



Public-Private Partnerships:

Working Together to Reduce Global Hunger?

A Faith Community Discussion Paper
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Developed in consultation with faith-based &
allied organization advocacy partners



“Because how we invest in small-scale farmers is as important as the investments themselves”

Preface

The Maryknoll Office for Global Concerns represents Maryknoll sisters, fathers, brothers and lay missionaries who live and work in over 30 countries in Asia, Africa and Latin America. Missioners around the world have witnessed the impact of policy decisions on the people and natural environment in local communities and are committed to upholding the right of all people to meet basic needs and to live with dignity and harmony with the rest of creation. In doing so, we define food security as the right for all people to access sufficient, safe and nutritious food to meet dietary needs and food preferences to live active and healthy lives, and to participate in decisions that affect that right. This current paper explores the recent proliferation of public private partnerships and develops principles for future practice to better support true food security, the dignity of all people, and the integrity of God's creation.

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Introduction

The announcement by the Group of Eight (G8) of the New Alliance for Food Security and Nutrition, in which private companies committed to invest \$3 billion over ten years, was hailed by the Obama administration as a major step forward in advancing global food security and harnessing the energy and resources of the private sector for development. Major corporations such as Monsanto and Yara International, a fertilizer company, committed to invest their own resources to increase agricultural production in developing countries. At the same time, those companies are clear about their interest in expanding markets overseas, potentially creating a tension between development and market goals.

This program reflects a shift in emphasis back to reliance on the private sector to drive agricultural development that has been emerging in U.S. food security programs for several years. As such, it merits closer examination to assess whether or how such programs can truly reduce hunger and poverty and strengthen the human rights to food and water.

The Alliance also follows on commitments made at the 2009 G8, where the United States and other developed country governments committed to increase public support for agricultural development. In 2010 the U.S. Government launched the Global Hunger and Food Security Initiative (“Feed the Future”) with a financial commitment of \$3.5 billion and the goal of addressing global food insecurity through agricultural development. As the new initiative was rolled out, the faith community affirmed the program’s high-level goal of fighting hunger and its specific commitments to:

- country-led planning processes;
- inclusive consultation;
- working with small-scale farmers; and
- emphasizing activities that empower women and protect natural resources.

At the same time, the faith community also raised concerns about whether the “whole of government approach” would address concerns already voiced regarding the interaction between food security and issues including trade, investment and regulatory policy, food price volatility, land rights and the role of agricultural research. For these and other reasons, 20 national faith-based and allied organizations issued a joint statement applauding the launch of the Feed the Future initiative but also pledging to continue to provide input, analysis and accountability as it unfolded, recognizing that in many instances “how we invest in farmers is as important as the investments themselves.”

Today, as Feed the Future and other agriculture and food security work face increased competition for public resources, policymakers and public donors are focusing more and more on the potential of private-sector for-profit investment as a tool for supporting small-scale farmers and building sustainable agriculture systems. But history shows that for-profit activities in this sector have had a mixed record in terms of impact on hunger reduction, food security and nutrition. Given the increasing emphasis on utilizing public-private partnerships for food security objectives, this paper seeks to examine them more closely and to provide a framework for evaluating their ongoing potential within Feed the Future.

In considering the relative merits of public-private partnerships for agricultural development and food security, the paper begins with the premise that the purpose of the global food system is not just to produce the required aggregate level of food production to meet the needs of a growing population at a macro level, but to ensure the availability, access and adequacy of that production for all the world’s people at a household level - as well as the sustainability of the food system itself. It acknowledges the importance of sustainable approaches that protect the rights of future generations to meet their needs, and emphasizes that agricultural development strategies aimed at ending hunger must focus on the smallholder farmers and rural workers who constitute the majority of hungry people.

Development requires partnerships. Every day governments, faith communities, civil society actors and impoverished communities are working to face challenges and fix problems. They can work in partnership or in parallel but partnership is better. Private-sector investments have an important role to play. They can trigger needed productivity gains, strengthen sustainable value-chain development and encourage post-harvest efficiencies. But good partnerships require that each partner is active and has opportunity to impact the outcomes; in some case, private-sector partners can be many times stronger, in terms of economic and political influence, than their counterparts. Strong governments and civil society organizations are essential to ensuring fair distribution of benefits and to encourage investment in underserved areas.

This paper explores the history and context of public-private partnerships for food security and agricultural development, including special concerns attached to partnering with transnational food companies, and concludes that despite the inherent risks, public-private partnerships do belong in the development tool kit when and if the large power imbalances between partners are consciously addressed. It goes on to offer guiding principles that can be used by civil society actors and policy-makers to design, monitor and evaluate potential or ongoing private-sector partnerships.

The paper concludes that public-private partnerships as tools for pro-poor economic development are best suited to countries where existing legal frameworks protect the legitimate role of government to set national development policies and protect the common good.

Specific partnerships should also:

1. **Do no harm to other public agricultural investments** – the provision of public resources for agricultural development should remain an important part of the assistance landscape; public funding is more accountable as a whole and can support production vital to household food security that is not otherwise or immediately destined for transnational food supplies;
2. **Respect principles of human dignity and individual rights** – public private partnerships should reflect a “right to food” approach and commit to protecting the full spectrum of human rights;
3. **Provide measurable benefits to smallholder farmers** – public-private partnerships should demonstrate specific benefits to rural farmers and consumers;
4. **Encourage socially and environmentally sustainable farming practices** – short-term gains should be made in tandem with long-term sustainability concerns;
5. **Ensure transparency and provide mechanisms for civil society participation** – civil society should have a place at the table so as to hold both private and public sector actors accountable for delivering on their commitments; and
6. **Prioritize and strengthen local economies** – the global private-sector should not be prioritized at the expense of the local private interests.

This paper was produced through extensive consultation with faith-based and allied organizations and is designed to help advocates and policymakers address two basic questions:

- **What role do country governance systems and “enabling environments” play in ensuring the general effectiveness of private-sector investments in the food system?**
- **By what criteria should food justice advocates evaluate specific public-private partnerships related to food systems?**



Photo by DFID - UK Department for International Development

Background

Balancing the roles of state & market to ensure food security

For three decades after World War II, conventional wisdom conferred a significant role on governments in developing countries to invest and support their agricultural sectors as a vital element in broader economic development strategies. States were encouraged to subsidize food production, provide extension services and credits to farmers, and establish public enterprises to process and distribute their output.

This agricultural development paradigm was challenged in the early 1980s, when developing countries faced significant sovereign debt burdens. The adjustment policies that countries adopted to address their debt focused on reducing public spending on agriculture and allowing the market to allocate resources more efficiently. These measures were designed to encourage the dynamism of private companies to increase food production and thereby combat hunger. The approach promoted privatization of state-owned agricultural enterprises, and liberalized agricultural trade rules – at least for developing countries, if not for the wealthy countries which demanded these reforms.

While aggregate global levels of food production have indeed increased since the 1980s, dramatic food price spikes in 2007-08 and again in 2011 have shown that such progress does not automatically reduce hunger. Despite the 1996 World Food Summit pledge¹ to halve the number of hungry people by 2015, this number actually rose from some 850 million in 1980 to levels hovering near one billion in 2009-11.²

The failure of the structural adjustment policies of the international financial institutions to reduce the number of hungry people has been broadly acknowledged in recent years. The World Bank's 2007 World Development Report noted that agriculture had suffered from "underinvestment and neglect" over the previous 20 years, with only four percent of Official Development Assistance (ODA) and four percent of developing country government budgets spent on the sector in developing countries, despite the fact that "GDP growth originating in agriculture is about four times more effective in reducing poverty than GDP growth originating outside

the sector."³ The April 2008 report of the UN High Level Independent Commission on Growth and Development affirmed that "markets alone will not produce the growth in developing countries that will lift them out of poverty. Government intervention in the economy, and a degree of protectionism, will be needed in the early stages of development."⁴

That same month, the International Agricultural Assessment of Science and Technology for Development (IAASTD) released its report. The IAASTD was initiated by the World Bank in open partnership with a multi-stakeholder group of UN organizations, representatives of governments, civil society, private sector and scientific institutions from around the world. It concluded that "the way the world grows its food will have to change radically to better serve the poor and hungry if the world is to cope with a growing population and climate change while avoiding social breakdown and environmental collapse."⁵ Even former U.S. President Bill Clinton, once a champion of the liberalization approach, told a UN gathering in October 2008 that "we should go back to a policy of maximum food self-sufficiency. It is crazy for us to think we can develop countries around the world without increasing their ability to feed themselves."⁶

These acknowledgements reaffirmed the vital role of public investment in agriculture. Yet as the world now falters in its response to the ongoing hunger crisis, there are still major debates about the respective roles of state and market in fomenting agricultural development and food security. Though a consensus has emerged around the need to increase government investment in agriculture, there is also growing interest in public-private partnerships as a means to improve outcomes by combining the relative strengths of the state and private companies.

This trend has been strengthened by a global recession that threatens the capacity of donors to maintain or increase their foreign assistance budgets. The Chicago Council on Global Affairs notes that "*in July 2008, the United Nations Secretary-General's High-Level Task Force on the Global Food Security Crisis indicated that food-security-related investment needs in developing countries ranged between \$25-\$40 billion per year. More recent estimates call for an average annual net investment of \$83 billion to support expanded agricultural output in developing countries. Because funding of this*

magnitude does not appear feasible through public finance and overseas development assistance, both donor governments and governments in developing countries have focused more on leveraging investments from private companies.”⁷

Interest in partnership as a development strategy is not just a response to fiscal constraints. The U.S. Agency for International Development (USAID) has been actively implementing President Obama’s Policy Directive on Global Development, which affirms that “the United States will reorient our approach to prioritize partnership from policy conception through to implementation.”⁸

In an October 2011 speech, *USAID Administrator Dr. Rajiv Shah challenged the development community to overcome its historic mistrust of private companies and work with them to achieve common goals: “The development community must step out of its comfort zone and imagine new linkages with private sector firms. We must partner with the private sector much more deeply from the start, instead of treating companies as just another funding source for our development work. In short, we must embrace a new wave of creative, enlightened capitalism...”*⁹ Shah further pledged that substantial U.S. funding would flow to support local private sector agricultural investments in developing countries.

As USAID’s commitment to public-private partnerships deepens, NGOs, faith-based groups, civil society organizations and socially responsible investors must pay attention to how these alliances with private companies will influence broader agricultural development and strategies to fight hunger, especially in USAID’s flagship Feed the Future initiative.

Four current USAID public-private partnerships illustrate this trend:

[Specific case studies are provided for illustrative purposes only and are based on publically available information from the United States government. To learn more about these and other public-private partnerships visit usaid.gov]

- **Mangoes in Haiti:** The Haiti Hope Project is a multi-million partnership between private-sector business, multi-lateral development institutions and civil society partners. Targeting Haitian mango farmers, its stated objective is to double incomes

for more than 25,000 Haitian farmers over five years through training and access to financial services for export-led production. The Coca-Cola Company contributed to the project by launching Odwalla Haiti Hope Mango Tango. Ten cents from the purchase of every bottle will be donated to the Project, up to US\$500,000 per year.

- **Nuts in Mozambique:** In Mozambique, USAID is partnering with local firm CondorNuts with the goal of revitalizing the national cashew sector. USAID reports that this effort generated 4,500 new jobs in rural areas, with 39 percent of them going to women, and earned \$31 million over three years. USAID reports that the cooperation has also generated new respect among managers for the smallholder farmers who supply the factories, as well as the workers there who extract the nuts. This in turn has led to support from the firm to increase the productivity of the farmers upon whom it depends.
- **Wal-Mart in Guatemala:** In 2008 USAID invested \$1.1 million to leverage \$600,000 from Wal-Mart and \$500,000 from Mercy Corps for the launch of the Inclusive Market Alliance for Rural Entrepreneurs (IMARE) project in Guatemala intended to increase access to more profitable markets on a sustainable basis for small farmers in rural Guatemala. Long-term supplier contracts with Wal-Mart were intended to increase predictable prices for farmers, while the partnership also provided technical assistance to help them meet the retailer’s quality standards.
- **Fertilizer and seeds in Kyrgyzstan:** Several private-sector companies are partnering with USAID in a project to facilitate trade and technology transfer between commercial and smallholder farmers and agro-input dealers in Kyrgyzstan. Pioneer is providing hybrid seeds to farmers while Du Pont and Monsanto are contributing a range of products for their crops. John Deere is contributing agricultural machinery, including tractors, planters, cultivators, sprayers, and harvesters. USAID’s technical assistance program is providing business training to local input dealers and distributors and cultivation and product usage trainings to farmers.



Toward a sustainable food system that feeds the *whole* world

In considering the merits of public-private partnerships, we affirm from the start that the purpose of the global food system is *not just* to produce the required aggregate level of food production per capita to meet the needs of a growing population, *but also* to ensure the availability, access and adequacy of that production for all the world's people, as well as the sustainability of the food system itself. According to the 1987 Bruntland Report, "*sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: the concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.*"¹⁰

Sustainability was a term used by governments and civil society organizations until it entered the private sector vocabulary in the 1990s during the era of "corporate social responsibility." Despite some progress since then, the Interfaith Center for Corporate Responsibility (ICCR) affirms¹¹ that "*social sustainability needs greater participation from the corporate sector... Because social sustainability programs advocate for human rights and the development of people and their communities, [they] benefit corporations by contributing to stable environments required for successful operations and by securing a 'social license to operate.'*"

Given that 60 percent of the world's one billion hungry people are smallholder farmers and another 20 percent are landless agricultural workers,¹² **any strategy for fixing a broken food system must include a significant investment and focus on meeting the needs of smallholders and rural workers** in a lasting way. Moreover, since women farmers produce the majority of food for domestic consumption in many developing countries—yet are systematically excluded¹³ from programs designed to assist smallholders—**sustainable food security plans must be built around effective responses to the particular needs of women.**

As captured in the 2008 IAASTD report, evidence has been mounting that industrial-scale, mechanized, input-intensive agricultural development strategies can be disruptive to smallholder farmers, and are unsustainable in the longer term because of their dependence on scarce fossil fuels and large quantities of water. For this reason, the IAASTD recommends that such strategies be balanced by more investment in locally-based, sustainable approaches.¹⁴ In other words, a sustainable food system is still achievable if the promising results of pilot agroecological programs can be brought to scale around the world for the millions of smallholder farmers who experience hunger.

Many people of faith and their broader civil society counterparts embrace this low-input, locally focused prescription as a blueprint for the kind of investment in agriculture that is most likely to promote both household food security and broad-based sustainable growth. Furthermore, since the 2011 FAO State of Food Insecurity report affirms that food price volatility will likely continue through the next decade,¹⁵ it is even more important to invest now in the productive capacity of smallholders for their own consumption, as a hedge against new waves of hunger driven by periodic price spikes in globalized commodity markets.

The UN Special Rapporteur on the Right to Food has frequently noted that both partnerships and fair markets play important roles in realizing this vision, and that the private sector must help to build them. The challenge of connecting sustainable smallholder production to national and international value chains has driven efforts by private philanthropists like the Hewlett Foundation (through its Transform Africa¹⁶ initiative) and the Gates Foundation (through programs like the Cocoa Livelihoods Program¹⁷) to bridge the gulf between small producers and private food companies.

U.S. Assistance for International Agriculture & Food Security

The 2007-08 food price-crisis provoked a significant reaction from donor governments and multilateral institutions, ultimately leading to the Group of Eight Industrialized Nations' (G-8) \$22 billion, three-year

commitment to reinvestment in agriculture at their L'Aquila summit in 2009. The Obama administration was applauded for recognizing the gravity of the food crisis, pledging to increase U.S. aid to agriculture to \$3.5 billion over the following three years, and articulating a comprehensive vision for agricultural development through the launch of Feed the Future.

Mirroring the global trend in which global aid to agriculture had dropped 68 percent over the two decades before the food crisis,¹⁸ U.S. funding for agriculture over the period 1980-2008 had declined from a high of \$1.2 billion in 1985 through a low of \$200 million in 1997 to settle somewhere near \$600 million in 2008.¹⁹ While the combination of political infighting and renewed concern about fiscal deficits continue to present challenges, the U.S. recently managed to return its international agricultural development spending to just over \$1 billion a year.²⁰

Feed the Future upholds many of the same values that underpin the vision of a sustainable food system, including an emphasis on smallholder farmers, women, and sustainable management of natural resources.²¹ The program also articulates a strong commitment to “business-led and market-based solutions,”²² as is evident in USAID’s endorsement of the “Realizing a New Vision for Agriculture”²³ roadmap unveiled by seventeen of the largest global food companies at the 2011 World Economic Forum. *USAID asserts that “public-private partnerships are a good investment, since they help to increase the impact, reach and sustainability of USAID’s development initiatives in the communities we serve. Our alliances leverage approximately \$4 in cash and in-kind contributions for each \$1 USAID invests in partnership with the private sector...By working together in partnership, the public and private sectors can often find a new way of looking at a problem and develop a better solution together.”*²⁴

Private sector leaders have seemingly embraced Feed the Future as well. Derek Yach, Senior Vice President of Global Health and Agriculture Policy at Pepsico, one of the firms currently partnering with USAID on a chickpea initiative in Ethiopia, points to a “convergence between public and private goals in development... [along with] a wide range of examples over the past decade of how global challenges can be addressed by fully harnessing

*the capabilities of both private and public sectors, and a growing acceptance that current business and development models have been too narrowly and separately developed.”*²⁵

USAID’s philosophical commitment to public-private partnerships is abundantly clear, but precise figures on U.S. government spending on such initiatives are harder to come by.²⁶ Feed the Future’s FY 2012 budget request included \$25.5 million for country-level “Private Sector Incentive Programs” and another \$14 million for Regional and Strategic Partnerships through which “Feed the Future leverages the expertise, resources and leadership of strategic partner countries for the benefit of focus countries through fostering trilateral cooperation in research, technical assistance and technology transfer, policy engagement and public-private partnerships.”²⁷ Even if all of these funds were invested in public-private partnerships, they would still represent less than four percent of the overall \$1.1 billion Feed the Future budget request for FY2012. As a result, the importance of public-private partnerships in broader U.S. agricultural development strategies should not be overstated. But given the prominent role that public-private partnership approach plays within Feed the Future and its emergence as a central pillar in many of the initiative’s country strategies, there are important reasons for civil society to pay attention to its potential for both positive and negative impacts on developing country food systems.

In a May 2011 speech, USAID Administrator Shah minced few words in acknowledging this shift: “For decades, debates raged on what the appropriate role of the private sector in agriculture should be. Those debates weren’t just academic—they had real consequences for the policy and engagement of donor countries and multilateral institutions. When many countries stepped away from agricultural investment, it was due to a belief that the private sector would step in. What is now clear—what USAID has worked to make clear—is that agriculture depends on the strength of public and private institutions working and investing together, building new markets and supply chains, sustainably taking new initiatives to scale and improving global economic potential. The debate is now over.”²⁸



Examining Partnerships: Past & Present

The Partnership Model

The essence of partnership is a common commitment into which all parties enter freely in the belief that their collaboration will advance their shared project, as well as the broader strategic goals of each participant. The respective political and economic power of the parties, as well as the regulatory context in which negotiation occurs, can be important factors in determining how the rewards of the partnership are shared among participants. According to several analyses of the partnership model, the benefits of public-private partnerships can shift more heavily toward one constituency or another, based on the relative power of the parties to the partnership, each party's position in the market at the outset, and the quality of the enabling or regulatory policy environment within which partnerships are negotiated.

The 2005 InfoResources report entitled “Rural Development through Public Private Partnerships?”²⁹ acknowledges significant potential benefits when private initiative triggers productivity gains, government guidance ensures fair distribution of benefits and encourages investment in underserved areas, and synergies arise between sustainable corporate behavior and broader social interests: *“Public-private partnerships can be successful if the responsibility and risks shared between public and private partners bear a high degree of complementarity, thus creating opportunities for profitable activities for all partners involved.”*

On the other hand, the same report also identifies important risks, notably with regard to consequences beyond the immediate parameters of the partnership in question when public-private partnerships begin to influence issues like market structure.

A 2008 study co-sponsored by the UN Food and Agriculture Organization and the Overseas Development Institute³⁰ concludes that *“the opportunities for public-private partnerships to have a role in market-oriented agricultural infrastructure are varied, depending on the quality of the regulatory framework, degree of effective planning to align the project with broader national strategic goals, how the financial and political risks are distributed across the partners, and the structure of contracts and financing arrangements.”* Meanwhile,

the 2011 ICCR Social Sustainability Resource Guide³¹ reviews effective partnerships and extracts some important keys to success, including the vital role of community participation in project design, the role of government in ensuring that best practices are replicated and systematized, the need for balance among all partners in their commitment of resources, and the need for solid business incentives.

The Chicago Council on Global Affairs policy paper on “Leveraging Private Sector Investment in Developing Country Agrifood Systems” which also contains important insights into partnerships. The authors encourage companies to be less risk-averse about investing in developing countries, reminding them that just as only a small proportion of their general research and development spending bears fruit, they should accept that not all innovative partnerships will generate returns. They suggest that companies be patient and allow a longer time horizon for assessing benefits, despite the pressure from financial markets to achieve short-term gains. Finally, the paper counsels developing country governments not to *“assume that positive social effects will occur automatically as resources pour in and jobs are created.”*³²

These analyses suggest that the impact of public-private partnerships in agriculture will depend on a multitude of case-specific factors, not to mention location and context, with no clear blueprint or formula for success. Questions of relative power in the partnership are key, as well as the enabling and regulatory environment for protecting the interests of all parties. The studies imply that while there are clearly circumstances under which results can be positive, it is difficult at the outset to identify all the potential risk factors involved.

Transnational Companies & the Global Food System

Given the considerations raised above about how the relative size and power of the participants can determine the distribution of partnership rewards, advocates of sustainable food systems should pay particular attention to the effort Feed the Future has made to foster public-private partnerships with some of the largest global agro-industrial companies.

Researchers and activists have been tracking dramatic shifts in the industrial structure of the global food system, noting a rapid trend toward consolidation and concentration across all major sectors: agricultural inputs, commodity trading and processing, food manufacture, and food retail. In both developed and developing economies, large firms are increasing their market share in each sector of the food economy, leading to potential distortions when the market share of the top corporations is so significant that, whether through direct collusion or not, they have the capacity to influence prices, both for their suppliers and for consumers.³³

Across the agricultural input, commodity trading, food manufacture and food retail systems in many countries, the top four or five firms routinely control 50-80 percent of markets.³⁴ In other words, despite the free market reforms of the past three decades, the prices that farmers pay for their inputs or that consumers pay for food products may ultimately be determined by the market power of large food companies, rather than by the laws of competition. Of even greater concern than this horizontal integration within domestic food markets is, the emergence of firms that effectively control global rather than national markets, and which integrate vertically through mergers and joint ventures so as to dominate markets across the spectrum from seeds and fertilizers through food processing and manufacturing all the way to retail supermarkets.

Analysts have posited the emergence of a few “food clusters,” through partnerships and joint ventures that link input firms with traders and retailers.³⁵ These cluster arrangements allow for a single shared business strategy to connect the marketing of seeds and inputs to the trading and processing of agricultural commodities, through to the manufacture and retailing of food products. They essentially afford a few companies disproportionate power over what products are grown, under what kind of contract, where, by whom, and at what price they will be sold.

If the ultimate goal of agricultural development (and private-sector investment in that sector) is the creation of just and sustainable food systems that bear tangible fruit for poor and marginalized producer communities over the long term, special concerns related to partnerships

with large, transnational agribusinesses are relevant in three areas:

- ***The potential for market distortion.*** Market distortion arises as a result of both aggressive pricing by companies with dominant market shares and the speculation that drives price volatility. This can negatively influence both the input prices charged to smallholders and the farm-gate prices paid by processing firms. As contract farming relationships become more common in global supply chains, corporate market power can force smallholder contract suppliers into relationships in which they are at a significant disadvantage.³⁶
- ***Unsustainable production processes.*** Many of the firms partnering with Feed the Future are experimenting with sourcing products from smallholders and sustainably-managed farms in new and exciting ways. But the vast majority of the food products these firms purchase, process and market still rely on the mechanized and input-intensive production techniques that the IAASTD and other expert research deem unsustainable. As a result, linkages between transnational agribusiness and smallholder farmer still have the very real potential to result in explicit or implicit pressures on smallholders to adopt less sustainable farming practices.
- ***Political influence.*** Large, transnational companies not only have far greater market power than do smallholder farmers and marginalized rural communities; they also have greater political power. In cases where the rights and interests of farmers and agribusiness diverge (and one can easily imagine such examples in regards to intellectual property, real property or market regulation) smallholder farmers will almost certainly be at a significant disadvantage.³⁷



What Role for Public-Private Partnerships Going Forward?

Given the risks and concerns outlined above, as well as the potential benefits related to private sector investment woven throughout the paper, what role should these partnerships have in smallholder-focused agricultural development for livelihoods and food security?

Public-private partnerships should be considered among the various options available to governments, NGOs and other civil society organizations for meeting legitimate development goals. But just as traditional donor-funded development projects must avoid “one size fits all” approaches in order to produce pro-poor sustainable results, so too must public-private partnerships.

The following section offers two guiding questions and seven case-specific principles that can be used by civil society actors and policy-makers to design, monitor and evaluate potential or ongoing partnerships.

Guiding Question One

First, do country governance systems and “enabling environments” effectively allow balance between public and private-sector interests in the promotion and financing of a sustainable and accessible food system?

In general, two important roles for government should be well established and functioning in order for long-term food security and economic development benefits from public-private partnerships to flow to rural, smallholder communities³⁸:

- a. The state should have the power and the practical ability to regulate markets to ensure that they remain competitive, using effective anti-trust measures to prevent the accumulation of monopoly or oligopoly power through which large firms can influence prices or exercise disproportionate influence over public policy decisions in negative ways.
- b. The state should have established and also have the ability to enforce fair but effective taxation regimes that generate revenue to achieve national development priorities – and reasonably require private-sector partners to contribute their fair share.³⁹

Guiding Question Two

By what case-specific criteria should food justice advocates evaluate public-private partnerships in agriculture?

Such criteria was best articulated by faith based and allied organizations in the following statement sent in late May 2012 to members of the U.S. Administration, State Department and USAID just prior to the 2012 G20, G8 and Rio+20 meetings.

Principles for Public Private Partnerships in Food Security

“Private sector activity must start with the smallholder farmers whose future prosperity is the focal point of all our effort...” – Secretary of State Hillary Clinton⁴⁰

As faith communities and allied organizations we have long worked throughout the world to alleviate human suffering and to support individuals and societies striving to meet basic human needs. Our common traditions encourage us to walk alongside those who suffer seeking to respond to their challenges in ways that are culturally, economically and environmentally sustainable. For these reasons, and many others, our organizations often have deep and trusted relationships with communities affected by hunger and food insecurity around the world.

As we monitor the U.S. response to food insecurity through initiatives such as the “Feed the Future” program, the G8 “New Alliance for Food Security and Nutrition” and the multilateral Global Agriculture and Food Security Program (GAFSP) we have watched the number, scope and scale of Public-Private Partnerships grow. Because we know that *how* donors invest in agriculture is as important as the investments themselves, we urge the U.S. Government, as it partners with the private sector for the purpose of increasing food and nutrition security, to adopt the following principles:

- **Do no harm (to other public investments):** Public resources for agriculture remain critically important in efforts to reduce global hunger and improve food and nutrition security for marginalized communities. Public resources are often more accountable to the public at large. At the most basic level, public-private partnerships should complement, not substitute for public investments in agriculture or public commitments to invest in agriculture (for example, the commitments made under the L’Aquila accords).
- **Respect the dignity of the human person:** Public-private partnerships should reflect a “right to food” approach, addressing not only access to food, but also availability to diverse communities, nutritional adequacy and sustainability. Participating firms should affirm their commitment to the full spectrum of human rights and establish due-diligence processes to be aware of, prevent and address violations. Partnerships should enhance smallholders’ capacity to meet their immediate household food and nutrition needs.
- **Provide measurable benefits to smallholders:** Public-private partnerships must demonstrate specific benefits for truly smallholder farmers. Such benefits should be identified in advance and endorsed by community organizations and producer associations

during consultation processes. These benefits should include locally appropriate measures and tailored programs to ensure the empowerment and participation of women farmers. However, the short-term benefits should also be weighed against systemic threats and costs. Government investment in public-private partnerships should not serve to unduly consolidate or expand a firm’s share of the market in a given country.

- **Ensure sustainability:** Public-private partnerships should focus on long-term sustainability, prioritizing the development of agricultural approaches that respond to specific agroecological conditions and that build local self-reliance, rather than unnecessarily expanding industrial production strategies or creating dependence on external inputs, techniques or technologies.
- **Provide transparency and mechanisms for ongoing civil society participation:** Public-private partnerships should include targets and measures to allow observers to monitor their progress against indicators. They should include mechanisms to guarantee appropriate civil society consultation in project planning, implementation and evaluation, such that the public can quickly and easily access information about the investments and the partners.
- **Protect and prioritize local private sector actors:** Public-private partnerships should have an impact consistent with USAID Administrator Rajiv Shah’s affirmation that the local private sector is critical to the success of food security investments.⁴¹ Food produced and sold locally by small-scale farmers keeps cash flowing locally and serves to strengthen the local economy. Agricultural partnerships focused on food availability and access should seek to ensure local food production that is culturally appropriate, diverse and adequate for meeting the nutritional needs for active and healthy lives.

Thus far, the vast majority of private-sector partnerships highlighted by Feed the Future and the G8 alliance have been with some of the largest agribusiness corporations in the world. Although each of these partnerships should be judged on its own merits, we remain concerned that, in the rush to leverage high profile private investment, governments not unwittingly under invest in smallholder producers, household food and nutrition security and sustainable local economies.

Endnotes

- 1 The 1996 pledge was to halve the number of hungry people, but the first Millennium Development Goal was adapted to halve the proportion – see <http://www.un.org/en/development/devagenda/food.shtml>
- 2 <http://www.fao.org/publications/sofi/en/>
- 3 <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21513382~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>
- 4 <http://www.growthcommission.org/storage/cgdev/documents/Report/Overview.pdf>
- 5 http://www.agassessment.org/docs/Global_Press_Release_final.doc
- 6 <http://abcnews.go.com/US/wireStory?id=6099091>
- 7 <http://www.thechicagocouncil.org/UserFiles/File/GlobalAgDevelopment/Report/CCGA%20GADI%20Private%20Sector%20Policy%20Paper%20FINAL%20VERSION.pdf>
- 8 http://idea.usaid.gov/sites/default/files/attachments/2011GDAAPS_0.pdf
- 9 <http://www.usaid.gov/press/speeches/2011/sp111020.html>
- 10 World Commission on Environment and Development (WCED), *Our Common Future*. Oxford: Oxford University Press, 1987 p. 43 at <http://www.iisd.org/sd/>
- 11 <http://www.iccr.org/publications/2011SSRG.pdf>
- 12 <http://www2.ohchr.org/english/issues/food/docs/SRRTFstatementpanelRtF6April2009.pdf>
- 13 http://www.actionaid.org.uk/doc_lib/fertile_ground.pdf
- 14 http://www.srfood.org/images/stories/pdf/officialreports/20110308_a-hrc-16-49_agroecology_en.pdf
- 15 <http://www.fao.org/docrep/014/i2330e/i2381e00.pdf>
- 16 <http://www.aspeninstitute.org/policy-work/global-health-development/what-ghd-will-do/transfarm-africa>
- 17 http://www.worldcocoaoundation.org/what-we-do/current-programs/CocoaLivelihoodsProgram_summary.asp
- 18 http://www.actionaid.org.uk/doc_lib/actionaid_g82010_mediabrief.pdf
- 19 <http://www.bread.org/institute/papers/briefing-paper-8.pdf> (all figures in 2008 dollars)
- 20 http://www.thechicagocouncil.org/UserFiles/File/GlobalAgDevelopment/Issue_Briefs/GADI%20Issue%20Brief%20FtF%20Budget%20-%20FINAL.pdf
- 21 <http://www.feedthefuture.gov/commitment.html>
- 22 http://www.feedthefuture.gov/pse_nva.html
- 23 http://www3.weforum.org/docs/IP/AM11/CO/WEF_AgricultureNewVision_Roadmap_2011.pdf
- 24 <http://blog.usaid.gov/tag/global-partnerships/>
- 25 <http://www.devex.com/en/blogs/the-development-newswire/derek-yach-why-the-rising-interest-in-public-private-partnerships>
- 26 A request to Feed the Future for clarification generated the following email response on November 14, 2011: “Thank you for your interest in the Foreign Assistance Dashboard and Feed the Future. Public-private partnerships are an important component of the FTF initiative. These partnerships are not only promoted through FTF’s Private Sector Incentive Programs and Regional and Strategic programs, but also, as you identify, through our country programs. Coordination among donors and stakeholders is critical to FTF. However, it can be difficult to identify the specific amount of funding used for public-private partnerships in FTF in the budget planning process. The numbers below are for the FY 2012 Request, which is still pending Congressional action and thus, specific programming details are still in development. When State and USAID’s obligation and expenditure information are added to the site it will shed more light on the specific transactions.”
- 27 http://foreignassistance.gov/Initiative_FTF_2012.aspx?FY=2012#ObjAnchor
- 28 <http://www.usaid.gov/press/speeches/2011/sp1110524.html>
- 29 http://www.inforesources.ch/pdf/focus_1_05_e.pdf
InfoResources is a network that supplies and spreads information on natural resources and international cooperation, funded by the Swiss Agency for Development and Cooperation.
- 30 <http://www.odi.org.uk/resources/download/586.pdf>
- 31 See page 64 at <http://www.iccr.org/publications/2011SSRG.pdf>
- 32 <http://www.thechicagocouncil.org/UserFiles/File/GlobalAgDevelopment/Report/CCGA%20GADI%20Private%20Sector%20Policy%20Paper%20FINAL%20VERSION.pdf>
- 33 For more complete analysis of this phenomenon, see the resources at www.agribusinessaction.org/
- 34 See p.7 at <http://www.foodcircles.missouri.edu/paper.pdf>
- 35 <http://www.springerlink.com/content/n3771h9j690271g7/>
- 36 <http://www.srfood.org/index.php/en/component/content/article/1704-farmers-must-not-be-disempowered-labourers-on-their-own-land-un-right-to-food-expert>
- 37 <https://www.coc.org/files/Trade%20Alternatives%20-%20IWG.pdf>
- 38 And, when looking at specific partnerships, the larger the market share and political power of the private-sector partner involved, the more important these roles become to enabling a healthy partnership.
- 39 Many international companies use ostensibly legal accounting and “transfer-pricing” procedures to declare most of their expenses in developing countries while booking their profits in off-shore tax havens—thereby reducing their financial contribution to host governments. ActionAid recently profiled how one of Feed the Future’s corporate partners used such schemes to avoid paying taxes in Ghana. http://www.actionaid.org.uk/doc_lib/calling_time_on_tax_avoidance.pdf
- 40 <http://www.interaction.org/sites/default/files/3526/Hillary%20Clinton%20Remarks%20on%20Global%20Food%20Security.pdf>
- 41 <http://www.usaid.gov/press/speeches/2011/sp111020.html>





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