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10 points for a strategic approach to partnering with the private sector

Partnerships have always been a key element of IFAD's work. In recent years the private sector has become an ever more important collaborator in the development of enabling rural business environments, pro-poor value chains and private rural finance. Working with private companies can bring additional financial resources, technology and access to markets for rural women and men. But it is important to choose carefully in order to ensure the best results.

IFAD's past collaboration with the private sector has included providing small farmers with technical assistance to increase their productivity and improve the quality of their produce to meet market standards. We also help to organize farmers into groups or associations so that they can negotiate more effectively with private sector companies, for example to establish equitable contract farming agreements. And integrating women and ethnic minorities into the supply chain to increase their incomes is one of our primary goals.

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LINKS

Private sector strategy: Deepening IFAD's engagement with the private sector

http://www.ifad.org/pub/policy/private/2012_e.pdf

Each partnership is unique, as is each IFAD project. Yet there are a few general points to be considered every time we form a partnership. When collaborating with the private sector IFAD should:

1. Focus on the interests and needs of poor rural people, particularly small farmers: they should benefit from this collaboration as producers, suppliers, customers, distributors or employees.
2. Act as an intermediary to build trust and relationships between larger companies and small producers.
3. Provide international and local private-sector companies with guidance on appropriate price policies and how to work with small rural producers in a socially and environmentally responsible manner.
4. Ensure transparency and maintain IFAD's integrity, independence and neutrality.
5. Set well-defined, achievable targets for increasing knowledge, resources or market access for poor women and men.
6. Make sure the impact is sustainable in the long term even after IFAD's contribution to the partnership has ended.
7. Secure a common purpose for all partners involved, with agreed targets, shared risks, resources and benefits, and a clear set of responsibilities and accountabilities for each partner.
8. Adjust the pace of decision-making to keep private-sector entities interested in collaboration.
9. Support country ownership and stipulate the importance of doing so, for example in the country strategy, project design or grant document.
10. Strengthen ties with other organizations – multilateral and bilateral development finance institutions, private funds – that are already working with the private sector to leverage knowledge, resources and economies of scale.

More information on IFAD's strategic approach to private sector partnerships and examples of best practice are available in the private sector strategy.



IFAD is an international financial institution and a specialized United Nations agency dedicated to eradicating poverty and hunger in rural areas of developing countries.

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February 2015