

FOCUS SESSION 14:

Title of the Session

Partnership for Shared Prosperity in Conflict-Affected Countries, Global Partnership HLM, Mexico, 15 April

Speakers/Panelists:

- Mr. Georg Kell, Executive Director, UN Global Compact (Moderator)
- Mr. Mamadou Oury Diallo, CEO, Batipro, Local Business Representative from Guinea (Testimony)
- Ms. Mary Porter Peschka, Director of Sustainable Business Advisory Services, International Finance Corporation (Presenter)
- Céléstin Vunabandi Kanyamihigo is the Minister of Planning, Monitoring and Implementing the Revolution of Modernity, DRC (Panelist)
- Mr. Chris West, Director, Shell Foundation (Panelist)
- Mr. Thomas de Man, Chair Task Force Development BIAC (Business Industry Advisory Committee), former Heineken Director for Africa (Panelist)
- Ms. Lilianne Ploumen, Minister for Foreign Trade and Development Cooperation of the Netherlands (Panelist)
- Mr. Andrew Bone, Global Head of Government and Industry Relations, De Beers Group (Panelist)
- Ms. Justine Greening, UK Secretary of State for International Development (Wrap-up panelist)
- Mr. Kebour Ghenna, Executive Director, Pan-African Chamber of Commerce and Industry (Wrap-up panelist)

Conclusions and key messages:

The focus session brought together private sector actors, development partners and government representatives from fragile and conflict affected states. The main focus was on how to develop value chains and boost partnerships for shared prosperity in fragile states. The objectives of the session were to:

- Strengthen partnerships between leading private sector actors, countries affected by conflict and fragility and development partners to create economic foundations, jobs and livelihoods.
- Focus on how multi-stakeholder engagement can be instrumental and boost private sector development in conflict affected countries.
- Share good practice on value chain development to maximize local economic opportunities and jobs in conflict affected and fragile countries.

This Focus Session had three parts; (i) a brief video of the Simandou project focused on its development spillovers, testimony by a CEO of a Guinean firm, Batipro, that has grown as a supplier to the project, and IFC that created the supplier development program; (ii) a panel debate focused on creating shared value in FCS through the private sector; and (iii) wrap up and concluding remarks. The Guinea testimony showed how development partners – in this case IFC, Rio Tinto, Chalco, the Guinean Government, and many local SMEs like Batipro - can work together to create an ecosystem through which an anchor investment can spur the growth of local SMEs

even in a fragile context. This involved creating a network of supporting functions – SME capacity building, access to finance, leasing, investment climate reform, environmental and social protection, community and private sector engagement. As a result of the initiative about \$10m value of contracts have been awarded to local SMEs, resulting in 700 new jobs. IFC, the International NGO Spark and others are now partnering on practical tools to replicate this process.

The panel discussion addressed the questions of: How to scale up and accelerate the process of encouraging local supplier development from anchor investment? How businesses can be developed to be inclusive in fragile contexts? And how financing can be secured for long-term local SME engagement in value chain efforts in agribusiness, mining or other sectors on which economies in fragile countries predominantly depend?

The Minister from the DRC acknowledged that partnerships with the private sector are essential to the long term transformation and development of a country like the DRC, not only because the private sector creates wealth and jobs but because in the end it contributes immensely to peace, stability and security. He also stressed the key role of the State to create and enabling environment and investment climate, specifically a macroeconomic framework and policies that allow for mechanisms and encourage partnerships with the private sector.

Shell concluded that intermediary roles like that played by IFC in Guinea is key to go between public and private sectors and facilitate discussions, market linkages and supply chain linkages in sectors essential to the economic development of fragile countries, e.g. mining being the largest growth sector currently in a few countries in Africa. Shell also made a plea that we all need to work to identify viable models to have local SMEs grow and called it a market failure that many SMEs today can't succeed. The formula proposed was a mixture of business DNA, development DNA, and lots of patience to succeed in leveraging public sector capital for enterprise.

Heineken made the crucial point that when operating in fragile and developing contexts, good business practice should include investing in the local supply chain and sourcing raw material in country instead of importing. This helps build trust locally with SMEs, communities and employees and is vital for the longer term security of companies in high risk environments. This is a way of creating domestic markets.

De Beers stressed that we all need to do more to push engagement in fragile countries, transferring operations to these countries and engaging with local structures and people. He stressed the importance of combatting corruption as a pervasive obstacle in FCS.

The Dutch Minister called it her core business to create inclusive economic growth and cited the disruptive notion of Social Entrepreneurship to get things moving. She also elaborated on the “Fair Phone” the NL have been supporting working with the DRC.

In her closing remarks, UK's Secretary of State stressed the importance of a bottom-up support to skills development and financing for SMEs in the early stages of development. She also emphasized the need for traceability of value chain development in FCS contexts. She called for a step up in campaigning for the role business can have on building sound economic foundations and eradicating poverty.

The Exec. Director of the Pan-African Chamber of Commerce in his closing remarks noted that we should recognize the immense challenges in local value chain development also as it needs a lot of different but inter-linked initiatives. Multi-stakeholder collaboration and dialogue are key to strengthen value chain development. There is a need to link these efforts to maximize their impact.