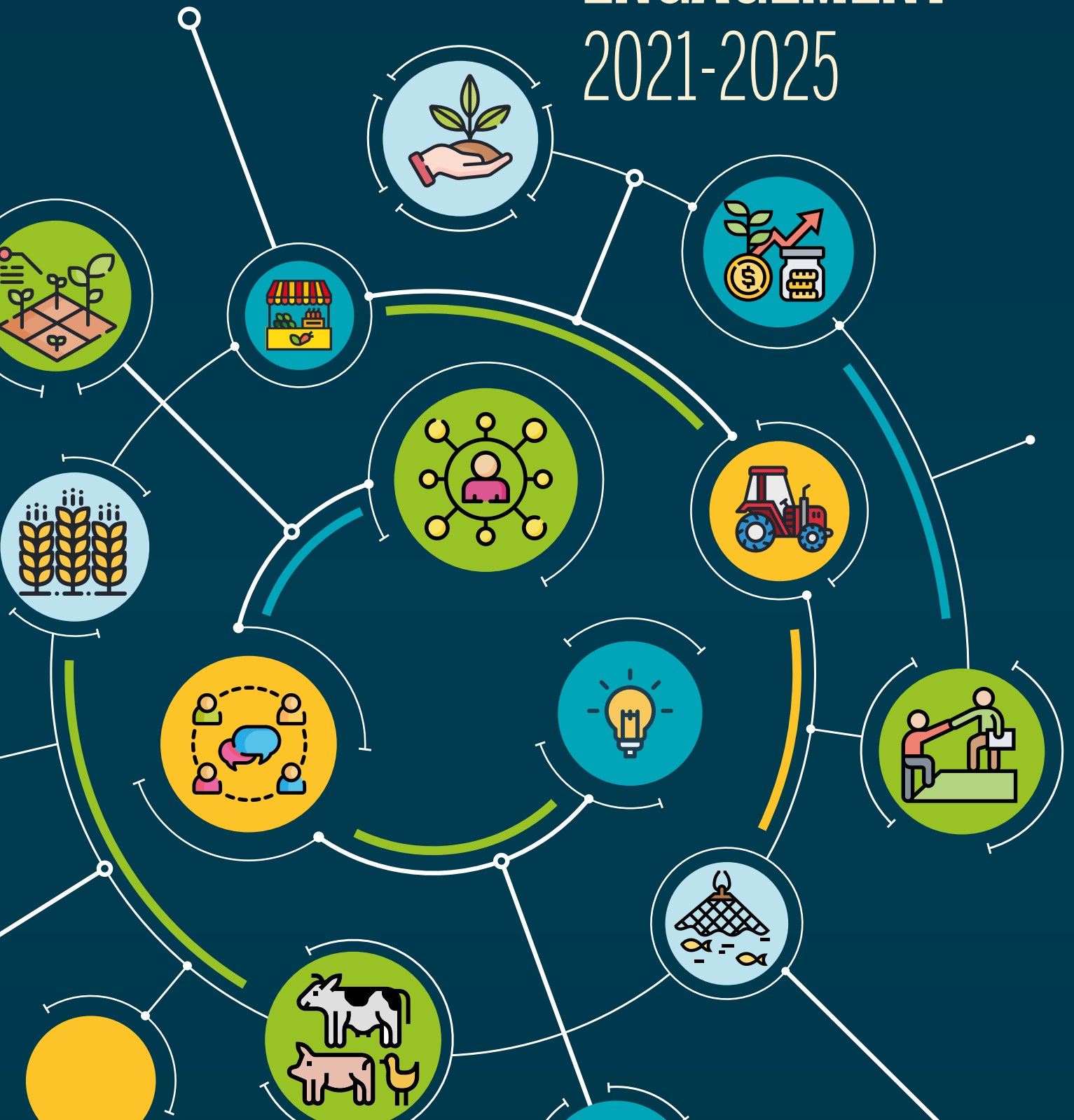




Food and Agriculture
Organization of the
United Nations

FAO STRATEGY FOR PRIVATE SECTOR ENGAGEMENT 2021-2025



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Foreword

The **2021-2025 FAO Strategy for Private Sector Engagement** reflects a new forward-looking vision for strengthening strategic engagement with the private sector towards achieving the Sustainable Development Goals (SDGs).

As Director-General, closer and strengthened engagement with the private sector is a priority of mine, and this Strategy is a significant step forward in that direction.

I am convinced that mobilizing the capacities and resources of the private sector is essential for achieving the SDGs. This is probably nowhere more evident than in the global agri-food systems, where the private sector plays such an important role. Today, the food and agriculture sectors are poised to meet some of the world's biggest challenges; from providing a growing population with affordable, accessible and nutritious food, to dealing with the already stark impacts of climate change, addressing other environmental concerns, and tackling emerging threats from pests and diseases.

Transformation towards healthy and sustainable agri-food systems is a daunting task and it will take all of us to work together to bring improvement. Transformational change is urgently needed now in the way we protect the environment, and how we produce and consume our food.

The private sector can be a strategic development partner; offering innovative tools, resources, knowledge and technologies that are critical for reinforcing our impact on the ground. A broad array of private sector actors, from farmers, including small holders and family farmers, foresters, livestock herders and fishers to micro-, small and medium-sized enterprises (MSMEs) and large companies as well as financial institutions will be instrumental to drive these efforts.

FAO's private sector engagement is intended to bring about transformative change and innovation, as well as measurable sustainable impact and benefits.

Our private sector engagements need to be smart and strategic, to scale up collective multi-stakeholder efforts, and to provide country-owned and country-led innovative solutions.

If we want to achieve the SDGs, we will need more ideas, more innovation, and more strategic partners. We have no time to waste. Joint, coherent and decisive action is needed now. Together we can accelerate our shared ambitions for tomorrow's agriculture, food security, nutrition, rural development, and the sustainable use of natural resources.

This FAO Strategy for Private Sector Engagement is the outcome of an inclusive consultation process. It builds on the needs expressed by FAO Members as well as on the recommendations and feedback received from private sector representatives. I take this opportunity to thank all of those who have contributed to translate this common vision into a concrete strategy.

An efficient, transparent and inclusive FAO is my highest priority, and this Strategy makes sure that this applies to our work with private sector partners just as much as it does in our relations with our Members and other partners.

I am confident that this Strategy will bring about impactful and innovative engagements with the private sector that contribute to our aspiration of **leaving no one behind for inclusive, resilient and sustainable food systems by better production, better nutrition, a better environment, and a better life.**

QU Dongyu

FAO Director-General

Abbreviations and acronyms

AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism Standard
AMR	Antimicrobial resistance
CFS	Committee on World Food Security
CFS RAI	Principles for Responsible Investment in Agriculture and Food Systems
CPF	Country Programme Framework
FAO	Food and Agriculture Organization of the United Nations
FATF	Financial Action Task Force of the International Monetary Fund
HiHI	Hand-in-Hand Initiative
IFAD	International Fund for Agricultural Development
IFI	International financial institution
MoU	Memorandum of Understanding
MSME	Micro, small and medium-sized enterprise
NSA	Non-State Actor
OECD	Organisation for Economic Co-operation and Development
PSAG	Private Sector Advisory Group
RBA	Rome-Based Agency
SDG	Sustainable Development Goal
SOE	State-owned enterprise
UN	United Nations
JIU	UN Joint Inspection Unit
UNSDCF	United Nations Sustainable Development Cooperation Framework
VGGT	Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security
VG SSF	Voluntary Guidelines for Securing Small-Scale Sustainable Fisheries
WHO	World Health Organization





Introduction

There is growing recognition that unsustainable food systems must be transformed to become more sustainable if the global community is to achieve the Sustainable Development Goals (SDGs). Consequently, governments, international organizations, including the Food and Agriculture Organization of the United Nations (FAO), the private sector and other relevant stakeholders need to take a new approach in order to get the 2030 Agenda back on track. There is little time remaining to reach the SDG targets, while the general macroeconomic environment is challenging, with significant pressure on national budgets and public finances. In addition, there are increasing numbers of plant and animal pests and diseases, including zoonoses, as well as emerging threats such as antimicrobial resistance (AMR) and climate shocks, which require new research, innovation and collaboration.

As FAO and the International Fund for Agricultural Development (IFAD) observe, **“food systems face the challenges of providing sufficient, affordable and nutritious food to a growing global population, while dealing with the already stark impacts of climate change on production, and addressing concerns related to greenhouse gas emissions and environmental footprint”**(FAO and IFAD, 2019). Transforming unsustainable food systems and achieving sustainable food systems requires all stakeholders to step up and play a more active role. A broad array of private sector actors, from farmers, including small holders and family farmers, foresters and fishers to micro-, small and medium-sized enterprises (MSMEs) and large companies, are instrumental in driving this transformation. The Addis Ababa Action Agenda aims to align public and private financial flows to support the SDGs, recognizing that the world will not achieve them without mobilizing the capacity and resources of the private sector (United Nations, 2015a). This is particularly true for FAO’s domain,¹ in which the private sector plays a predominant role.

The universally accepted framework of the SDGs includes a robust role for the private sector in global development. The SDGs have advanced new private sector developments as companies take on board their wider responsibilities to society and to the environment. The time is right for FAO to initiate a new approach to

strategic partnerships with the private sector as equal partners. This approach allows FAO to play an active and catalytic role in private sector collaboration for the transformation of unsustainable food systems.

FAO’s Strategy for Private Sector Engagement 2021–2025 (the Strategy) seeks to promote a more proactive and catalytic role for the Organization in support of its Membership by setting out a clear path towards more innovative partnerships with the private sector. The Strategy also strives to develop principle-based, purpose-driven partnerships that deliver a meaningful impact that leaves no one behind, respecting the Guidelines on a principle-based approach to the cooperation between the United Nations and the business sector.²

FAO has engaged with the private sector since its initial Principles and Guidelines for Cooperation with the Private Sector were established in 2000. Private sector partnerships have been thoroughly reviewed on a number of occasions, including in an in-depth process that began in 2010 and that eventually led to the approval of the FAO Strategy for Partnerships with the Private Sector in 2013 (The 2013 Strategy. FAO, 2013).

There have also been significant developments and opportunities since the adoption of FAO’s 2013 Strategy. First, the SDGs call for broader and deeper engagement of the private sector in attaining development outcomes, both by contributing to the achievement of specific goals and by adopting responsible behaviour in all dimensions of sustainability. This is explicit in SDG 17, which endorses the importance of partnerships to complete the Agenda’s goals (United Nations, 2015b).

Second, with the participation of the private sector and other actors, a number of instruments have been developed to contribute to the achievement of the SDGs, including the Committee on World Food Security’s Principles for Responsible Investment in Agriculture and Food Systems (CFS RAI) and others.³

Third, the United Nations Reform process recognizes the centrality of partnerships to reaching all of the goals of the 2030 Agenda and proposes a system-wide approach to risk management. It is recognized that private sector enterprises have, themselves, expanded their work on and commitment to achieving the SDGs.

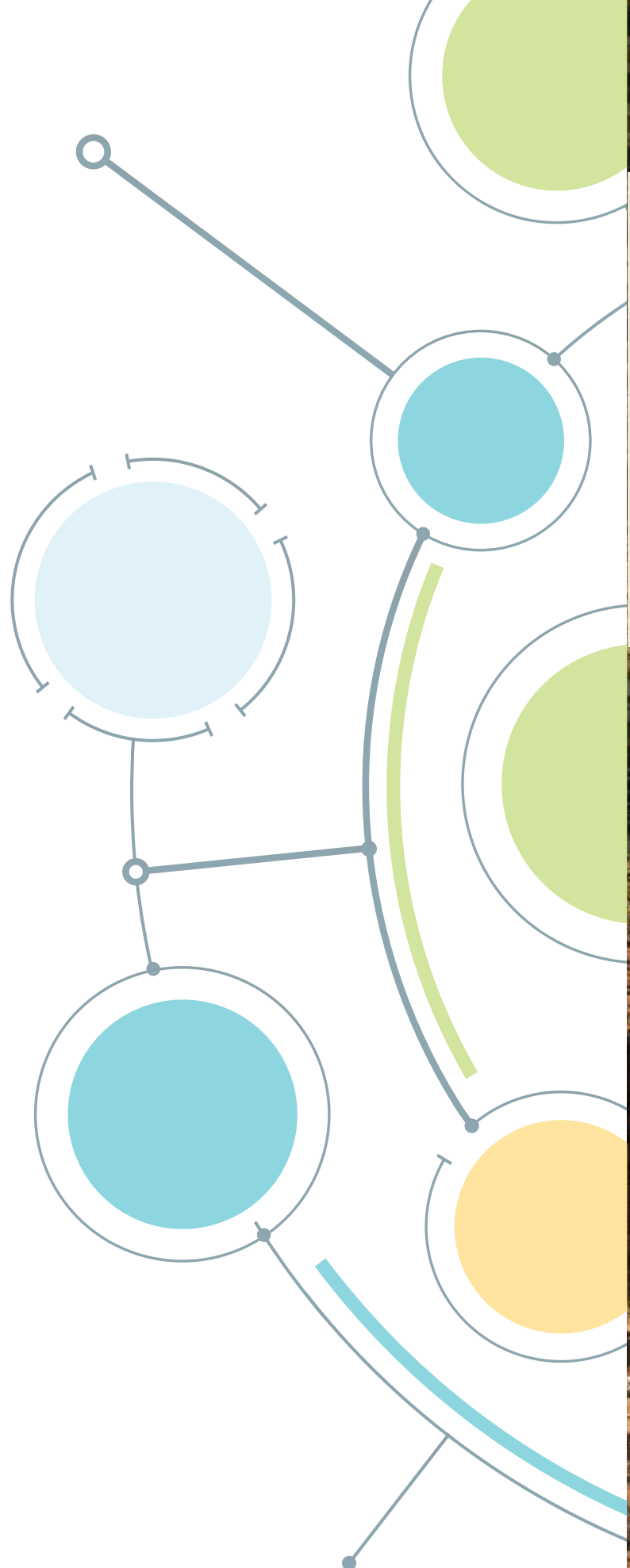


All of the above makes the update of the 2013 Strategy timely, with the present Strategy superseding that approved in 2013.

Against this background, FAO embarked on an inclusive process to develop a new vision and subsequent update of the 2013 Strategy. This Strategy is the outcome of a highly consultative process and builds upon: (i) the recommendations and needs expressed by FAO Members; (ii) the recommendations and feedback received from private sector actors; (iii) lessons learned from other UN agencies, particularly the Rome-based Agencies (RBAs); (iv) FAO's own experience of the 2013 Strategy; (v) strong demand from FAO technical, regional, subregional and country offices to enhance private sector engagements; and (vi) the independent evaluation conducted in 2019. This Strategy was endorsed by the 165th Session of the FAO Council in December 2020.

The Strategy includes: (i) a vision for the proactive development of partnerships with the private sector; (ii) principles for engagement; (iii) the identification of key strategic areas of engagement; (iv) refreshed and expanded mechanisms through which partnerships can be forged; (v) a fit-for-purpose due diligence approach to assessing and managing risk; and (vi) new ways to assess and measure the results expected from partnerships.

Enhanced collaboration with the private sector under this Strategy is based on the understanding that: i) given the intrinsic nature of its membership and governance and FAO's status as an Intergovernmental Organization of the United Nations System, the main interlocutors of FAO are the Members; and ii) the Basic Texts, rules, procedures or composition of FAO's governing bodies are not changed or affected by this Strategy.



FAO Strategy for Private Sector Engagement 2021-2025



The vision

what we need to achieve together



The overall vision of the Strategy for Private Sector Engagement 2021–2025 is for FAO's private sector engagement to bring about transformative change and innovation, as well as measurable sustainable impact and benefits, to meet our aspiration of **Leaving No One Behind through sustainable, inclusive and resilient food systems for better production, better nutrition, a better environment, and a better life.**⁴

FAO envisages that its private sector engagements will bring strategic partnerships, scale up collective multistakeholder efforts, and bring country-owned and country-led innovative solutions to help FAO Members to achieve the SDGs, and ultimately maximizing the positive impact for the beneficiaries that the Organization supports.

With this vision, FAO places greater emphasis on the Organization and the private sector working as equal partners in achieving the SDGs, especially SDG 1 (on eradicating poverty) and SDG 2 (on Zero Hunger), as well as other SDGs relevant to FAO's mandate.⁵

transformative
change and
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as well as
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benefits, to meet
our aspiration



Principles for engagement

a commitment to UN values

FAO's engagement with private sector partners is guided by clear and well-considered principles that are not open to negotiation and should be well communicated in the earliest stages of partnership discussions. The principles are integrated throughout the operationalization of this Strategy, particularly the review process for private sector partnerships and the development of an appropriate legal instrument and mechanisms/modalities for engagements.⁶

Engagements should:

1. **demonstrate a clear contribution to the attainment of the SDGs;**
2. **respect the values of FAO and the United Nations⁷;**
3. **not compromise FAO's neutrality, impartiality, integrity, independence, credibility or reputation;**
4. **be effectively managed and avoid any conflicts of interest or other risks to FAO;**
5. **demonstrate a contribution to FAO's mandate, goals and mission and the national development goals of its Members;**
6. **respect the intergovernmental nature of FAO and the decision-making authority of its Members, as set out in FAO's constitution;**
7. **support and enhance, without compromise, the neutral and independent scientific and evidence-based approach that underpins FAO's work;**
8. **protect FAO from any undue influence, especially on processes for setting and applying policies, norms and standards;**

9. **be conducted based on transparency, openness, inclusiveness, accountability, integrity and mutual respect;**
10. **maximize local-level development impact and beneficiaries, particularly the smallholder farmers and their associations, as well as youth and women, respecting the principles of "leave no one behind" and "do no harm".**

Respecting the principles for engagement mentioned above, all activities of partnerships are aligned with national priorities and with FAO's Strategic Objectives. Partnerships are inclusive, driven by real needs and demands on the ground. Joint initiatives with partners are developed in close prior consultation with local and indigenous communities, where appropriate, with the clear objectives of achieving zero hunger, no poverty, in particular rural poverty, reduced inequalities, increased rural employment, better access for smallholders to land and other natural resources, services, finance and markets, etc. with a view to improving their livelihoods and protecting the environment while preserving biodiversity and soil fertility.



What is the private sector and what constitutes a partnership?

Definition of partnership:

There are different ways of engaging with the private sector and the business community, each of which entails a different role for FAO. The Organization defines engagement with the private sector as any type of interaction with business entities with different objectives, ranging from informal talks and discussions, to knowledge-exchange platforms, and fully-fledged partnerships entailing funding. These engagements may be implemented through different modalities, including but not limited to partnering, and may entail different levels of public exposure.

This Strategy also follows the definition of partnership set out in the FAO Organization-wide Strategy on Partnerships (2012): “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 contribute to the output and the achievement of the objectives rather than a solely financial relationship” (FAO, 2012a).

Scope of the private sector:

For the purposes of this Strategy, FAO considers the private sector to encompass a broad array of entities, ranging from farmers, fishers, foresters, livestock herders, and MSMEs (including cooperatives, farmers/fishers/foresters/livestock producers’ organizations and social enterprises) to large firms, both domestic and multinational companies, and philanthropic foundations.

This Strategy also takes account of industry and trade associations and consortia that represent private sector interests. Any consortium, organization or foundation largely funded or governed by private entities will be considered private sector, as well as state-owned enterprises (SOEs)⁸. Academia and research institutions are not covered by this new Strategy.⁹

More specifically, FAO engages with the following entities (Table 1), among others:

Table 1. Types of private sector entity FAO plans to engage

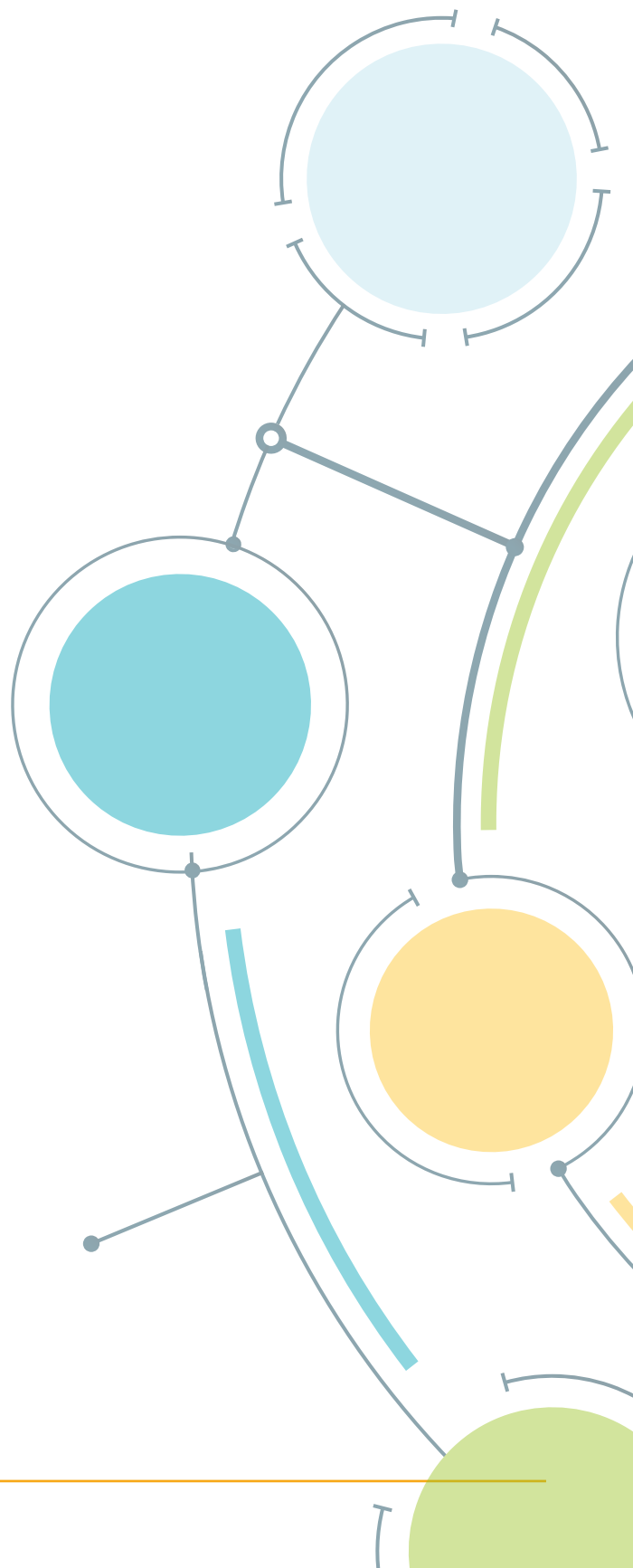
Farmers and farmers’ organizations¹⁰	Farmers (including small-scale and family farmers) and farmers’ organizations are important constituents, not only as private sector entities and agents of change, but also as beneficiaries of private sector engagement. FAO is committed to facilitating the advancement of the UN Decade on Family Farming and continues to prioritize its work focusing on family farmers, small-scale fishers and foresters.
Producers’ organizations and cooperatives¹¹	Producers’ organizations and cooperatives play a pivotal role in empowering farmers, fishers and foresters, helping them to access markets, technologies and financial services, but also in boosting their productivity and capacity to innovate.
Micro-, small and medium-sized enterprises (MSMEs)	Micro-, small and medium-sized agri-food and rural non-farm enterprises, including start-ups, play a critical role in achieving food security and eradicating poverty. FAO promotes the development of MSMEs as key drivers in realizing the socio-economic potential of the agri-food and rural non-farm sectors, with special emphasis on youth- and women-led businesses.
Large firms: large national and multinational companies, including state-owned enterprises	Large firms (including large national and multinational companies and SOEs). Multinational corporations and companies have developed bilateral private sector partnerships with FAO on a broad range of thematic topics in recent years.
Financial institutions	Financial institutions, including international and national development banks, commercial banks and private investors, impact investors and other private investment institutions play a critical role to improve the investment process and capitalize on the potential of innovative finance to de-risk and mobilize private investment to achieve the SDGs
Industry, trade associations and private sector consortia¹²	Industry, trade associations and consortia allow FAO to achieve greater impact through collaborations with a range of committed, like-minded stakeholders that have the capacity to scale up for impact in terms of achieving the SDGs and food security and nutrition.
Philanthropic foundations	Philanthropic foundations have a pivotal role to play in achieving the 2030 Agenda and are an important source of financing for development.

Why partner with the private sector?

FAO recognizes the unique role of the private sector in innovation, trade, finance and investment and its ability to impact upon food systems transformation at scale. FAO has a strong interest in increasing its engagement with the private sector to avail of this potential and to better respond to Members' needs. Among other aspects, FAO hopes that such engagements will:

- 1. improve understanding of development issues, with a view to improving the design of solutions, taking into account the associated trade-offs;**
- 2. promote economic and social inclusion;**
- 3. facilitate inclusion in value chains and access to more profitable markets;**
- 4. support and scale up innovation;**
- 5. mobilize scientific and evidence-based expertise;**
- 6. play a catalytic role in changing the ways in which businesses operate and invest in food and agricultural systems;**
- 7. develop the capacities of smallholder farmers and MSMEs;**
- 8. advocate for policy and institutional change;**
- 9. contribute to adjustments in private sector priorities and business strategies which incorporate and promote sustainability practices;**
- 10. promote investment to close key financing gaps that impede the achievement of the SDGs;**
- 11. generate data that can help accelerate innovation, evidence-based decision-making and SDG monitoring; and**
- 12. support the private sector to recognize its social responsibility to contribute to the food and nutritional security of the population through sustainable forms of production that minimize the impact on the environment.**

Moreover, while recognizing the risk of undue influence by the private sector, FAO's normative work can benefit greatly from private sector knowledge, technology and innovation. Private sector partnerships can generate real-time knowledge and data, market intelligence and best practices, and facilitate the effective dissemination of information both nationally and globally.



Why should the private sector partner with FAO?



Many private sector firms and associations are demonstrating a growing commitment to aligning their business strategies, practices and investments with the values and objectives of the 2030 Agenda. Private sector actors are seeing the expertise of organizations such as FAO, which can provide guidance on sustainable and socially responsible business practices.

FAO's consultations suggest that the private sector reaches out to the Organization because it views it as:

1. **global leader in food and agriculture and a knowledge broker for governments;**
2. **a “matchmaking” hub, bringing Members and relevant private sector entities together around shared priorities and investments;**
3. **an independent, neutral, objective and honest broker of multidisciplinary alliances, able to facilitate communication between governments and the private sector together with other Non-State Actors (NSAs);**
4. **an advocate for innovation and digitalization in sustainable food and agriculture, management of natural resources to ensure food security, the advancement of sustainable development, and fostering of rural development worldwide, particularly for smallholder farmers;**
5. **a provider of global norms and standards and a custodian of global policies, international treaties, codes of conduct and other binding and non-binding instruments,¹³ providing appropriate international standards that can be used by the private sector to improve development-related activities; and**
6. **a mobilizer of public and private networks, supporting the reinforcement of data, information and knowledge through its ability to rally and convene diverse stakeholders.**



Why private sector engagement matters - outcomes and benefits

Desired outcomes:

The overall goal of this Strategy is to enhance engagement with the private sector in FAO's work, including at the decentralized level as "One FAO" to work towards more long-term sustainable solutions. More concretely, the desired outcomes of increased and more strategic collaborations between FAO and the private sector should include the following:

- 1. Private sector partners, especially MSMEs in Small Island Developing States Least Developed and Landlocked Developing Countries, are engaged in inclusive and sustainable food systems development, helping to revitalize rural economies and ensuring the economic participation of the poorest and most vulnerable stakeholders.**
- 2. Short- and long-term transformational and shared-value multisectoral partnerships with the private sector, such as the Hand-in-Hand Initiative (HiHI),¹⁴ are established in response to specific beneficiary-focused needs, in line with the priorities of national governments.**
- 3. Partnerships and engagements with a focus on innovation, new technologies and new ways of working result in cost-effective, sustainable and scalable solutions to long-standing development challenges.**
- 4. MSMEs have better access to finance and investment, while business environments are**

more sustainable for financial institutions and investors, drawing on FAO's expertise and international instruments for sustainability and SDG alignment, such as the Voluntary Guidelines on the Responsible Governance of Tenure (VGGTs) and CFS Principles for Responsible Investment in Agriculture and Food Systems.¹⁵

- 5. Appropriate evidence-based policy incentive mechanisms are in place to orient the private sector towards greater sustainability.**
- 6. Private sector businesses are better aligned with the SDGs, and more committed to decreasing their environmental footprint, sustaining global biodiversity and ecosystem services, reducing their climate impacts and ensuring sustainability.**
- 7. Private sector data and knowledge are openly available and accessible through public good repositories.**
- 8. The private sector adds its voice to national, regional and global policy dialogue, in support of the SDGs.**



Structures for engagement with the private sector

Private sector engagement alignment with the Strategic Framework: The development of the new Strategic Framework¹⁶ offers the opportunity to further elaborate and embed new areas of focus and ways of working to help countries achieve the SDGs. This Strategy will be fully aligned with the new Strategic Framework upon its approval at the FAO Conference in July 2021.

A number of priority partnership areas with the private sector are already emerging. These include:

- 1. Leveraging the food systems agenda:** Food systems are among the key entry points for capitalizing on interlinkages and accelerating progress on all of the SDGs (United Nations, 2019). It is critical to position the food systems approach in the political agenda, where FAO should be leading a strong United Nations coalition to ensure better production, nutrition, health, environment and livelihoods. A case in point is HiHI.
- 2. Scaling up science, technology and innovation to achieve the SDGs:** Harnessing science, technology and innovation is crucial for a profound transformation of food and agricultural systems. FAO needs to respond efficiently and effectively, with a clear and consistent voice, to the possibilities and challenges that this entails.
- 3. Partnering for healthy diets and to eradicate all forms of malnutrition (including obesity):** FAO is increasingly vocal on this topic and should seek to work more closely and ambitiously, with public and private sector champions in the field, as well as with consumers and their organizations.
- 4. Facilitating more and better investment:** The FAO Council¹⁷ has approved the expansion of FAO's work to promote public and private investments as the best way to scale up technical expertise with a focus on sustainable, climate-neutral products and services, as well as inclusive investments.
- 5. Promoting rural development and eradicating rural poverty:** FAO can expand strategic partnerships to achieve SDG 1 (and SDG 2), specifically, on rural poverty reduction. To this end, HiHI aims to accelerate inclusive investments in rural areas and includes the development of new and emerging rural economic activities. Humanitarian partnerships can be further expanded, particularly in the context of the humanitarian–development–peace nexus.
- 6. Capitalizing on data, non-traditional data sources and data science:** FAO is developing platforms to integrate multisectoral data from various sources for real-time analysis and forecasting. This includes non-conventional data sources, such as news, social networks, remote sensing, open data and analytical products.
- 7. Strengthening measurement tools and corporate reporting on the SDGs and food and agriculture sustainability issues:** FAO is establishing an indicator framework for private sector reporting on the SDGs. Close engagement with the private sector on methodological development activities to improve measurement and reporting on key sustainability issues could facilitate global SDG monitoring efforts.
- 8. Ensuring environmental sustainability, biodiversity mainstreaming and the climate resilience of food and agricultural systems:** Agriculture and food systems have a large environmental footprint, while recognizing the function of carbon sequestration of the agriculture sector and the role being played by the sector in achieving food security. Biodiversity and ecosystem services are also essential for sustainable agriculture, forestry, aquaculture and fisheries. It is vital that private food and agriculture firms innovate in order to significantly reduce their environmental footprint, mainstream biodiversity and increase climate resilience.
- 9. Addressing food and water crises:** FAO plays a key leadership role in preventing, preparing for and responding to food crises (including transboundary pests and diseases and COVID-19) and supporting the collective outcome of ending hunger and reducing the needs, risks and vulnerabilities associated with acute hunger. FAO has a strong commitment to sustainable water management with a view to achieving SDG 6.

New and existing structures of engagement

Under the 2013 Strategy, FAO has employed six structures or modalities of engagement with the private sector (Table 2.1), which remain valid. With this Strategy, FAO will be initiating and inviting engagements in several additional areas (Table 2.2). These additional areas are not exclusive and demonstrate the Organization's willingness to work creatively and efficiently with private sector partners.

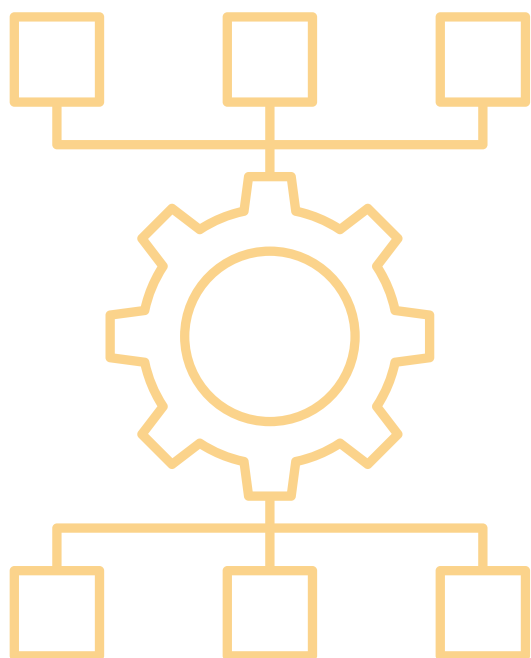


Table 2.1. Existing structures of engagement

Policy dialogue FAO supports the participation of the private sector in multistakeholder policy dialogue related to agriculture, the environment, natural resources, food security and nutrition under FAO's mandate. Participation by the private sector provides a different viewpoint on complex development challenges and helps to improve corporate practices. It also helps to align industry standards with government policies and international standards.

Capacity development FAO is collaborating with the private sector on capacity development activities in a number of areas, including activities specifically targeted at farmers, producers' organizations, cooperatives and MSMEs, to improve and enhance workflows in agricultural value chains.

Resource mobilization FAO has received financial and in-kind contributions from the private sector to support FAO programmes and projects in areas of mutual interest.

Technical cooperation FAO engages with the private sector on specific programmatic needs and challenges with defined technical specifications in FAO's areas of work. FAO works with private sector partners to share experiences and to design and deliver solutions to problems where existing solutions are not available or not appropriate.

Knowledge and research 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 can make important contributions to public goods. FAO's technical advice is often requested by international public and private organizations.

Advocacy and communication FAO works with the private sector to share and disseminate information and best practices related to key FAO priorities. Advocacy for FAO's work has been a long-standing form of engagement with the private sector, with the media helping FAO to promote Zero Hunger, for example.



Table 2.2. Additional structures of engagement

Innovation The private sector helps to ensure that FAO applies not only modern science and technology, but also adopts all forms of innovative approaches to new situations and challenges. FAO and the private sector work together to ensure that innovative approaches are used and brought to scale and that opportunities emerge to work towards achieving a world free from hunger, poverty and malnutrition. While FAO continues to seek engagement with the private sector to improve FAO's knowledge base as an existing engagement modality, FAO is focusing on its role to broker access to innovations in the agri-food sector, in particular for smallholder farmers, livestock herders, fishers and foresters.

Data sharing and dissemination FAO encourages and supports the sharing and dissemination of private sector data and information through global networks and as global public goods. The Organization looks to the private sector to complement and enhance the various agriculture data streams that it monitors and collects on a regular basis.

Support for financing and investment Agricultural and rural non-farm development requires high levels of private investment to meet the SDGs. While this traditional model of resource mobilization continues to exist, FAO is shifting the emphasis from funding to financing. This shift entails a major change of focus for FAO, from primarily mobilizing grant resources for its projects and programmes to catalysing, leveraging, blending and structuring different sources of domestic and international public and private financing, in order to achieve collective, transformative and sustainable development results. FAO seeks to engage in new mechanisms to increase SDG-aligned investments in food and agricultural systems. This includes engaging with financial institutions, both public and private, domestic and international, to support financial mechanisms that facilitate responsible investments throughout agricultural supply chains.

SDG alignment FAO supports the private sector's use of a series of internationally endorsed instruments aligned with the SDGs, for which the Organization is the lead custodian. These include the CFS RAI, VGGT and the Codes of Conduct noted earlier, as well as sustainability measurement, monitoring and reporting tools in FAO areas of expertise and within its mandate. This envisages technical support and compliance with the 2030 Agenda and the SDGs, and the use of performance-support tools to guide, monitor and report on SDG compliance.

SDG advocacy FAO is seeking to broaden multistakeholder and multidimensional partnerships with private sector entities for advocacy on sustainability issues, challenges and solutions towards the achievement of the SDGs. This can include strategic alignments with existing private sector-led coalitions and consortia, such as the World Economic Forum, the UN Global Compact and the World Business Council for Sustainable Development.



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FAO efforts to ensure inclusiveness of private sector interventions: FAO ensures that the activities with the private sector will be inclusive, especially with smallholders and MSMEs. FAO will:

1. **target interventions on areas with a significant presence of smallholders and MSMEs, for example, the territorial approaches implemented under the HiHI;**
2. **provide public information to facilitate the transparency of private sector participation in a competitive way;**
3. **work with governments to ensure the necessary complementarities are present with the governance, human capital and institutions inclusively; and**
4. **use current and new partnerships with international financial institutions (IFIs) and other international organizations to open up possibilities for de-risking investments competitively.**

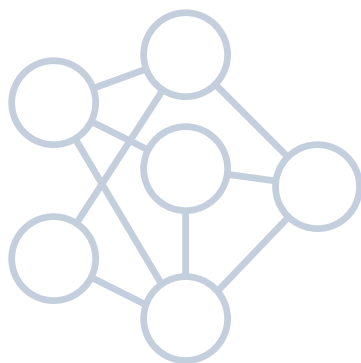
CONNECT, SUPPORT, SUSTAIN – the guiding pillars of this Strategy

FAO is taking a more proactive approach to seeking, cultivating and scaling up new private sector engagements. FAO's approach is a continuum of engagements, **connecting** FAO and the private sector proactively, **supporting** the development of impactful engagements in a transparent and agile manner and, finally, **sustaining** the engagements by measuring the impacts and scaling up.

CONNECT

a proactive approach to outreach and engagement

FAO proposes the launch of two new supporting mechanisms to enhance engagement with the private sector: a "CONNECT" portal and an informal Private Sector Advisory Group (PSAG) to provide advice on implementing the Strategy.



In line with one of the recommendations of the 2019 evaluation, FAO is establishing a web-based private sector partner "CONNECT" portal, which serves as an official channel through which the Organization can interact with prospective and current partners. The portal is an online¹⁸ repository of partner information, based on transparency, openness, inclusiveness, accountability, integrity and mutual respect. It makes available past, current and prospective partnership agreements, such as Memoranda of Understanding (MoU) with associated work plans, Letters of Intent, etc., and provides access to FAO personnel and Members. It serves as the Organization's corporate relationship management system to ensure that key information on partners (including past, current and prospective) and the status of engagement is easily and systematically accessible to all FAO personnel, regardless of location, as well as to the partners themselves and FAO Members. All partnership documents, including its MoU and other forms of agreement, are to be accessible through the portal.

The informal PSAG will be established to enhance FAO's collaboration and engagement across the private sector.

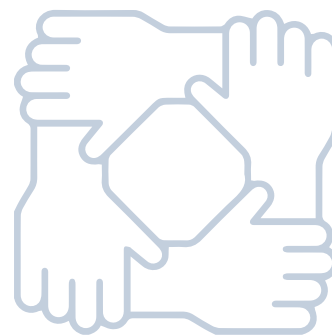
Importantly, it comprises a diverse range of private sector entities.¹⁹ While not a formal decision-making body, it offers FAO opportunities for dialogue and constitutes a forum for FAO and Members to periodically consult the Group for advice and reaction on proposed areas and methods of engagement. The Group has representatives from all key entities listed in Table 1. The Advisory Group operates for at least two years. After two years, FAO assesses whether the term of the Advisory Group should be extended for the remaining period of the Strategy, under which mandate and for how long, and determines the rotation of the representatives. Regional Group Member representatives are invited to participate as observers to ensure full transparency for FAO Members.

FAO ensures that the Group composition reflects the following aspects: **diversity** (geographical, categorical and enterprise structure/size), **relevance, impact, innovation, availability** and **commitment** to the mandate of FAO, and **balance** between partners already known to FAO and potential new partners. PSAG members are selected by FAO through a transparent and open process in consultation with FAO's decentralized offices, as well as technical offices and streams in headquarters. FAO Members will be informed of the composition of the informal PSAG, including information on its size, rotation and observers, through FAO regular reporting on the implementation of the Strategy to the Governing Bodies.

SUPPORT

a transparent and diffuse business model for partnership-building

A critically important element of the Strategy is clear and concise internal guidelines for FAO personnel, providing practical guidance on the operational aspects of managing partnerships, including facilitation, risk assessment and due diligence, as well as reporting procedures. The instruments currently in place to engage with the private sector are insufficient to meet the needs of the Strategy. In line with FAO's commitment



to expanding its areas of engagement with the private sector, a more expansive set of instruments (including legal instruments) and associated tools need to be developed with clear operational guidelines. Among others, there is a need to better support FAO personnel²⁰ in identifying impactful partnerships in order to address the findings of the evaluation and lessons learned from the implementation of the current strategy.

There is also a need for cooperation agreements at local level.²¹ While it is important to define open and flexible tools and to identify general areas of cooperation and geographical areas of interest at global level, detailed cooperation agreements are also needed at local level. The aim is to have agreements that place all parties on the same level, allowing them to join forces, share experiences, technology and innovation, avail of synergies and leave open the option to share economic resources at local level.

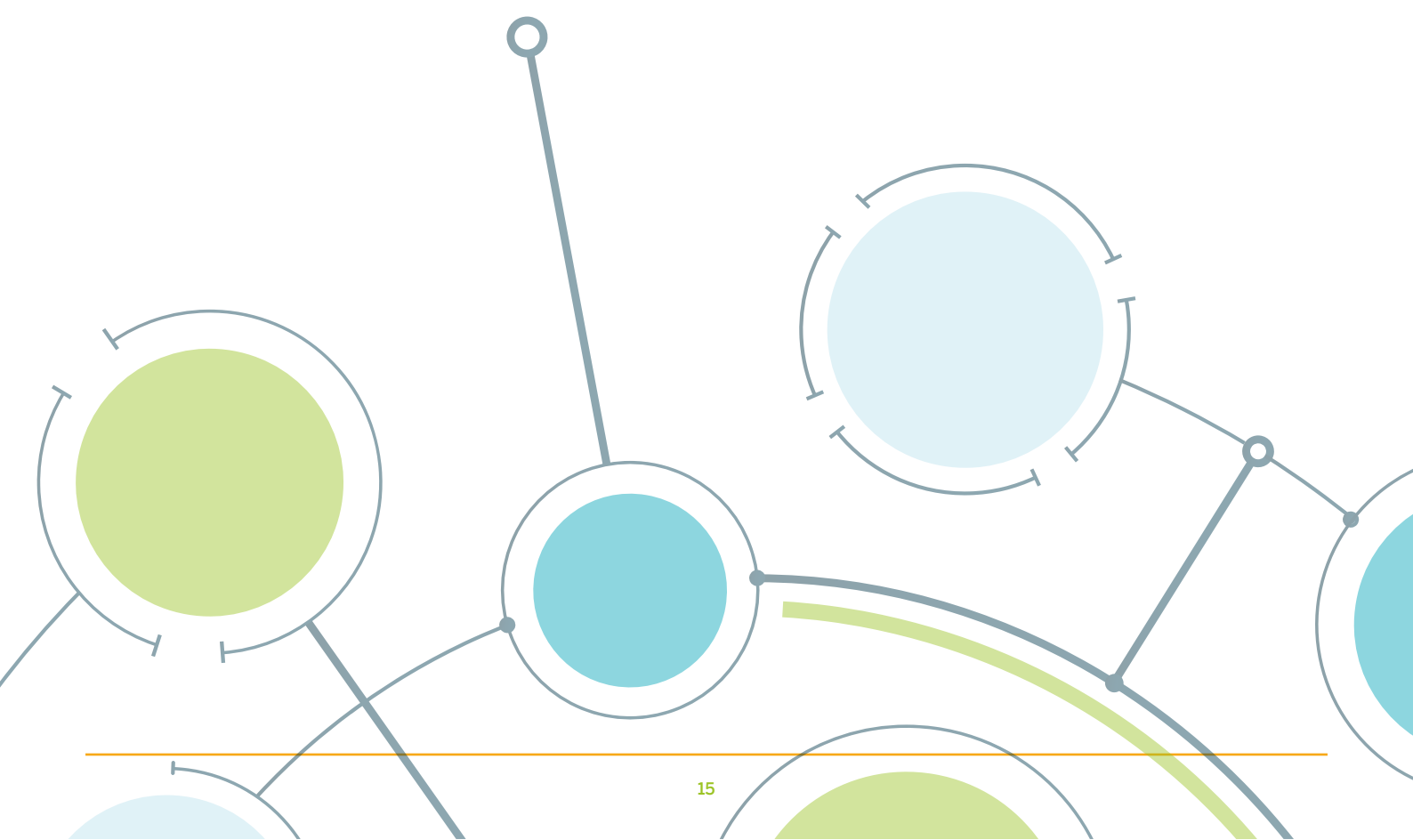
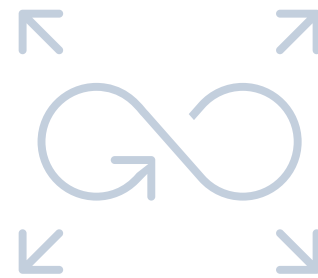
Simultaneously, FAO will update its rules such as intellectual property rights, branding and logo use. FAO ensures that any updates to procedures and processes related to private sector engagement are in line with UN standards and existing protections under international law, without compromising FAO's integrity, independence, neutrality, credibility or reputation.

SUSTAIN

measuring impact for scaling-up

Another feature of the Strategy is a focus on quantifying and measuring results from a partnership with the private sector. This should include data and other metrics associated with the SDGs and align with the indicators and targets in the Strategic Framework to measure the impact of engagements with the private sector. FAO should capitalize on existing partnerships to bring good practices to scale and to expand them geographically.

In addition to an Annual Report on Partnerships, including private sector engagement, FAO publishes its findings and metrics on each type of engagement with the private sector through the portal. Additional documentation, such as factsheets, good practice summaries and enhanced data repositories resulting from FAO partnerships are also made available as global public goods.



Fully supporting regional and national engagement opportunities



While anyone inside or outside FAO, including Members, can identify a need or opportunity for potential engagement with a private sector entity, the decentralized offices have an especially critical role to play in building partnerships with the private sector on the ground. To strengthen engagement with the private sector, personnel capacity development, particularly in the regional and country offices, is critical to ensuring that partnerships are nurtured and support the work of FAO. The early action planning for implementing this Strategy focuses on personnel capacity development as a priority activity (JIU/REP/2017/8).

Regional perspective

The integrated nature of the SDGs calls for cooperation in areas related to complex transboundary challenges. FAO engages with the private sector at regional level on intraregional cooperation and investment issues that are relevant to FAO's contribution to boosting the economic potential of the food and agriculture sector, as well as achieving food security and nutrition.

FAO seeks to maximize engagement with the private sector in collaboration with regional institutions, such as the African Union, the League of Arab States, the European Union, the Association of Southeast Asian Nations, the Community of Latin American and Caribbean States, the Central American Integration System and the Caribbean Community. The FAO Regional Conferences also seek to attract more private sector participation as a basis for initiating further engagement to address regional priorities.

Country level

Partnerships developed at country level are in line with government priorities, as reflected in the FAO Country Programming Frameworks (CPFs) and the United Nations Sustainable Development Cooperation Framework (UNSDCF). FAO develops partnerships and operational agreements at country level designed to promote the engagement of the private sector in those priority areas set by government.

The regional and country offices are expected to develop tailored action plans for engagement with the private sector, based on the priorities identified by the Regional Conferences, CPFs and UNSDCF, as deemed appropriate.

A fit-for-purpose due diligence approach to assessing and managing risk

Risks of engagement: FAO's engagement with private sector entities can involve risks that need to be effectively managed. Expanding engagement with private sector entities may entail more environmental, social and governance-related reputational risk. Adopting an open approach to private sector partnerships requires adequate mechanisms to identify and manage potential risks that might affect FAO's intergovernmental character, as well as its independence and impartiality. At the same time, in light of the new approach for a revitalized partnership with the private sector requested in the 2030 Agenda, FAO is committed to offering a "proactive" approach to due diligence (facilitating the formulation and implementation of partnerships), going beyond a "defensive" approach (safeguarding the integrity, impartiality and independence of FAO and managing risk), in line with 2017 UN Joint Inspection Unit (JIU) report .

FAO's risk management framework for NSAs is being developed separately, with modernized and streamlined due diligence and risk assessment procedures.

Among other aspects, the risks relate to:

- a. **conflicts of interest;**
- b. **undue or improper influence exercised by a private sector entity on FAO's work, especially, but not limited to, policies, norms and standard-setting;**
- c. **a negative impact on FAO's integrity, independence, credibility, reputation or mandate;**
- d. **the engagement being primarily used to serve the interests of the private sector entity, with limited or no benefit to FAO;**
- e. **the engagement conferring an endorsement of the private sector entity's name, brand, product, views or activity;**
- f. **the blue-washing of a private sector entity's image through an engagement with FAO; and**
- g. **the failure of the partnership to provide the expected benefits.**





The review process ensures that each private sector partnership adheres to FAO's principles for engagement, relevance to FAO's mandate and alignment with country priorities, and identifies risk mitigation measures. FAO continues to safeguard against any conflicting interests that a private sector entity may have with FAO, or undue influence they may exert, or be reasonably perceived to exert, over the Organization's decision-making process or interests.

Exclusionary criteria

FAO adheres to a set of exclusionary criteria, which are applicable to engagement between FAO and the private sector. These criteria refer to business categories and/or practices considered inherently incompatible with the values of the UN, its treaties, or other international standards. FAO does not engage with entities that:

1. **are directly engaged in activities inconsistent with UN Security Council Sanctions, Resolutions, Conventions (for example, climate, biodiversity, transnational organized crime or terrorist financing) or other similar measures, including the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) standards of the International Monetary Fund's Financial Action Task Force (FATF);**
2. **are complicit in human rights abuses, tolerate forced or compulsory labour or the use of child labour;**
3. **do not align with UN Global Compact principles;**
4. **are involved in the production and wholesale distribution of tobacco products, or whose revenues are derived from gambling (except lottery) or pornography; and**
5. **have systematically failed to demonstrate a commitment to meeting, or failed to meet in practice, the principles of the UN, including statements or principles that are consistent with and reflect the Universal Declaration of Human Rights, the Rio Declaration, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights or the UN System-wide zero tolerance policy on all forms of sexual exploitation and abuse.**

Partnerships with prospects falling within the exclusionary criteria should not be pursued in principle. However, in exceptional cases, interactions may still be possible with some companies which are assessed to present significant risks (for example, potential conflict of interest), where there would be a substantial benefit to FAO's beneficiaries and stakeholders through a clearly defined engagement that supports the delivery of FAO's mandate and where mechanisms can be put in place to protect FAO's interests.

Due diligence and risk assessment

Before engaging with any private sector entity, FAO conducts due diligence and risk assessments to preserve its integrity. FAO sets out a comprehensive set of risk categories for private sector engagement, as well as the accountability framework for its risk assessment process, in an internal due diligence procedure²² (currently being updated). The new internal procedure will be more robust and streamlined than current practices. FAO's financial rules and regulations ensure that the necessary fiduciary risk mitigation and safeguard measures are put in place in terms of financial risks and liability. It requires that, in the absence of Conference approval, voluntary contributions

cannot be accepted if they may create obligations for the entire Membership if engagement would directly or indirectly create liabilities to be borne by the Regular Programme. Emphasis is placed on conducting these assessments at much earlier stages of engagement.

Risk management

FAO takes a risk management approach to engagement with private sector entities, only committing when the benefits (in terms of direct or indirect contributions and/or resources to fulfil its objectives and mandate) outweigh any residual risks of engagement, as well as the time and expense involved in establishing and maintaining the engagement. Partnerships are monitored to assess whether the appropriate balance is maintained or whether measures to mitigate risks, or to discontinue an engagement, should be taken. Risks of engagement need to be managed and communicated throughout the Organization. This Strategy also recognizes the need for decentralized decision-making on risk management.

Disengagement and non-compliance with the Strategy

FAO reserves the right to withdraw from partnerships where there has been a sustained absence of active collaboration between FAO and the partner, or where the partner does not comply with its obligations, either financial or programmatic, as agreed upon under the obligations flowing from this Strategy.

Non-compliance can include behaviour that meets FAO's exclusionary criteria; the use of the engagement with FAO for purposes other than supporting the delivery of FAO's mandate, such as for commercial, promotional, marketing or advertising reasons; the misuse of FAO's name or emblem; or other actions by the partner that could have a negative impact on FAO's integrity, independence, credibility, reputation or mandate.

A private sector entity's non-compliance with the provisions of this Strategy can have consequences for the entity concerned after due process, including a reminder, a warning, a cease-and-desist letter, a rejection of renewal of engagement or termination of engagement. Any financial contribution received by FAO that is subsequently discovered to be non-compliant with the terms of the Strategy may be returned to the contributor.



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Endnotes

¹ In the context of this Strategy, FAO covers any of FAO's areas of responsibility and all agricultural commodities (food and non-food), including the livestock, forestry, fishery sectors and the utilization and conservation of natural resources covering the entire value chain.

² United Nations (2015). The Guidelines, developed in 2000 as a common framework for UN-Business collaboration, were revised and reissued in 2009, and further revised in 2015.

³ There are a number of Committee on World Food Security (CFS) policy recommendations, some of which are strongly linked to this Strategy, such as the Voluntary Guidelines to Support the Progressive Realization of the Right to Adequate Food in the Context of National Food Security (the Guidelines) and the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), just to name the most relevant. All of these CFS "products" are negotiated in a multistakeholder process, including the Private Sector Mechanism of CFS, and they are adopted by consensus. CFS is currently negotiating the Voluntary Guidelines for Food Systems and Nutrition. FAO encourages private sector partners to consider adopting CFS policy instruments, given their voluntary nature.

⁴ The aspiration is explained in detail under the Outline of the Strategic Framework 2022-31 and Outline of the Medium Term Plan 2022-2025 (<http://www.fao.org/3/nd976en/nd976en.pdf>).

⁵ FAO is the custodian United Nations agency for 21 SDG indicators under SDGs 2, 5, 6, 12, 14 and 15, and is a contributing agency to a further 5 indicators. In this capacity, FAO is supporting countries' efforts to monitor the 2030 Agenda.

⁶ FAO may develop, as required, other legal documents applicable for partnership with the private sector beyond the existing set (Memorandum of Understanding [MoU], Letter of Intent, etc.) to tailor to specific needs and requirements for the expanded areas of engagement, which will be guided by the principles for engagement.

⁷ FAO commits to promoting adherence to the UN System-wide framework and to the Ten Principles of the United Nations Global Compact, including the Guiding Principles on Business and Human Rights (United Nations 2011). The Principles on Human Rights, Labour, Environment and Anti-Corruption are fundamental criteria in FAO's due diligence process for engaging with the private sector. See United Nations Global Compact (n.d.).

⁸ This refers to entities established under national laws as for-profit enterprises.

⁹ Partnerships with academic and research institutions and with civil society are managed separately and are outside the scope of this Strategy. The importance of all non-government institutions for FAO is noted.

¹⁰ FAO tends to consider small-scale producer organizations under the scope of civil society, whereas philanthropic foundations or commercial food producers 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. Regardless of this, given FAO's mandate, FAO works to ensure adequate representation and participation of producers' organizations at FAO meetings and processes to ensure their voices are considered and reflected.

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¹² The World Economic Forum, the World Business Council for Sustainable Development and UN Global Compact are examples of the entities with which FAO has been engaging under the 2013 Strategy.

¹³ Examples include the Voluntary Guidelines on the Responsible Governance of Tenure (VGGTs) (FAO, 2012b); CFS Principles for Responsible Investment in Agriculture and Food Systems (CFS, 2014); the Agreement on Port State Measures (FAO, 2016a), codes of conduct on food losses and waste (in development) and the CFS Voluntary Guidelines on Food Systems and Nutrition (in development). FAO encourages private sector partners to consider adopting CFS policy instruments, given their voluntary nature.

¹⁴ Read about the HiHI initiative at: <http://www.fao.org/hand-in-hand/en>.

¹⁵ FAO (2012b) and CFS (2014). This is not an exhaustive list. Other examples include the Voluntary Guidelines for Securing Sustainable Small-scale Fisheries (VG SSF), the Code of Conduct for Responsible Fisheries, the International Code of Conduct on Pesticide Management, the International Code of Conduct for the Sustainable Use and Management of Fertilizers or International Food Standards (FAO/World Health Organization [WHO] Codex Alimentarius), FAO/Organisation for Economic Co-operation and Development (OECD) Guidance for Responsible Agricultural Supply Chains, etc. Here again, FAO encourages private sector partners to consider adopting CFS policy instruments, given their voluntary nature.

¹⁶ The Strategic Framework (2022-2031) will be presented to the Governing Bodies at their first Session in 2021.

¹⁷ Refer to the 164th Session of the FAO Council report (see <http://www.fao.org/3/nc436en/nc436en.pdf>; <http://www.fao.org/3/nd238en/nd238en.pdf>)

¹⁸ The portal will ensure appropriate safeguards and a firewall to control the degree of access to information. For FAO personnel and Members, full disclosure of partnership agreements will be ensured, while access by external parties may be restricted.

¹⁹ The PSAG will initially be established at global level, but a similar mechanism at the regional level will be considered in the future as FAO progresses with the expansion of its engagement with the private sector.

²⁰ Consideration will also be given to training on FAO's mandate and core values, to ensure consistency of proposed partnerships of the Basic Texts and FAO's status.

²¹ FAO has also been advising governments on how to handle private sector engagement more effectively with the aim of transforming their agricultural sectors. Public-private partnerships are a key element of this. See FAO (2016b).

²² FAO's due diligence framework is applicable for all NSAs, including the private sector, and is being updated separately. A list of different risk categories, such as reputation, blue-washing, political, legal and financial, as well as the identification of risk mitigating measures, will be part of the internal due diligence procedures.

