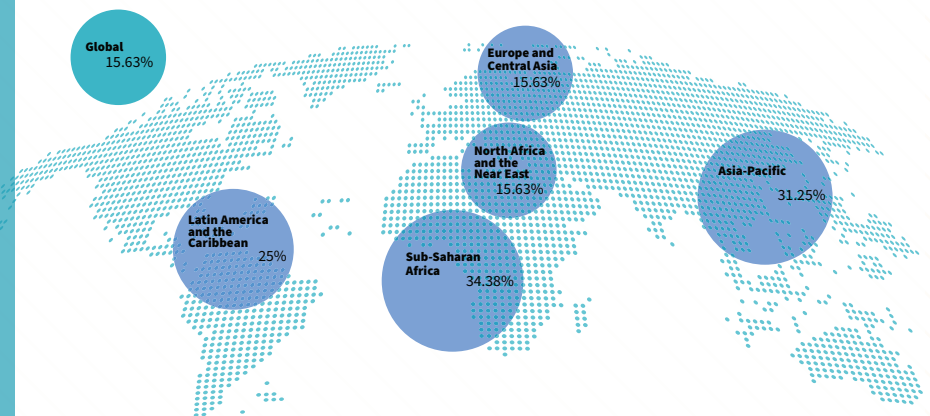
Informal private sector engagements can have a huge impact: In Kenya, FAO works with Mace Foods, a private company, and Nyamira North Women Sacco, a women-led savings and credit cooperative organization, to grow and sell indigenous African vegetables. With the support of the Nyamira County Government, the collaboration helps the women maximize their yields through planned production schedules and good agronomic practices and mobilize funds to acquire cold storage facilities needed to improve the quality and quantity of the vegetables sold. Since the engagement began, Sacco has delivered a weekly average of 500 kg of products, totaling 18.5 tonnes.

Delivering sustainable impact and benefits

FAO concluded 2021 with 40 active formal private sector engagements. In the course of the year, the Organization signed seven new MoUs and Lols with private sector entities and renewed two formal engagements, while seven agreements expired. These formal engagements undertook activities around the world, including in around 15 least developed countries (LDCs) such as Central African Republic, Myanmar, Nepal, Niger, Rwanda, and South Sudan; and provided a range of benefits, from training opportunities to emergency support to the creation of dialogue spaces for rural communities, local organizations, SMEs and other stakeholders.

Just over one third (34 percent) of FAO’s formal engagements with the private sector supported critical development activities in sub-Saharan Africa, while 31 percent supported work in Asia and the Pacific. Latin America and the Caribbean accounted for 25 percent of activities, while the Near East and North Africa and Europe and Central Asia accounted for 16 percent each.

Share of formal engagements by region of activities



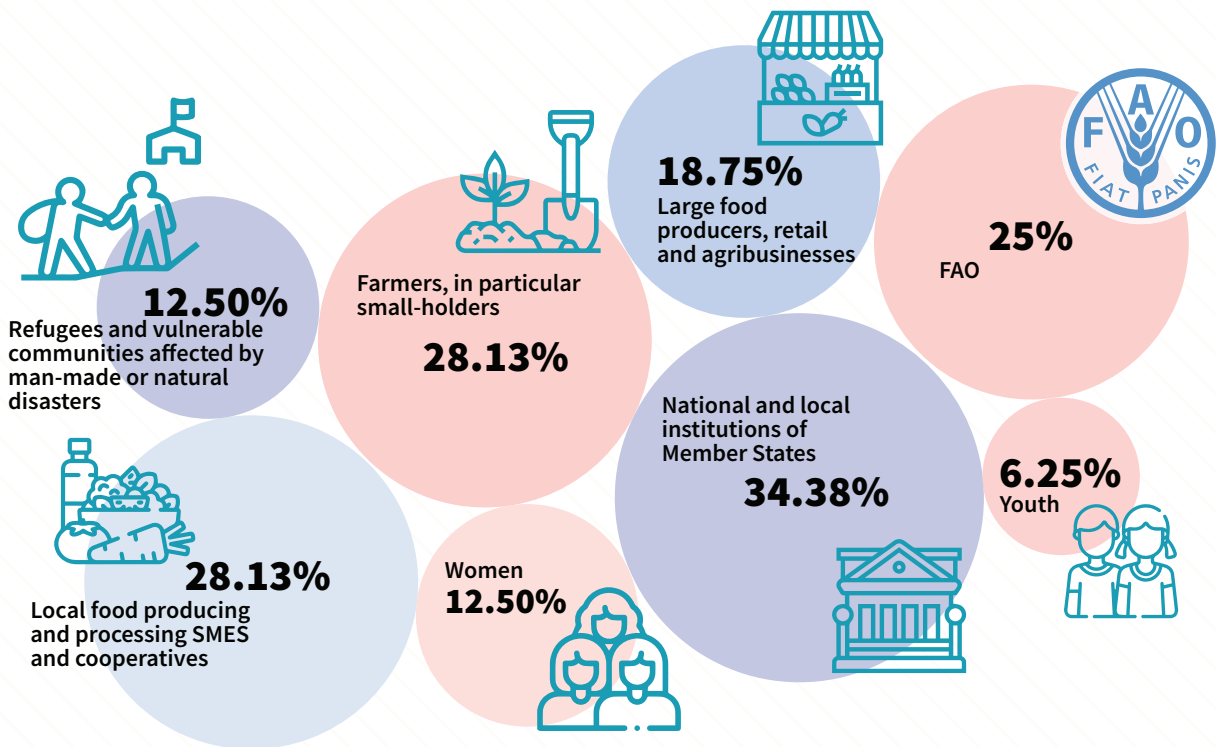
Disclaimer: Based on the data available in annual progress reports 2021. Percentages add up to more than 100%, as some engagements supported activities in more than one region.

Farmers, producers and national or local institutions of FAO Members were the main beneficiaries of FAO’s private sector engagements. Thirty-four percent of all formal engagements supported national and local institutions, providing capacity development, facilitating data sharing and dissemination, and creating knowledge products; an additional 28 percent provided advisory services and capacity development to smallholder farmers or facilitated the development of policies and tools to support them.

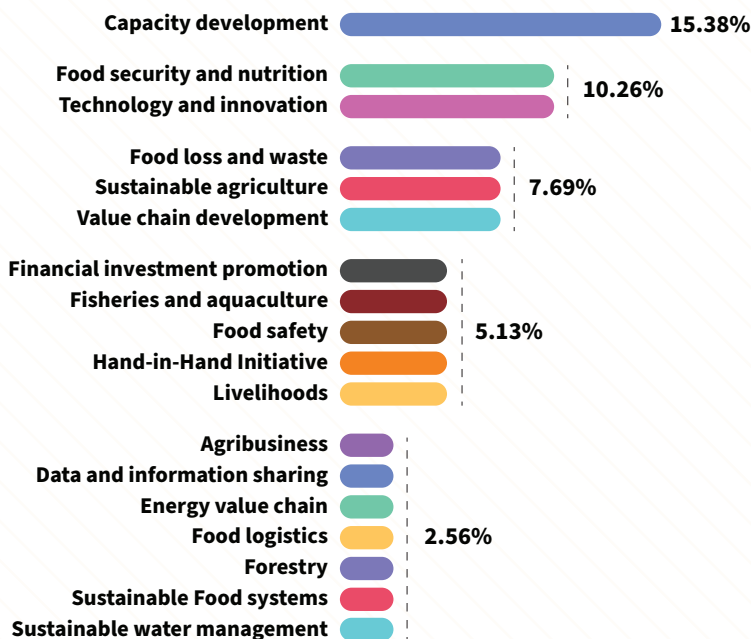
Around 25 percent of formal engagements with the private sector benefited FAO, helping the Organization to improve internal capacities, develop knowledge products and facilitate global policy dialogues. FAO also sought to increase engagements which benefited micro, small and medium-sized enterprises (MSMEs), an important group with the potential to play a transformational role in agrifood systems. Other food producers, retail and agribusinesses, refugees and vulnerable communities, women and youth were also primary beneficiary groups.

Share of formal engagements by beneficiary group

Disclaimer: Based on the data available in annual progress reports 2021. Percentages add up to more than 100%, as some engagements supported more than one beneficiary group.



Share of formal engagements by thematic sector



Disclaimer: Based on the data available on 1 December 2021. All partnerships and prospects contribute to a number of thematic areas; the infographic depicts contributions by primary thematic area, defined as the main thematic area to which an engagement contributes.

Thematic areas of work with the private sector continue to be very diverse. During 2021, capacity development and advisory services was the most represented sector in the portfolio (16 percent), while other prominent areas of focus included value chain development, food loss and waste, sustainable agriculture, and technology and innovation.

Going forward, engagements will also measure contributions to FAO’s Programme Priority Areas, in line with the recently approved *FAO Strategic Framework 2022-2031*.

All of FAO’s existing formal engagements with private sector entities contribute to achieving at least one SDG, with most contributing to several. Most of these engagements (more than 50 percent) contributed to achieving SDG 2: Zero Hunger as a primary SDG, while a significant portion contributed to SDG 1: No Poverty, SDG 12: Responsible Consumption and Production, SDG 14: Life Below Water and SDG 15: Life on Land. In addition, 18 percent also contributed to SDG 10: Reduced Inequalities in addition to another, primary SDG.

Share of formal engagements by SDG



Disclaimer: Based on the data available on 1 December 2021. All partnerships and prospects contribute to a number of SDGs. The infographic depicts contributions by primary SDG, defined as the main SDG to which an engagement contributes.

While the strategy takes a broad approach to working with the private sector, encouraging a variety of engagement modalities, in 2021 mobilization of financial resources from the private sector remained an important area, supplementing the contributions of FAO Members to projects and activities of the Organization and strengthening FAO’s capacity to respond to emergencies and humanitarian crises.

In 2021, FAO received over USD 38 million (USD 38 370 782) in contributions from the private sector, compared to USD 27 million (USD 27 157 001) received in 2020. These contributions supported FAO’s work in a number of areas, including the development of sustainable food systems, water management, economic integration and responses to transboundary threats to food security, such as the desert locust. Private sector support allowed the Organization to implement 19 new or ongoing projects in 2021, with a value of USD 62 million (USD 62 644 553). FAO also received a number of contributions to multidonor trust funds from private sector entities including the Global Dairy Platform, Agriterra, and the Danish Food and Agriculture Council.

Private sector financial contributions were complemented by in-kind private donations. In 2021, these included contributions from HELP Logistics, which worked with FAO to improve its internal processes in order to respond more efficiently in humanitarian emergencies; Aura Light, which provided light fixtures for FAO offices in different parts of the world; and NaturaSi, which installed a mobile modular urban organic farm on FAO premises.

Taking a risk-conscious approach to engagements

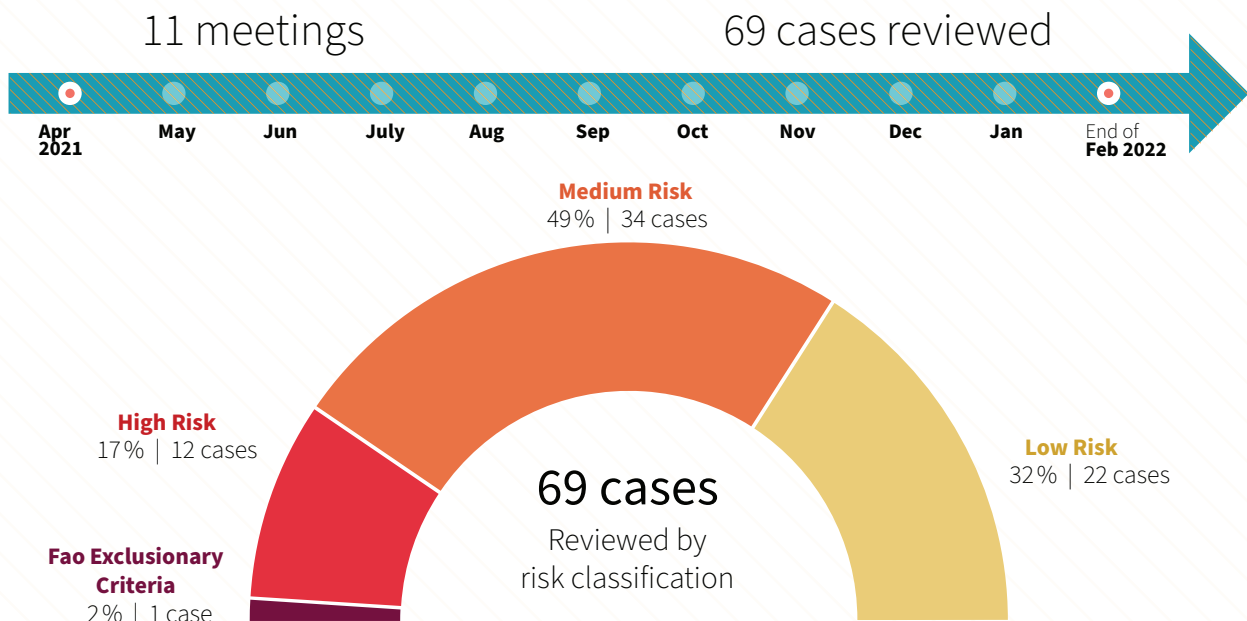
In 2021, FAO designed and implemented a new approach to due diligence, risk assessment and management and decision-making related to the screening of proposed engagements. It comprises three main elements: the Engagements and Partnerships Committee (EPC), the independent function of due diligence and risk assessment and management, and the new FAO Framework for Due Diligence and Risk Assessment/Management for Engagements with the private sector and other Non-State Actors (FRAME).

The Engagements and Partnerships Committee (EPC) is the new decision-making committee established at core leadership level in late April 2021. It reviews and decides all engagement proposals with Low (ad interim), Medium and High risk, and provides policy guidance on the Organization’s approach on engagements with the private sector and other NSAs.

Since its establishment the EPC has held 11 meetings, reviewed 69 proposals (of which 22 were low risk; 34 medium risk; 12 high risk; and one which fell under FAO’s Exclusionary Criteria). The majority were endorsed with conditions, that is, provisions to strengthen the risk mitigation measures proposed. Three proposals were not endorsed. The Project Support Service Division (PSS) now conducts the independent due diligence screenings and risk assessments based on evidence, and supports the EPC.

The new FRAME was welcomed at the FAO’s 168th Council as Annex II to the *FAO Strategy for Private Sector Engagement 2021-2025*. It is a solid framework fully aligned with the United Nations Global Compact and other UN Organizations.

Engagements and Partnerships Committee (EPC) - Cases Reviewed by Risk Classification



Elevating regional priorities

With the strategy's focus on regional and national engagement opportunities, FAO's Regional and Liaison Offices play a key role in the strategy's successful implementation.

While the new strategy was unanimously welcomed across the Organization, the first year of its implementation was also a period of adjustment. FAO adapted to new ways of working with the private sector and a new, fit for purpose due diligence process and framework, with staff working to clear a backlog of cases while reviewing new ones.

Though the strategy encourages all FAO staff to play a role in private sector engagement, a major concern was that many of the country offices were already understaffed prior to the launch of the strategy. Common needs articulated by all FAO regions - capacity building tools for staff and a better way to manage informal engagements - will be addressed through the rollout of the private sector capacity development package and a Customer Relationship Management (CRM) system in the first half of 2022.

Africa

In Africa, FAO's regional priorities include supporting Africa's Commitment to End Hunger by 2025, sustainable production intensification and value chain development, and building resilience in Africa's drylands. In the continent's growing



Providing energy solutions for refugee and host communities: Mandulis Energy

In Uganda, FAO and Mandulis Energy, a pioneer in on-grid and off-grid renewable energy infrastructure, seek to increase the availability and affordability of alternative energy sources and technologies. The collaboration supports both refugee and host community households, helping them to meet their daily energy needs for cooking, lighting, and agricultural activities, as well as improving market access of the agricultural produce and residuals for bioenergy generation.

In two refugee hosting districts in Uganda, FAO's activities are complemented by Mandulis' private sector expertise. The company conducts awareness-raising activities with refugee and host communities about the benefits of clean cooking technologies and fuels, provides access to basic crop processing services and cold storage facilities to reduce post-harvest food losses, and works with local shops and retailers to make its products more available to beneficiaries in refugee settlements and in the host community.

The engagement with Mandulis helps FAO to build documented evidence and best practices in increasing productivity by refugee and host community farmers for achieving food, energy and income security and providing scalable energy solutions to add value to the agricultural production of beneficiaries.

market, private sector engagement represents a huge opportunity to contribute to these priorities and achieve the SDGs. FAO can play a unique role here as a convener, helping to bridge gaps and facilitate dialogue between the private sector and policymakers.

In this context, the broader definition of private sector engagements championed in the new strategy was especially welcomed, as it encourages FAO to deal directly with the private sector and explore new areas and ways of working.

Asia and the Pacific

Asia and the Pacific, one of FAO's biggest and most diverse regions, boasts a large and dynamic private sector. The region hopes to capitalize on the potential of the strategy by increasing and diversifying its portfolio of private sector engagements.

FAO's priorities in Asia and the Pacific include transforming agrifood systems for sustainable production and healthy diets, accelerating sustainable natural resources management for biodiversity conservation and climate action, supporting inclusive rural transformation for sustainable agrifood systems and equitable rural societies, and building sustainable and resilient agrifood systems in the Pacific Small Island Developing States (SIDS). The focus of the new strategy on engagements, rather than formal partnerships, was welcomed, with decentralized offices in the region preferring informal engagements with the private sector to achieve their goals.



Supporting smallholder cocoa producers: Paradise Foods

In Papua New Guinea, FAO and Paradise Foods Ltd. support the implementation of EU-STREIT PNG, the European Union's largest grant-funded programme in the Pacific region. The programme promotes rural entrepreneurship, investment and trade in the country, focusing on smallholders in three food value chains: cocoa, vanilla and fish.

Paradise Foods is currently the only national commercial entity in the country with domestic capacities for cocoa processing and manufacturing, as well as the expertise and staff necessary to produce various cocoa products – including butter, cocoa powder, and finished chocolate - to export standards for sale in international markets. The partnership focuses on developing and modernizing the cocoa value chain in the Sepik provinces of Papua New Guinea, rehabilitating production areas, providing capacity building for farmers and producers, updating technology and improving cocoa value chains, as well as working on blended financing for cocoa value addition facilities in the project area.

FAO's collaboration with Paradise Foods helps to increase productivity in the target provinces by revitalizing the cocoa sector, increasing its competitiveness, profitability and sustainability.

Europe and Central Asia

In Europe and Central Asia, FAO focuses on empowering smallholders, family farms and youth; facilitating rural livelihoods and poverty reduction; transforming food systems and facilitating market access and integration; managing natural resources sustainably and preserving biodiversity in a changing climate. The private sector landscape is incredibly diverse, and offers many entry points for engagement with FAO, including working with SMEs, nutrition, biodiversity, innovation, climate change, One Health, and antimicrobial resistance.

The new modalities for engagement brought extra vigor to activities in the region. The primary elements which would allow the region to implement the new strategy to the greatest extent were identified as increased advocacy, improved market research, continuous capacity building and active dialogue among everyone involved in the process.



Making nutrition everyone's business: GAIN

FAO and the Global Alliance for Improved Nutrition (GAIN) work together to increase investments and supply and demand for nutritious foods and healthy diets. Joint work involves fostering deeper engagement of the private sector – in particular micro, small and medium enterprises (MSMEs) – as the backbone of local food systems in developing countries. This includes advocating for improved policies that will address all forms of malnutrition, creating an enabling environment in which MSMEs are able to deliver more safe and nutritious food, and making urban food systems more nutrition-sensitive.

The partnership promotes MSMEs as agents of change, empowers them to invest in nutrition as a business, and raises awareness of their role in the transformation of food systems in low and medium-income countries. This is supported by outreach to government, civil society, the non-profit sector and businesses, through activities such as joint papers and co-organized events which identify what businesses can do to provide consumers with healthy diets.

Latin America and the Caribbean

Latin America and the Caribbean have made great strides in the last twenty years, considerably reducing the number of people suffering from hunger. FAO's work in the region focuses on sustainable and resilient agriculture; transforming food systems for healthy diets for all; and Hand-in-Hand towards prosperous and inclusive rural societies.

The region is home to a highly dynamic and highly competitive private sector, which is increasingly understanding of issues which relate to FAO's mandate, such as social inclusion and climate change. The strategy was viewed as having created a positive environment, promoting a new narrative and motivating staff to work with the private sector.



Helping markets navigate times of crisis: FLAMA

In Latin America and the Caribbean, FAO partners with Federación Latinoamericana de Mercados de Abastecimiento (FLAMA), the Latin American Federation of Wholesale Markets, to improve food supply chains through sharing information and strengthening technical capacities of wholesale markets. During the COVID-19 pandemic, the collaboration took on a new significance, with FAO and FLAMA jointly monitoring the impacts of COVID-19 on wholesale markets across the region.

During the pandemic, the partners published a series of newsletters; organized 26 technical conferences for managers and operational personnel of wholesale markets; implemented country-level agendas through FLAMA representations in Argentina, Colombia, Uruguay, Mexico, Peru, and Paraguay; and created four communities of practice, providing a forum for those working with wholesale markets in the region to exchange knowledge and good practices.

Through these technical dialogues and exchanges, wholesale markets were able to improve their management, good practices, information management and coordination with government agencies in a time of crisis. Despite restrictive mobility measures, the markets managed to guarantee a supply of products for the population they served and offer stable prices.

The Near East and North Africa

FAO's work in the Near East and North Africa (NENA) supports programme implementation of the regional priorities including: regional water scarcity initiatives; building resilience for food security and nutrition; small-scale family farming; greening agriculture; rural transformation and healthy diets. Though the region as a whole is considered vulnerable to shocks due to conflict, climate change, water scarcity and dependence on food imports, subregions within the region – North Africa, the Mashreq and the Gulf Cooperation Council countries – are very diverse, as are their respective private sectors.

While there is no one-size-fits-all, the private sector in the NENA region is large and very capable, with the unique detail that the landscape is heavily populated by private sector structures built out of philanthropic or family foundations. Here too, FAO has the potential to act as a convener, bringing together smaller private sector entities to work jointly on topics of mutual interest, thus maximizing impact on achievement of SDGs. It is important to emphasize that local knowledge of private sector motivation (culture, faith and business oriented) for engagement in supporting development is essential.



Creating sustainable apiculture value chains: OMIFCO

In the Sultanate of Oman, FAO works with the Ministry of Agriculture, Fisheries and Water Resources, the Public Authority of Small and Medium Enterprises (SME) Development, and the Oman India Fertiliser Company S.A.O.C (OMIFCO) to support the creation of sustainable apiculture value chains. Keeping bees not only contributes to the maintenance of local ecosystems through pollination, but also offers the beekeepers a way to generate income.

The collaboration works to improve rural livelihoods through economic diversification, and provides technical and financial support to 60 participants drawn from SMEs, small-scale honey producers and low-income families in the Al Dakhiliyah and Al Sharqiyah governorates.

Following initial needs and risk assessments to map current apiculture practices and techniques in Oman and identify the level of knowledge and awareness on Good Beekeeping Practices (GBPs), antimicrobial use and antimicrobial resistance in apiculture, a series of technical workshops were held to instruct participants in good apicultural practices, quality control, biosecurity measures and bee health, and environmentally-friendly treatments to address common bee health problems.



2

Continued progress in delivering the Strategy

Our commitment to increased transparency and accountability

In line with the strategy's commitment to increased transparency and accountability for FAO's work with the private sector, FAO launched the CONNECT portal for private sector engagement in April 2021. Available in all six FAO languages, CONNECT is an online, one-stop-shop for FAO's private sector engagements, offering stories of the impact of joint work and profiles of all formal partners, as well as opportunities and a guide to the engagement process for private sector entities interested in working with FAO. For FAO staff, the portal also offers access to additional resources to support and guide them in engaging with the private sector. By the end of 2021, the portal was visited by users from nearly 180 countries around the world.

FAO management fully supported the implementation of the private sector strategy, leading or participating in a number of events which facilitated closer engagement with the private sector. These included individual meetings with private sector entities, such as exploratory meetings for new engagements or planning discussions with established partners; meetings with Chambers of Commerce, industry, or sectorial associations (e.g., Grow Asia, CropLife International, the International Fertilizer Association); multistakeholder conferences or initiatives involving public-private partnerships, such as the AMR MultiStakeholder Partnership Platform supported by

the Quadripartite (FAO, the World Organisation for Animal Health, the World Health Organization, and the United Nations Environment Programme); seminars to promote joint work (e.g., tools for pest risk analysis developed with COLEACP, the Europe-Africa-Caribbean-Pacific Liaison Committee); and events with the private sector in attendance (e.g., a FAO-led seminar on disposal of obsolete stocks and pesticide packaging).

The strategy was also introduced to FAO staff through tailored presentations that targeted specific regional or technical profiles within the Organization.

Our investments in institutional setting and capacity development

FAO's strategy for private sector engagement is firmly rooted in the values of the United Nations and aligned with its goals. The 2030 Agenda for Sustainable Development treats the private sector as a development partner, one that can lessen inequalities by facilitating equal access to science, technology and innovation, enhancing the availability of reliable data, and promoting sustainable technologies and investments for developing countries. This broader idea of what constitutes private sector engagement is reflected in the new modalities embraced by FAO in the *Strategy for Private Sector Engagement 2021-2025*.

While encouraging additional forms of engagement, the strategy also remains fully aligned with the principles of the UN Global Compact (UNGC), a voluntary initiative of which FAO has been a member since 2014. Recognizing the private sector as a catalyst to help achieve the SDGs, the UNGC encourages businesses to support UN goals and implement universal sustainability principles, targeting actions in seven areas where responsible business practices have the greatest power to affect outcomes: anti-corruption, climate change, human rights, labor and decent work, gender equality, SDG integration, and transformational governance.

The interagency work done within the Global Compact has provided a guide for FAO as it fine-tuned its due diligence and risk management framework. The UNGC Principles have been integrated into the FRAME Guiding Principles, and form part of the set of criteria used for Due Diligence Screening and Risk Assessment.

Within the Organization, the implementation of the strategy is supported by a number of structures which guide engagements with the private sector, align them with the priorities of the Organization, and ground FAO's work in the realities of the private sector landscape. This is done by:

Managing risk. FAO's new approach for due diligence (FRAME) supports the transition from a risk-averse to a risk-conscious approach to partnering. The result is an open approach to partnerships together with adequate mechanisms to identify, assess, mitigate and manage risks of engagements that might otherwise affect FAO's reputation, its intergovernmental character, its independence or impartiality. Risk management is now an integral part of prospecting and decision-making, with FRAME striking a balance between the risks identified through the due diligence screening, the impact foreseen and the development of mitigation actions identified in the elaboration of the newly-introduced Impact/Benefits, Risk Mitigation and Risk Management Plan (IBRMP) for medium and high-risk cases.

While the former due diligence system lacked a structured approach to risk identification, assessment, mitigation and management – resulting in a complex, lengthy review and approval process – FRAME uses a scientific/evidence-based approach that assesses prospect entities against specific criteria in the context of the proposed engagement. FRAME also avoids potential conflicts of interest by providing a clear separation of roles between the partnerships and the due diligence and risk assessment functions, and the review and endorsement.

Due diligence screenings and risk assessments are now conducted at an early stage, and only after successful completion of the due diligence process, including endorsement by the EPC as required, can a prospective partnership be formalized with relevant legal instruments. Relevant risk mitigation elements presented in the IBRMP, together with any additional EPC conditions or recommendations, must be integrated into the appropriate legal instrument during the finalization and formalization of the engagement.

Supporting implementation. The strategy commits full support to regional and national engagement opportunities, encouraging FAO staff in decentralized offices to take an active role in engaging with the private sector. This work is supported by consultants who work closely with Regional Partnerships Officers and with the private sector team at headquarters, helping to support regional and country-

level private sector scoping, outreach for engagement, and FAO staff capacity development, and the use of the CONNECT portal as a key tool.

Empowering staff. The strategy envisions that all FAO staff have a role to play in supporting private sector engagement, and substantial progress has been made over the last year to empower them in this regard. A number of units within the Organization worked together to create a Private Sector Guide for FAO staff, which helps the user to consider strategic relevance of an engagement and the cost-benefit of pursuing different levels of formality, before walking them through the six steps of the FAO private sector engagement cycle, including due diligence and risk assessment/management.

The Guide will be available in three FAO languages (English, French and Spanish) and will be accompanied by a capacity-building package that will include a set of videos, an e-learning course offered through FAO's learning platform you@fao, and eight webinars tailored to specific regional and technical contexts. These materials will be rolled out from May 2022 and will be available to FAO staff through the CONNECT portal.

Adding value. To ensure the quality and added value of its work with the private sector, FAO assigns a partnership manager (PM) to each formal engagement, who is responsible for the monitoring and reporting of partnership results, as well as monitoring and managing identified or emerging risks to FAO, should any arise during the collaboration. PMs must submit annual progress reports for formal engagements, reporting progress against defined work plan targets, FAO's Strategic Framework 2022-31, and the SDGs.

The reporting matrix for partnerships is currently being reworked to better align key indicators and targets with the *FAO Strategic Framework 2022-2031* and the *FAO Strategy for Private Sector Engagement 2021-2025*, which were both endorsed during the 2020-2021 reporting period. Beginning in 2022, the launch of the new CRM system will also offer the possibility to track real-time, standardized data on FAO's informal engagements, thereby expanding the scope and accuracy of the monitoring and reporting process.

Sharing experiences. FAO's Private Sector Inter-Departmental Working Group (IDWG) provides an internal forum for staff from across the Organization to share knowledge and experiences relating to their engagement with the private sector. The IDWG helps to drive the successful implementation of the strategy within the Organization. Since its formation in June 2021, it has met twice.

Establishing direct dialogue with the private sector. To complement these internal perspectives, the Organization is establishing in 2022 an informal Private Sector Advisory Group (PSAG), which will serve as an independent consultative forum to enhance FAO's work with the private sector. The PSAG will comprise a group of private sector representatives, drawn from a diverse geographical and typological range of private sector entities, who will provide – on a voluntary basis – private sector perspectives to FAO through regularly scheduled meetings. The PSAG will help FAO to consider the views and suggestions of the private sector on how to expand and deepen strategic partnerships and improve FAO's outreach. Its role will be strictly advisory; while it may make recommendations, all decisions regarding implementation of the strategy will rest with FAO.



3

Learning from successful engagements

During the first year of the implementation of the strategy, certain elements stood out as key factors for successful private sector engagements.

Building solid relationships takes time

Whether it is dealing with the big picture - influencing policy perspectives to transform food systems – or focusing on small details – determining how a specific food is best packaged for export –, successful private sector engagements are all about working together towards a common goal.

Private sector engagements which had clear targets, agreed-upon deliverables, and motivated teams on both sides saw the greatest successes in terms of delivering results. Successful engagements were not necessarily defined by a formal, signed agreement. Informal engagements proved equally able to bring about change, including through dialogue, joint presentations and publications.

Partnerships imply several substantial areas of collaboration, greater strategic weight and longer-lasting impact in areas of common goals. While all engagements, including informal ones, require review, partnerships require an extensive due diligence process and EPC approval to be formalized, and their workplans usually foresee a pilot phase to field test

the collaboration. Before rushing to a signature, it is worth examining all modalities to determine which is the best fit – the one which will help the engagement achieve real results.

Doing homework well in advance is essential

Understanding the potential benefits of a particular engagement is also an important preliminary upfront exercise while building a partnership, with FAO Heads of Units playing an important role in assessing the programmatic fit of a proposed engagement. Assessing complementary, mutual interests and determining whether expectations are aligned are important factors to weigh against the transaction costs of engagement; win-win engagements strike a balance between agreed results and time spent in the formulation of the partnership. Early scoping of the impact and type of mutually beneficial engagements, which eventually will be weighed against risks and opportunities, is a vital balancing act: High Benefit/High Transaction engagements can be more attractive than those which are Low Benefit/Low Transaction, provided risks are mitigated.

The results obtained throughout 2021 confirmed that the new elements of FRAME have resulted in a streamlined process and workflow, with the screenings carried out at a very early stage of formulation.

FRAME provides a robust review and decision-making process, based on evidence and a solid approach to assessing and managing risks. All prospective engagements assessed as medium and high-risk, and low risk for an interim period, are reviewed by the newly established EPC at Core Leadership level. As this first learning phase in the implementation of FRAME comes to conclusion, feedback from the Regions and Technical Divisions will be sought on further improvements to the due diligence process.

Strong technical ownership makes a difference

2021 has seen clearer roles and responsibilities defined within FAO for managing its work with the private sector. This has helped to ensure that quality work plans are developed and adequate resources are dedicated to every partnership, resulting in collaborations that are more successful.

Technical units or offices within FAO that propose a partnership are responsible for allocating the necessary human and financial resources to ensure this is successfully carried out. When an engagement transforms into a formal partnership, the Head of the Proposing Unit within FAO selects a partnership manager (PM) with the appropriate background and level of commitment. The PM works closely with different divisions within the Organization to formalize the partnership, and after the partnership is established, becomes responsible for its day-to-day management, providing greater accountability during the implementation phase.

Bringing everyone to the table is vital for change

Agrifood systems transformation cannot be achieved without engaging everyone around the table, nor without clear commitments for change. Unwillingness to engage with key actors in the agrifood sector – even those with whom FAO disagrees - would be a failure of FAO's role as a convening, normative and technical Organization. The food and agricultural sectors need the investments, innovations, and knowledge that only a wide range of partners, including the private sector, can provide.

FAO remains fully committed to ensuring that the voices of all actors are heard and supports a broad diversity of approaches and solutions to common problems. One of the most efficient ways to achieve this is to work with private sector associations: engaging with the association, rather than its individual members, reduces risk while increasing the potential for positive outcomes. FAO's partnership with the Global Dairy Platform (GDP), a membership-based platform comprised of different actors across the dairy value chain, is one such example. The GDP ensures that all voices and perspectives of the dairy industry - from dairy companies to scientific bodies, to associations and other private sector entities - are present at the table, offering FAO the opportunity to engage with the industry as a whole, and to influence significant changes in terms of SDG alignment and compliance in the dairy sector.



4

Looking ahead: key directions for the future

Going forward, FAO's work with the private sector will build on lessons learned in the first year of the strategy's implementation while focusing on the following priorities.

Working with the private sector to transform agrifood systems

FAO's *Strategic Framework 2022-2031* directly supports the 2030 Agenda for Sustainable Development through the transformation to more efficient, inclusive, resilient and sustainable agrifood systems. Organized around four betters – production, nutrition, environment and life – which reflect the interconnected economic, social and environmental dimensions of agrifood systems, the *Strategic Framework 2022-31* identifies twenty Programme Priority Areas, which help guide projects and programmes implemented by FAO, fill critical gaps, and create the conditions needed to achieve the SDGs.

This vision is reflected in Hand-in-Hand (HIH), a flagship initiative of FAO's Director-General, which aims to bring

together major partners to support accelerated, scaled-up action to achieve the SDGs. The initiative targets countries where national capacities and international support are the most limited or where operational challenges, including natural- or man-made crises, are the greatest.

Hand-in-Hand provides FAO Members with the data and analysis needed to identify inclusive and sustainable agrifood systems with the potential to eradicate poverty and malnutrition and reduce inequality within and among nations. Partners in the initiative agree to support a science- and evidence-based programme of actions, partnerships and investment to unlock local and international market opportunities for inclusive and sustainable growth.

Matchmaking is based on territory- and programme-specific needs, with active pairing or “bundling” of complementary partners facilitated by FAO for the host government. Once the analytical foundations have been developed and there is an agreement on programme entry points, value chains, territories and markets (typically both national and international), private sector engagement will become even more important.

The private sector has already been part of this process in several countries. Outreach activities have included

presentations at the World Economic Forum and discussions with companies active in certain food value chains, as well as a study tour that connected companies in Bangladesh to companies in the Netherlands - the world's largest fresh vegetable exporter and second largest exporter of agrifood products - in order to foster ideas that have the potential to further Bangladesh's agricultural transformation.

FAO's work at country level, including with the private sector, is likewise fully integrated into the broader UN context, with its support for country-owned and country-led solutions. The United Nations Sustainable Development Cooperation Framework (UNSDCF), which provides strategic direction for UN development activities by all UN entities at country level, also embraces a broader concept of partnerships, encouraging all engagements which have the potential to offer development solutions in line with UN values.

FAO's Country Programming Framework guidelines derive from the UNSDCF, align with its cycle, and link to the UN Common Country Analysis, while FAO Representatives ensure that the Organization's contributions to the 2030 Agenda and the SDGs at country level are reflected in the UNSDCF. Within the framework, development, implementation, monitoring and reporting are co-led by national governments and anchored in national development priorities and cycles. FAO has aligned its due diligence and risk assessment approach to facilitate joint engagements and partnerships at country level, and will offer additional support for the development of country-level engagements with the rollout of the CRM system, by capturing a greater level of detail for all informal engagements.

Expanding the reach of engagements

Across FAO, 2021 saw a substantial increase in proposals for engagements with the private sector. As the level of interest has grown, so too has the number of requests for due diligence to ensure that FAO adequately manages the risks associated with private sector engagement. Conscious of the resources required to manage a growing portfolio while effectively managing risk, FAO aims to strike a balance between the number of formal and informal engagements. Informal engagements with the private sector – including discussions, co-organized events, participation in meetings and webinars, and joint publications - can be just as valuable and effective for FAO's work, even in the absence of formal contractual arrangements or legal agreements. The overall goal remains building impactful private sector collaborations that make a meaningful contribution to FAO's mandate and the SDGs, rather than focusing on numerical quotas of formal partnership agreements.

2021 has also seen a renewed focus of the potential of certain private sector entities, including charitable foundations. While FAO's work with the private sector has primarily focused on leveraging investments to help countries achieve the SDGs, rather than direct fundraising for FAO-managed projects, the Organization's engagements with charitable foundations tend to provide funding for humanitarian and development activities.

FAO contracted the consultancy firm Dalberg to perform a mapping and strategic analysis exercise of charitable foundations from around the world, focusing on those active in the development and humanitarian fields and most closely aligned with FAO's Strategic Framework 2022-31. This study will inform the next steps taken by the Organization as it works to increase and diversify its engagements with foundations.

Professionalizing relationship management

Responding to a need to manage engagements in a more systematic, comprehensive way, FAO has invested in developing a CRM system. The system has the potential to facilitate closer collaboration and communication with FAO's partners, by tracking, collecting, and managing data about engagements in a more efficient manner. The better FAO knows its partners, the more value is added. Authentic relationships help to build trusted connections and achieve common goals, including the SDGs.

There are several advantages to adapting a CRM to the engagement cycle, including:

- **All information in one place.** Users can plan engagements more strategically when they see the full picture, saturated with data. Authorized users will be able to access contacts and latest updates from any device in any part of the world.
- **Process automation.** By simplifying processes, the Organization can reduce the time needed for managing clearances, approvals and daily routines through key automation actions, including guided and automated workflows, email notifications, due diligence, and work plan tracking.
- **A record of all engagements and partner history.** Users will have access to all types of engagements FAO has had with a partner across all offices, helping to build more intelligent collaboration strategies.
- **Improved internal communication and clearly defined roles.** Poor communication between employees and within an organization makes work less efficient and can lead to potential failures of major business processes. The CRM system allows users to organize effective interactions and exchange information with everybody involved in the engagement cycle, according to their roles.
- **Strategically important business decisions.** The CRM can provide all the necessary statistics and conduct complex data analyses needed for a successful engagement, offering in-depth analysis of partners' information, potential to achieve common goals, identification of bottlenecks in business processes, and analysis of the partnerships' management system.

Strengthening our capacity to engage and manage risks

Moving forward into next year, FAO management will continue to advocate for broad and diverse engagements with the private sector. This will be supported by a private sector capacity development package which guides FAO employees through all steps of the engagement cycle, building awareness of related risks for FAO, mitigation measures and related management set up along the way. The capacity development package will offer tools to help FAO employees develop soft skills and outside-the-box thinking and will familiarize them with the private sector's way of working, communication style, and business mindset. Engagement will take different forms and involve trial and error, but in order to address local and global challenges and to bring about the necessary transformation for agrifood systems, the private sector must be seen as a key ally. Equipping FAO's workforce with the knowledge and skills to engage effectively, including understanding how to balance impacts and risks and learning to design appropriate mitigation measures when elaborating a partnership proposal, is therefore at the top of the priority list.

