

# Promoting partnerships for inclusive and sustainable rural transformation



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There is broad agreement that partnerships – both global and within countries – will be critical to achieving the post-2015 agenda. They are needed to mobilize new resources – financial and non-financial – and to find synergies among different sources of finance. They are critical to galvanize actions aligned with the new goals and targets, and to ensure that all actors work towards the same objectives. However, identifying and building partnerships that can bring the greatest value added to different parts of the post-2015 agenda is not easy. Moreover, partnerships can also bring risks and challenges.

A solid partnership agenda for post-2015 implementation requires shared understanding about roles and expectations, and enabling conditions to ensure trust, respect, transparency and accountability. This very much holds true also of all elements of the post-2015 agenda that, taken together, can foster an inclusive and sustainable transformation of the rural sector and in rural livelihoods. Such partnerships – involving government institutions, development partners, the private sector, research institutions, and rural women and men and their organizations, in different configurations – need first and foremost to respect the needs, voice and capabilities of rural women and men. Furthermore, they need to be based on trust, and very often require measures and actors to broker such trust – a role that development institutions are often well placed to play, alongside civil society organizations and governments. Finally, they often need innovative mechanisms to reduce transaction costs, level the playfield and reduce power asymmetries, notably in terms of market engagement.

## IFAD'S EXPERIENCE IN PROMOTING PARTNERSHIPS

In the past several years, the International Fund for Agricultural Development (IFAD) has strengthened its approach to partnerships by taking advantage of opportunities in this realm

## A strategy for partnerships

In 2012, IFAD's Executive Board adopted a Partnership Strategy that seeks to give IFAD greater clarity about: why it should enter into specific partnerships; what it wants those partnerships to achieve; and who it should partner with. The strategy defines partnerships as "Collaborative relationships between institutional actors that combine their complementary strengths and resources and work together in a transparent, equitable and mutually beneficial way to achieve a common goal or undertake specific tasks. Partners share the risks, responsibilities, resources and benefits of that collaboration and learn from it through regular monitoring and review."

while minimizing risks, in line with a well-defined Partnership Strategy. As a United Nations specialized agency and an international financial institution (IFI) exclusively focused on rural development and smallholder agriculture, IFAD occupies a unique space in the international development system, which enables it to bring a range of development partners together for inclusive and sustainable rural transformation.<sup>1</sup>

In IFAD's business model, partnerships with governments are the basis for the formulation of rural development programmes that respond to country- and area-specific needs. However, the success of these programmes very much relies on collaboration with other development partners, research institutions, the business sector and civil society. Close collaboration with rural women and men and their organizations has proved to be especially critical in order to understand context-specific challenges and find sustainable solutions to them. Partnerships have also proved essential to reaching impact at scale. Increasingly, a partnership approach has been instrumental in enabling governments to leverage the interest of the private sector in agriculture and food systems, with a view to creating new income, markets and job opportunities for smallholder farmers and poor rural people.

Across different types of partnerships, success has been predicated upon having shared interests and objectives, trust and respect, and a common focus on the empowerment of rural people, so that they themselves could improve their lives and transform the rural sector as agents of sustainable development.

## RESPECT AS THE FOUNDATION FOR PARTNERSHIPS BETWEEN DEVELOPMENT ACTORS AND PEOPLE LIVING IN POVERTY

A successful partnership requires a shared challenge or objective, but also mutual respect among the parties about their legitimate interests, concerns and capacity to contribute to this objective. In particular, genuine respect should underpin any collaboration between development institutions and the people they serve. In IFAD's case, this means acting on the premise that rural women and men living in poverty are the main actors in their own development, honoring their concerns and their capacity to define a future for themselves and their communities, and working with their governments and other development partners to build capacity and to create opportunities for rural people to improve their lives. It means ensuring that rural women and men have a strong, effective voice in decisions that affect them – in development programmes, in research and technology development, in the design and implementation of public services, and so forth. It also means investing in the conditions that will enable hundreds of millions of smallholder farmers to fully realize their potential to feed their households, communities and societies, while also contributing to the restoration of ecosystems, combating climate change and creating decent jobs and economic value.

## DEVELOPMENT INSTITUTIONS AS PARTNERSHIP BROKERS

IFAD's experience shows the important role that development institutions can play as catalysts of partnerships among actors with different, but potentially intersecting, interests and objectives. For instance, partnerships can be nurtured among different sections of

<sup>1</sup> For more on 'rural transformation', see the *IFAD Post-2015 Overview Document*: [http://www.ifad.org/governance/post2015/Overview\\_PolicyBrief\\_web.pdf](http://www.ifad.org/governance/post2015/Overview_PolicyBrief_web.pdf).

the private sector or research institutions, public actors and poor rural people, but this rarely happens automatically. Development institutions should work as facilitators of such partnerships, by leveraging their mandate and resources to reduce transaction costs and risks, foster mutual understandings and build trust.

## **INCLUSIVE AGRICULTURAL SUPPLY CHAINS AS ‘PARTNERSHIPS’**

Through the projects that it supports, IFAD often assists governments to forge collaboration agreements between private companies and groups of small-scale producers along specific value chains.<sup>2</sup> In these contexts, companies generally gain access to new markets or sources of supply, while farmers and other poor rural people benefit from better access to markets, technology, services, innovation, knowledge and jobs. Governments play the critical role of improving the domestic policy environment to support inclusive and equitable business models linking farmers to private companies, and providing critical infrastructure and public goods. The role of a development institution in such cases is to use its convening power or its presence on the ground to reduce risks or increase incentives for the parties, so they can work together on a more level playfield.

### **Smallholders in Guatemala tap new markets by leveraging partnerships**

When Guatemala’s civil war ended in 1996, IFAD assisted organizations such as the National Peace Fund (FONAPAZ) to reintegrate war victims. Partnering with FONAPAZ, IFAD began supporting food security and rural development projects in El Quiché in 1998. In 2006, it funded a new programme, FIDA Occidente, which focuses on providing smallholder farmers with training and infrastructure needed to produce better products and deliver them to the markets.

Supported by FIDA Occidente, farmers have formed producers’ associations, which have hired technicians and built new irrigation systems, storage facilities and packing plants. This has allowed them to produce better-quality products, including onions and French beans. By engaging with private-sector partners such as the Guatemalan Exporters Association (AGEXPORT) – which provides assistance in marketing, packaging and branding regional produce – the farmers of El Quiché are now selling their onions and beans to some of the biggest retailers in the world.

Smallholder farmers’ associations in El Quiché have seen some US\$530,000 in gross revenues for French beans, US\$150,000 for Chinese peas, US\$72,000 for onions and US\$62,000 for radicchio. The programmes have also created approximately 250 new jobs along the supply chain and opened new opportunities for women to engage in business activities.

Source: [http://www.ruralpovertyportal.org/country/voice/tags/guatemala/guatemala\\_smallholders](http://www.ruralpovertyportal.org/country/voice/tags/guatemala/guatemala_smallholders).

Inclusive models of investment linking small farmers, public entities and larger businesses are at times referred to as public-private partnerships (PPP). However, giving specific visibility and recognition to the role of smallholder farmers in these partnerships requires the inclusion of a fourth ‘P’ as in the term Public-Private-Producers Partnerships (4Ps). In IFAD’s approach, this term refers to concrete ways to acknowledge – conceptually and in practice – the specificity of small-scale producers as private operators distinct from larger private companies, and recognize that specific measures are often needed to establish fair and equitable relationships in inclusive supply chain arrangements in agriculture. These measures often include, inter alia, supporting smallholder producers to build organizations that can mediate their market relations.

## **PARTNERSHIPS WITH RURAL PEOPLE’S ORGANIZATIONS FOR POLICY CHANGE**

IFAD sees rural people’s organizations as very important actors promoting the voices and concerns of a very large, but too often marginalized, group of constituencies at the country level and beyond. They do this in all realms, from markets to the policy sphere. For them to play

2 Since 2010, of all new projects approved for IFAD financing, 75 per cent include a value-chain component.

this role effectively, however, rural people's organizations often need capacity development, as well as opportunities to engage on fair terms with governments, private actors, development institutions and others. Development institutions can foster the empowerment of rural people's organizations by engaging with them as partners in development programmes and in policy dialogue. The experience of IFAD's Farmers' Forum and Indigenous Peoples' Forum shows that taking this sort of partnership seriously can bring a major contribution to the proper design and implementation of rural development policies and programmes.

### **IFAD Farmers' and Indigenous Peoples' Forums: Partnerships in progress**

The Farmers' Forum, born in 2005, and the Indigenous Peoples' Forum, born in 2012, are ongoing, bottom-up processes of consultation and dialogue among small farmers' and rural producers' organizations (FOs), indigenous peoples' organizations, IFAD and governments, focused on rural development and poverty reduction. Engagement with peoples' organizations at field level and dialogue at regional and international levels are mutually reinforcing in these Forums. Fully aligned with IFAD's strategic objectives, and rooted in concrete collaboration at national and regional levels, the Forums meet alternately every other year for global consultation, in conjunction with IFAD's Governing Council. Both provide IFAD and governments with essential perspectives to ensure that institutional and policy development relates to the interests and possibilities of their members.

### **PARTNERSHIPS FOR KNOWLEDGE**

South-South and Triangular Cooperation (SSTC) are helping drive innovation and the growth of new channels for delivering impact in the area of rural development. In the past, SSTC consisted primarily of sharing technologies, approaches and lessons in technical areas, including the improvement of livestock breeds, health, food processing and efficient water use. Today, it also involves continuous dialogue on regional policy coordination and sharing of knowledge, skills, expertise and resources. Recent developments have resulted in increased volume of South-South trade and flows of foreign direct investment, movements towards regional integration, technology transfers, sharing of solutions and experts and other exchanges.

Development institutions can play a major role in this area, by facilitating opportunities for knowledge-sharing. IFAD's collaboration with the Government of China – notably through the China-Africa Development Fund – has, for instance, created important opportunities for shared learning and innovation around agricultural policy, agribusiness and mechanization, and research and development. In a post-2015 perspective, this is an area where partnerships will need to greatly expand.

### **PARTNERSHIPS FOR FINANCING**

Finally, a key area where development institutions need to continue seeking new and better partnerships for rural transformation is the area of cofinancing. In 2014, IFAD approved 33 new projects, 28 of which attracted domestic cofinancing from either the local private sector or the national government. When accounting for all forms of cofinance – both domestic and international – IFAD leveraged an additional US\$1.1 billion on top of the roughly US\$713 million that IFAD invested itself.

### **IN CONCLUSION**

Partnerships will be critical for inclusive and sustainable rural transformation to result from the implementation of the post-2015 agenda. IFAD's experience shows that partnerships in this domain require not only shared objectives but also trust, respect and a focus on the empowerment of poor rural women and men as key agents of change. It also shows that development institutions can play major roles as facilitators and promoters of inclusive partnerships for rural transformation, particularly in the areas of market participation, policy engagement, financing and knowledge.



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