

Indicator Three

Engagement and contribution of the private sector to development

Assess and measure the quality of public-private sector dialogue (PPD).

Draft Assessment and Proposals

1. Introduction

Track Three of the MAG's work plan is to provide advice on the continued relevance and usefulness of the GPEDC monitoring framework to the GPEDC Co-Chairs and Steering Committee. The MAG initiated this review process at its February 2016 meeting.

In doing so, three working groups examined the ten indicators in three clusters – ownership and results, inclusiveness, and transparency and accountability. At its February meeting, MAG members contributed perspectives on the continued relevance of the indicator (in light of the SDGs and Agenda 2030), the effectiveness and efficiency of the methodology at a practical level in gathering data, and the usefulness of the indicator for GPEDC stakeholders. The draft assessment and proposals for each indicator is the result of this work. The MAG is also examining issues affecting the structure of the monitoring framework as a whole.

These documents are posted on the [MAG's Teamworks web site](#) for review and comments. Our advice will be finalized at the MAG's next meeting, June 4-6, in Paris.

Comments and suggestions are very welcome from GPEDC stakeholders. Comments can be provided on the site, or submitted to the MAG Chairperson, Brian Tomlinson (brian.t.tomlinson@gmail.com).

2. Overview

This indicator focuses on the engagement and contribution of the private sector with the development process. It currently does so through an examination of the quality of PPD, "recognising the importance of inclusive dialogue with the private sector for building a policy environment." [Busan §32b]

Relevance The issue covered by this indicator is self-evidently an important one, given the renewed attention to the private sector in development cooperation and in implementing the Agenda 2030. Arguably one of the more significant steps forward contained in the Busan process is recognition of the role of the private sector in development.

3. Key Issues and Challenges

- a) **Disaggregate the “private sector”** At present this indicator treats ‘the private sector’ as if it were a unified whole. In fact, ‘the private sector’ includes a wide range of entities from small-scale farmers through to large multinationals. The MAG notes the emphasis in the outcome of the Mexico Communiqué, “small and medium sized enterprises play a critical role in achieving inclusive economic growth, creating decent jobs, and expanding access of the poor to finance, good and services in all countries.” [§34] The range of private sector actors raises important issues of inclusion in the methodology and process for the indicator.
- b) **Where do private foundations fit?** A particular gap to be address is placing the large private foundations, such as Gates, in the indicator methodology, as these actors have different aims and motivations from private companies. There is a need to ensure that the non-corporate private sector is included under this indicator (and/or with its own module).
- c) **Diversity of private sector contribution to development** The MAG recognises that the structure of this indicator stems from the difficulty in quantifying, in any sensible way, the specific contribution of the private sector to development, given that this contribution might come in many forms: investment, job creation, know-how, development of infrastructure and so on.
- d) **Relevance of measuring PPD?** Nevertheless, notwithstanding these difficulties, the MAG’s working group for this indicator had considerable debate about whether evaluating the quality of PPD was a relevant and appropriate way to capture the involvement of the private sector in the development process. The Busan commitments are largely focused on the quality of development relationships with the assumption that improvements in these areas improve the chances for better development outcomes. In the end however, the MAG’s conclusion was that evaluating PPD could be a relevant measure, subject to some proposed changes and enhancements set out in the next section.

4. Steps Forward

As noted above, in the absence of other measurable options, the focus of this indicator should continue to be on the quality of PPD. However, to reflect MAG concerns, the indicator to be enhanced in a number of ways. Essentially these suggestions are intended to look in more detail at the question, “PPD to do what?” On its own, dialogue is nice but may achieve very little: The MAG’s proposals seek to ensure that a PPD is focussed on improving the different roles of the private sector in development.

- a) **A survey around who participates in PPDs** It is essential that the process for gathering relevant information on PPDs be as inclusive as possible, reaching enterprises of

different sizes, working in different sectors, and including non-corporate private sector actors. The questions in module two should be tightened to ensure a better understanding of who is at the table in any given PPD. A more systematic survey of the private sector on its engagement with government is a key proposal for this indicator. The MAG proposes the use of a matrix, such as the following (similar to a proposal for indicator two), to ensure that private sector actors surveyed are as diverse as possible.

Sector	Small Enterprises	Medium Enterprises	Large Enterprises
Service sector			
Manufacturing			
Agriculture			
Private Foundations			
Others (mining etc.)			

b) Take account different forms of dialogue and inclusion of private sector actors The MAG also noted that there can be different forms of dialogue involving the private sector, such as social dialogue on the ILO model, which also involve trade unions as an essential partner in the dialogue with government and the private sector. In addition to the matrix above related to the different dimensions of the “private sector” and their engagement with the government, a guiding question in the current methodology on who is invited to the PPD table should be an obligatory question.

c) More consideration of enabling conditions for PPD, particularly in relation to small and medium enterprises The benchmarks currently suggested in module one, while important for assessing the general environment, are not especially relevant to answering the question, “PPD to do what?”. The MAG therefore suggests that further research be undertaken to find measures/questions that may be more relevant to conditions that shape the enabling environment for PPDs. A possible resource may be the ILO’s *Enabling Environment for Sustainable Enterprise* toolkit, which has been rolled out already in 33 developing countries. This process is based on a survey that is carried out in the country with the participation of governments and companies of different sizes, and it assesses 17 areas, such as social dialogue, respect for human rights, social justice and social inclusion, good governance, etc.¹

This proposal for module one intends to better capture the fact that, in effect, there are two levels of engagement of the private sector in development. Module one relates to the first level – an enabling environment that allows businesses (particularly small and medium size) to grow and ensure fair employment for people. Module one, at least in part, should address this environment more directly.

¹ <http://eese-toolkit.itcilo.org/>

- d) Be more clear about not only actor motivations, but also the expectations of PPDs for development outcomes** The indicator should assess in what ways private sector actors are integrate more directly into country development priorities. In this regard, the questions in module two on PPDs should focus not only on the motivations to participate in a PPD, but also on what the different actors expect the PPD to achieve. Understanding the purposes and outcomes of PPDs requires a commitment to transparency – in relation to who are invited, for what purpose, and with what outcomes.
- e) Articulate a clear methodology for case studies (module three)** The MAG suggests that the methodology for third module needs to be better articulated. Case studies can be useful, but only if they are properly oriented to critical questions, and don't become 'PR fluff'. The MAG's recommendation is therefore to enhance module three in two ways. First, create a more systematic framework for assessing PPDs, including an analysis of enabling conditions for an effective PPD. Secondly, the case studies are best developed through independent analysis. Case studies should focus not only on the process of the PPD itself, but the ways in which it impacted on development priorities and allowed for engagement with other development stakeholders who may be affected by the content of the PPD (trade unions, other private sector actors, CSOs, etc.)
- f) Consultant support** The MAG recommends that country focal points take up the suggestion in the current methodology that a consultant support the National Coordinator in implementing the methodology for this indicator. Focal point staff may not have the right skills and experience to engage effectively with the diversity of the private sector. It would be better therefore to identify a consultant with known experience to do so.