

SUMMARY OF PLENARY SESSION 5

The Private Sector – Business as a partner in development

16 April 2014, 16:30 – 18:00, Plenary room

Objective:

This plenary session showcased the continuum of private sector development from multi-stakeholder dialogue and catalytic partnerships to innovative finance mechanisms. Through a diverse panel and concrete case studies it looked at how these development partnerships can be scaled up and how business can contribute to implementing the post-2015 agenda and achieving development impact and poverty reduction

Participants:

Krishnan Guru-Murthy, Channel 4 News, United Kingdom (moderator)

Justine Greening, Secretary of State for International Development, United Kingdom

Peter McAllister, Executive Director, Ethical Trading Initiative

Betty Maina, CEO of Kenya Manufacturers' Association and UN High Level Panel member

Sir Suma Chakrabarti, President of the European Bank for Reconstruction and Development

Helen Hai, CEO of China Africa Consulting

Martin Acosta, CEO and Founder of Kiwalife, Ecuador

Spotlight talk presenters:

- **Sabeen Mahmud**, Founder of Peace Niche, Pakistan and WEF Young Global Leader
- **Karma Yonten**, CEO, Greener Way, Bhutan and 2013 Environmental Entrepreneur of the year

Key issues discussed:

- Secretary of State **Justine Greening** opened the session by underlining that building development partnerships with business is indispensable to achieving poverty eradication. The approach to this kind of partnership must be more strategic, effective and better co-ordinated, based on evidence and lessons learned. The Global Partnership can help. It is an action-oriented platform that can promote constructive dialogue between public and private sectors; change attitudes; scale up successful partnerships; Greening launched the Development Impact Bonds as an innovative tool with the potential to drive much needed investment and innovation, as well as the Roadmap on Unleashing the Power of Business. Business standards and principles such as EITI on transparency need to be upheld. She finished by saying that countries deserve independence from aid.
- **Betty Maina** pointed to the need to focus on improving the overall business enabling environment in developing countries. ODA should be directed, at least in part, to support SMEs, procurement for female entrepreneurs, infrastructure and the rule of law. The ultimate goal of development co-operation should be to create more and better opportunities for livelihoods and thus poverty reduction. This implies building local structures of accountability.

- **Sir Suma Chakrabarti** argued that choosing between the profit and the development motive is an overdone trade-off and that both are not in conflict with each other but go together. Business actually needs the state to help with the regulatory environment, ensure an adequate level of competition and champions. About a third of EBRD investments already go to sustainable development projects every year.
- **Peter McAllister** noted, however, that business will do business if it makes sense and there is a profit motive. Where aid can help is to deliver and push for the decent jobs, safe working conditions, trade unions, health and safety regulations and partnerships with local communities. He was very encouraged by the constructive spirit in the room “where lots of people think right” and expressed the hope that participants would be able to agree on a constructive way forward together and convince others that doing good business sustainably is indeed possible.
- **Helen Hai** recounted her story as the investor and manager of a Chinese shoe factory in Ethiopia, employing today 4 000 workers, three years after her first investment in Ethiopia. She recalled that for business to invest in developing countries there must be incentives along the full supply chain – for manufacturers, traders and retailers. She believed her company’s efforts to employ and train local staff are contributing to fostering development in Ethiopia by creating jobs and building capacity
- Focusing on long-term sustainability is key to higher profitability according to **Martin Acosta**. As the founder of a small food company Kiwa, he uses the triple bottom line of profit, people and the planet for his business strategy. He underlined the importance of leading by example by supporting continuous sustainability innovations as well as sustainable development initiatives, like increasing the income of the local farmers Kiwa works with by 50%. 1% of Kiwa’s profits go to environmental non-profit organisations.
- In the first spotlight talk **Sabeen Mahmood** spoke about her struggle to establish her non-profit Peace Niche in Karachi, Pakistan and called for more flexible and efficient support from public providers. She noted that funding for entrepreneurs in developing countries must adapt to the changing nature of their work through a variety of tools like accelerators, incubators, investment funds, etc. Reporting should be light and the business environment should be more conducive to innovative ideas like hers.
- The second spotlight talk featured the CEO of Bhutan-based waste management company Greener Way, **Karma Yonten**. His main business idea was to introduce the private sector to the waste management sector, which was prior to that informal and non-commercial. As a representative of young entrepreneurs he invited both business and development leaders to involve youth in their dialogue and prioritise youth employment as the most effective way forward to sustainable development.

Questions from the audience highlighted key issues like demanding higher accountability of business, both at global and national level; adopting a stronger entrepreneurial approach in designing aid programmes; balancing profitability with the respect for international human rights and labour standards; building trust between different constituencies; and engaging all development stakeholders, particularly civil society and parliamentarians, in an inclusive dialogue on business as a partner in development.

Main conclusions and next steps:

There was wide appreciation for organising such an inclusive and engaging panel discussion. Participants generally felt it was important to come together through the Global Partnership and share a variety of perspectives on how business can be an active and vital partner in development. Panellists acknowledged that, despite differences in approaches, they shared the ultimate goal of promoting sustainable business that benefits both companies and people living in developing countries. Participants called for further steps to turn this dialogue into action, including by:

- supporting and implementing the Roadmap on Partnering with Business (BPDRoadmap.org)
- supporting co-ordination between business, government and civil society at the national level
- identifying measures to strengthen the business environment, particularly in fragile states, and support small/domestic business as partners in the local value chain;
- promoting a wider adoption of the UN Guiding Principles on Business and Human Rights.

In her concluding remarks Secretary of State Greening encouraged civil society to engage constructively in these discussions, pointing out not only to where business practices need to improve, but also what works well and can be used as a positive example to other companies.