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Enabling poor rural people
to overcome poverty

Proposals for partnership agreements with the private sector

Note to Executive Board representatives

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Executive Board – 110th Session
Rome, 10-12 December 2013

For: Approval

Recommendation for approval

The Executive Board is invited to authorize the President to negotiate and finalize with Unilever PLC and Intel Corporation memorandums of understanding substantially in accordance with the terms presented in annex II to this document.

Proposals for partnership agreements with the private sector

1. The Executive Board is invited to note that IFAD seeks to enter into separate cooperation agreements with two private-sector entities, Unilever PLC and Intel Corporation, located in London, United Kingdom, and in Santa Clara, United States, respectively. To this end, the President is seeking the Executive Board's approval to negotiate and finalize with each entity a memorandum of understanding substantially in accordance with the terms presented in annex II to this document.
2. In line with IFAD's Private-Sector Strategy: Deepening IFAD's engagement with the private sector – and commitments made during the Consultation on the Ninth Replenishment of IFAD's Resources – IFAD is working to engage private-sector actors more systematically in country and project-level programming in order to raise their pro-poor and sustainable investments in rural areas, create markets, increase income-generating opportunities for IFAD target groups, and improve access to inputs, services, knowledge and technology for rural populations.
3. The interest of private entities such as Unilever and Intel in sustainable development is aimed not only at fulfilling their corporate social responsibilities, but has become part of their core business strategies, such as sustainable access to raw materials and supplies, product and market diversification, and expansion of outreach to poorer consumers.
4. Strategic partnerships with Unilever and Intel would support IFAD's private-sector engagement objectives. Memorandums of understanding between the partners and IFAD would express an intention to cooperate and to outline a framework within which collaborative activities may be developed and undertaken.
5. In accordance with article 8, section 2, of the Agreement Establishing IFAD, the Executive Board is requested to authorize the President to negotiate and finalize a memorandum of understanding between IFAD and Unilever PLC, and between IFAD and Intel Corporation. As noted in the report on IFAD's institutional partnership agreements – presented to the Executive Board in September 2013¹ – under the ex ante approval approach, the signed cooperation agreements would be submitted to the Board for information at a subsequent session.

Unilever PLC

6. In 2010, Unilever outlined a Sustainable Living Plan that set broad targets to achieve the following by the year 2020: help 1 billion people improve their health and well-being; reduce its environmental impact by half; source 100 per cent of its agricultural raw materials from sustainable sources; and improve the livelihoods of at least 500,000 smallholder farmers through engagement in the company's supply network. Unilever seeks to achieve these goals through partnership with NGOs, national governments, suppliers' networks and multilateral organizations.
7. Following a senior-level meeting in September 2013, Unilever and IFAD agreed to jointly explore opportunities in connection with IFAD-financed projects/programmes to collaborate on specific commodities that are of interest to IFAD target groups,

¹ EB 2013/109/R.32

national partners and Unilever, with a view to connecting smallholders to value chains. In addition, the parties will seek to engage in regular information exchanges on national priorities and regional and country-level market demand to inform planning and project/programme design.

8. **Partner suitability.** Unilever is engaged in a number of multisector initiatives, including the United Nation's Scaling Up Nutrition and Zero Hunger Challenge, World Economic Forum's New Vision for Agriculture, Roundtable on Sustainable Palm Oil (co-founder) and Tropical Forest Alliance 2020. Unilever's Chief Executive Officer, Mr Paul Polman, represented the private sector as a member of the United Nations Secretary-General's High-Level Panel on the Post-2015 Development Agenda. The company also maintains a philanthropic foundation that collaborates on health and nutrition issues with the United Nations Fund for Children, World Food Programme and NGOs.
9. Using a third party due-diligence firm, IFAD has assessed Unilever's corporate performance in line with private-sector partnership benchmarks used by United Nations entities and international financial institutions, and has found that the company has effectively met the threshold for partnership as defined by this process. Additional information on the company can be found in annex I.

Intel Corporation

10. Through its World Ahead Programme, Intel has set a target to improve the lives of all people in the world by accelerating access to information and communications technologies. The corporation works in partnership with local and global organizations to increase accessibility, connectivity, education and content for people in developing communities. As part of these efforts, Intel formed a joint venture with Muhammad Yunus and the Grameen Trust to create technology solutions to address social problems in developing countries. Using a community-centric model, Grameen Intel Social Business Ltd. (GISB) has created software modules to help improve smallholder farmer productivity, including soil testing, seed selection and pest control, and provides technology advice and marketing support to smallholders.
11. Following a planning meeting held at IFAD in September 2013, Intel and the Fund have agreed to explore a strategic partnership in collaboration with IFAD-financed projects/programmes to assess the possibility of delivering agricultural extension software tools and technology developed by GISB for the benefit of smallholders and rural populations. Four initial pilot collaborations have been identified in the Asia and the Pacific region. Further, as part of a wider partnership, Intel may also provide technical guidance to support optimization of information and communication technologies more broadly in the IFAD project portfolio.
12. **Partner suitability.** Intel is engaged in a number of multisector initiatives, including the United Nation's Every Women Every Child, United Nations High Commission for Refugees Syria campaign, Spark a Child's Digital Future initiative, Climate Savers Computing Initiative, Electronic Industry Citizenship Coalition and the Global e-Sustainability Initiative's Conflict-Free Smelter Programme. It is also an active member of the United Nations Global Compact and contributed to its post-2015 business consultation process. Moreover, Intel maintains a corporate foundation which supports education and technology access projects in developing countries worldwide.
13. Again, using a third-party due-diligence firm, Intel's environmental, governance and social corporate performance has been evaluated and found to meet the threshold for partnership as defined by relevant processes. Further information on the corporation is presented in annex I.

Corporate profiles

Unilever

Unilever is an Anglo–Dutch multinational consumer goods company, with 14 brands grossing over €1 billion annually. Its product lines span personal care, food and beverages, and home cleaning products. At the end of 2012, the company's annual turnover was €51 billion; it employed 173,000 people and sold products in 190 countries.

Legal structure

Unilever has two publically traded holding companies: Unilever PLC, which has its head office at Unilever House in London, United Kingdom; and Unilever N.V., based in Rotterdam, The Netherlands. Unilever PLC and Unilever N.V. and their subsidiary companies operate primarily as a single economic entity, while remaining separate legal entities with diverse shareholders and separate stock exchange listings (Euronext, London Stock Exchange and New York Stock Exchange). The same people (28 in total, 12 external) are represented on the boards of the two parent companies.

Intel Corporation

Intel Corporation is a multinational semiconductor chip manufacturer headquartered in Santa Clara, California. Intel is the world's largest and highest-valued semiconductor chip producer, based on revenues of US\$53 billion in 2012. The corporation employs about 105,000 staff members and has manufacturing facilities in 63 countries and regions internationally.

Legal structure

Intel Corporation's board of directors consists of 10 professionals (nine external) and includes the corporation's chief executive officer. It is publically traded on the NASDAQ stock exchange.

Sample memorandum of understanding with a private-sector partner

MEMORANDUM OF UNDERSTANDING
between
[X] CORPORATION
and
THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

This Memorandum of Understanding (hereinafter referred to as 'Memorandum' is entered into as of this [DATE] by and between XX (hereinafter referred to as the 'Company') and the International Fund for Agricultural Development (hereinafter referred to as 'IFAD'), for the purpose of [*broadly state the objectives of the partnership*].

WHEREAS the Company's mission is to [*list the corporate mission as relates to sustainability goals*];

WHEREAS the Company is committed to [*company's sustainability goals related to IFAD and its target groups*];

WHEREAS IFAD's mission is to enable poor rural people to overcome poverty, and is committed to increasing opportunities for smallholder farmers and their communities to improve their livelihoods;

WHEREAS IFAD has a long-standing tradition and mandate of cooperation with its member countries in pursuing their development priorities; the Company intends to contribute to IFAD's support for these priorities;

WHEREAS the Company and IFAD met to identify opportunities in which they could collaborate to better leverage the [.....] in support of rural populations in developing countries;

WHEREAS the Company and IFAD want to improve their coordination on [...] for the benefit of smallholders in developing countries worldwide;

NOW THEREFORE, the Company and IFAD (the 'Parties'), by entering into this Memorandum, have reached the following understandings:

I. OBJECTIVE

1. The objective of this Memorandum is to express the intent of the Parties for cooperation and outline a framework within which they may develop and undertake collaborative activities in order to pursue more effectively the goals identified below.
2. The Parties understand that the areas of collaboration may include, but are not limited to, the activities described in the Annex, which forms an integral part of this Memorandum.
3. Unless otherwise agreed upon, the activities referred to in the annex will be carried out according to the individual mutually acceptable agreements to be concluded between

direct cooperation participants to each project or activity, and subject to such policies, procedures and approvals of each Party.

II. MODALITIES OF COLLABORATION

1. The Parties may consult on matters arising out of this Memorandum and on other matters of common interest.
2. Subject to their respective policies, including policies on the competitive procurement of goods and services, conflict of interest, disclosure of information and sharing information with outside parties, the Parties may exchange information and collaborate through other means to enable them to realize the purposes of this Memorandum.
3. For the implementation of this Memorandum, the Parties agree to each appoint a liaison officer who will channel communications and information.

III. NAMES, MARKS AND LOGOS

1. The Parties understand that neither of them may use the other's trademarks, trade names, service marks or logos without obtaining the other's prior consent pursuant to a written agreement.
2. The Parties understand that neither of them may use the other's name in any manner whatsoever that conveys or suggests, directly or indirectly, endorsement or support of the Party or its products or services by the other Party. All uses by one Party of the other Party's name in any manner (other than casual or generally accepted uses) will be subject to the written approval of the other Party.

IV. LIMITS TO MEMORANDUM OF UNDERSTANDING

Nothing in this Memorandum should be construed as: (a) an authorization to waive any right, or assume or create any contract or obligation of any kind in the name of, or on behalf of, the other or to make any statement that the Party has the authority to do so; (b) establishing a joint venture, agency, partnership, employment or other similar relationship between the Parties; or (c) a waiver of the privileges and immunities of either Party or their officers and employees, which privileges and immunities are hereby specifically reserved.

V. NON-EXCLUSIVE RELATIONSHIP

1. This Memorandum does not represent any commitment with regard to any funding on the part of the Parties. Any such commitment will be reflected in separate agreements that may be entered into by the Parties, subject to their respective policies and procedures.
2. This Memorandum does not represent any commitment on the part of either Party to give any exclusive or preferred treatment to the other in any matter contemplated under this Memorandum or otherwise.

VI. NOTICES

For the purpose of facilitating the implementation of the objectives of this Memorandum, all communication between the Parties will be directed to the following liaison offices:

For The Company:

For IFAD:

VII. DISCLOSURE OF INFORMATION

The Parties may make this Memorandum publicly available in accordance with their respective policies on disclosure of information. The Company will not make any reference to the collaboration under this Memorandum in its advertising of its products or services or in the solicitation of any contracts or other business, whether or not to be financed by IFAD, except as otherwise agreed in writing.

VIII. COMMERCIAL BENEFITS/CONFLICTS OF INTEREST

1. No activity undertaken pursuant to this Memorandum may be used for any commercial purpose by the Company or any of its affiliates; provided further that the Company may not seek to directly or indirectly benefit commercially from IFAD's involvement in such activity. However, publications resulting from such collaborative activities may acknowledge the collaboration of the Parties.
2. IFAD's collaboration with the Company on activities under this Memorandum is not intended to confer a special advantage or preference to the Company or any of its affiliates in competing with any other entity as regards the procurement of goods, works or services by IFAD or third parties, where such procurement results from or has a direct relationship to activities under this Memorandum.

IX. ENTRY INTO FORCE AND DURATION

1. This Memorandum shall enter into force on the date of its signature by authorized representatives of both institutions and may be amended by the written agreement of the Parties.
2. This Memorandum will have a term of three (3) years from the date of its entry into force, and such term may be extended by the written agreement of the Parties, subject to such evaluations as the Parties deem appropriate.
3. This Memorandum may be terminated by either Party for any reason by giving two (2) months' advance written notice to the other Party.

IN WITNESS WHEREOF, the Parties hereto, each acting through its duly authorized representative, have signed this Memorandum in two (2) originals in the English language as of this date.

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INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

ANNEXES

Annexes will include:

- (i) General summary of the agreed collaboration to be pursued during the term of the memorandum;
- (ii) Results management framework on the partnership, including feedback and monitoring and evaluation mechanisms; and
- (iii) Communication and working group structure.