

## **Session 5: The private sector – business as a partner in development**

### **Summary**

The first High-Level Meeting of the Global Partnership for Effective Development Cooperation takes place at a critical juncture between Busan and agreement of a post-2015 development framework. The Global Partnership will convene more than 160 countries, international organisations, business leaders, and civil society representatives to identify practical action for delivering the post-2015 agenda. It is a key moment for the global community to build consensus around effective approaches to development and the role of business in the post-2015 framework.

To meet the challenge of ending absolute poverty in every country, we need a concerted development push to break down silos and build more effective partnerships between governments, businesses, and civil society. This requires acknowledging the skills and leadership the private sector offers and working hand-in-hand with business as the engine of economic growth and a key partner for achieving sustainable, inclusive development.

At the same time, we need a balanced approach that understands the respective roles of government, business, and civil society in creating a sustainable enabling environment for scaling up the private sector's contribution to development, while ensuring respect for international standards and governance principles. Calibrating and re-focusing our collective efforts will maximize the private sector's development impact; increase trust and accountability among development actors; and support the integration of sustainable development into core operations and business models. These converging processes will help to build the next generation of public-private partnerships and influence emerging paradigms in development finance toward a model led by sustainable private sector finance, supported by governments and other development partners.

A crucial role for the Global Partnership is to help understand what type of public-private dialogue, partnerships, and financing models have worked successfully so far and what may be constraining their scale-up. The Global Partnership can also play a significant role in building consensus around the sort of catalytic partnerships required to create shared value and in turn implement the post-2015 framework. Partnerships between the public and private sector cover a continuum from multi-stakeholder dialogue to catalytic partnerships to innovative finance. They include a range of companies from large multinationals to micro, small-, and medium-sized enterprises. An effective approach to catalytic partnerships needs to consider the full range of private sector organisations and the different ways in which they engage in development. Discussions in Mexico will build on the development narrative articulated at the World Economic Forum meeting in Davos. In particular, it will cover the following three key areas:

### **Public-private dialogue**

Multi-stakeholder public-private dialogue (PPD) can be a crucial mechanism for building a policy environment conducive to sustainable development. It is also the starting point for broader cooperation between public and private actors in the field of development. In this regard, PPDs are a vital connecting mechanism for development partners, private sector, and government

representatives to work together in addressing development issues, creating an enabling environment for private sector development and for pooling resources for shared prosperity. Recognizing the importance of PPD, the Global Partnership has included an indicator on PPD in the Global Monitoring Framework, to measure the effectiveness and outcome of dialogue and engagement with the private sector in development strategies.

### **Catalytic partnerships to create shared value**

By aligning business and development objectives, many companies are maximising their impact on development, supporting inclusive growth and creating shared value. They are doing this by changing their business models to put additional or new emphasis on issues such as: financial inclusion, supply chain management, training and vocational education. Building on these innovations and understanding what is needed to scale them up will increase the effectiveness of development cooperation and enable dynamic new partnerships which deliver both development impact and a return on investment.

### **Innovative finance for development**

Smarter financial partnerships between private corporate and financial entities, development assistance providers, and foundations are creating new opportunities for scaling up development finance. By providing for sound financial return so as to maximize social impact, these partnerships are transforming the prevailing paradigm to a private-sector–led model, and thereby accelerating the progress and impact of development finance. Understanding what private investors need to scale up investment in development, learning from successful innovations, and leveraging scarce public resources in a smarter way can help unleash significant additional financing for the post-2015 development agenda. Making use of public sector funds as investment guarantees and repayment mechanisms for upfront private finance, encouraging the development of local capital markets, supporting financial mechanisms to reduce risk, or establishing development impact bonds are all development finance innovations which will contribute to delivering the post-2015 agenda.

### **Agenda for Mexico**

The meeting in Mexico will comprise a package of private-sector events over two days: a 90-minute high-level plenary session; a series of focus sessions run jointly with the private sector; an expo / marketplace for private sector organisations to set up stalls; and a networking event with ministers, business leaders, and development partners.

#### **I. Plenary theme: The Next Global Development Agenda and the Private Sector**

Proposed agenda:

Item	Participants	Length
<p><b>Introduction: “The Next Global Development Agenda and the Private Sector – Business as a Partner”</b></p> <p><i>The moderator will lay out the themes of the plenary session and explain their relevance/linkages to the post-2015 development agenda. Will be followed by video on the role of business in effective development. The moderator would ideally be a journalist that has worked on business-related themes.</i></p>	<p><b>Suggestions for moderator:</b></p> <p>Robert Peston (BBC);</p> <p>Christiane Amanpour (CNN);</p> <p>Arianna Huffington (Huffington Post);</p> <p>Richard Quest (CNN);</p> <p>Ali Velshi (Al Jazeera America)</p>	15 minutes

<p><b>Armchair panel discussion</b></p> <p><i>The moderator will chair the discussion showcasing the continuum of partnerships: from multi-stakeholder dialogue to catalytic partnerships to innovative finance.</i></p> <p><i>Each of the panellists will shed light on a different area of cooperation between the public and the private sector, and in particular on the three areas outlined above. They would also be asked to refer to concrete cases and examples that can be scaled up and any challenges that may need to be overcome. The discussion should include ideas to how the private sector can contribute to implementing the post-2015 agenda.</i></p> <p><i>Will include interactive audience voting and live streaming of questions via Twitter.</i></p>	<p><b>Suggestions for panelists:</b></p> <ul style="list-style-type: none"> <li>• Tidjane Thiam (CEO, Prudential) or Paul Polman (CEO Unilever)</li> <li>• Pierre Omidyar (Co-Founder Omidyar Network)</li> <li>• Seth Berkley (CEO, GAVI Alliance); Betty Maina (CEO, Kenyan Manufacturers' Association); or Winnie Banyima (CEO Oxfam)</li> <li>• Zia Khan (VP Strategy &amp; Evaluation, Rockefeller Foundation) or Eme Essien, (Associate Director for Africa, Rockefeller Foundation)</li> <li>• Suma Chakrabarti (President, EBRD) or Gavin Wilson (CEO, AMC)</li> </ul>	<p>65 minutes</p>
<p><b>Closing remarks from GPEDC co-chair</b></p>	<p>Justine Greening (Secretary of State for International Development, UK)</p>	<p>10 minutes</p>

## II. Proposed focus sessions:

### 1) Innovations in development finance (MDBs incl. WBG, OECD)

Existing development resources are not currently aligned to maximize financial and social return. Scaled-up private investment is needed in the poorest countries which suffer from a lack of resource diversity and private capital. Private investors are looking to a growing range of developing countries as the new investment frontier and potential future markets. In this context, there is considerable scope for innovations in development finance through partnerships between development finance institutions, the private sector (both corporate and financial entities), governments, and social impact investors, including foundations.

#### *Objectives:*

- Development finance institutions to showcase successful approaches for partnering with the foreign and local private sector to leverage in sizeable private finance for development impact, e.g. in the area of infrastructure finance or climate finance
- Social impact investment funds/finance facilities to share their experiences, challenges and opportunities for scaling up
- Private and institutional investors to discuss what they need to be able to invest in development and governments and development finance institutions to respond how they can facilitate such investments

- Create a shared understanding among public and private development finance institutions, impact investors, and commercial investors of the complementary mandates and financial contributions
- Potential launch of Development Finance Innovation Challenge (tbc)
- Agreement on establishing a structured dialogue between private investors, development finance institutions, commercial banks, and foundations to identify innovative models and mechanisms to stimulate development finance investment and mobilize additional capital

## **2) The private sector in fragile states (FCS with P4P support)**

Economic development and job creation, achieved through strong private sector engagement, are crucial for successful peace- and state-building. Peace and functioning states are key for economic development and for private sector investment. The International Dialogue on Peace- and State-building, provides the forum to lead strategic engagement in fragile states by the private sector and other actors. Fragile states present the biggest political risks for private investors and at the same time need this private financing for growth and job creation more than many other countries.

### *Objectives:*

- Sensitise private sector on the real challenges on the table and opportunities to work in FCS
- Identify concrete possibilities for engagement with the private sector, e.g. on value chain development, on growth and job creation
- Showcase real-life experiences on how challenges might be addressed and opportunities seized

## **3) Unleashing the power of business – a roadmap (The Partnering Initiative)**

Partnering across societal sectors is challenging, and although there are more and more examples of partnership, they tend to be sporadic and their number and impact still only scratch at the surface of what is required. We need a fundamental shift towards a true Partnership for Development, a collaborative society in which business, government and civil society systematically work together for their mutual advantage and where there are the support mechanisms and an enabling environment to mainstream the approach and help partnerships happen at a scale commensurate with the need.

### *Objectives:*

- To inspire a vision of a collaborative society – with business and other actors systematically engaged as a partner in development; explore the concrete steps that are required to make it happen; and seek commitments from participants to actively embark on the journey
- A “roadmap” for the scaling up of collaborative action at country level has been developed which will provide an input into the focus session
- Highlight innovative approaches to catalytic partnerships for creating shared value in areas such as financial inclusion, supply chain management and training and vocational education

## **4) Transparency, anti-corruption, and business in the post-2015 framework (SIDA, DFID)** (To be agreed/completed)

We need to consider how the private sector can take the lead in making sure the next big development agenda promotes transparency and sustainable business practices. This event will set a challenge for businesses to come to Mexico with their own ambitious goals and commitments which raise the bar and provide an example for others to follow. This could build

on commitments developed by SIDA's network of CEOs and include a coalition of companies announcing a concrete proposition for an explicit goal on anti-corruption.

*Objectives:*

- Identify a shortlist of business priorities, including a focus on anti-corruption and jobs/skills development, and motivate others to follow suit
- Commitments on better reporting on sustainable development (as recommended by the High-Level Panel report) and/or increased transparency in business dealings by the private sector itself
- Examples and guidance for effective public-private partnerships, dialogue, and innovative financing models

### **5) Proving prosperity in public-private sector cooperation (BMZ, IFC, DCED)**

Measuring results is crucial for providing evidence of the development impact of public-private sector cooperation and for identifying the factors that drive its success, for sharing insights that enable all partners to learn. Yet, the public sectors' perspective on measuring results differs from what business measures. Aligning development and business approaches is therefore essential to generate improvements.

This focus session therefore focuses on principle 5 of the Busan Joint Statement "Expanding and Enhancing Public and Private Co-operation for Broad-Based, Inclusive and Sustainable Growth," "Accountability for results."

*Objectives:*

The focus session will present a range of practical solutions for challenges in results measurement:

(i) solutions for donor agencies who want to measure the development results of challenge funds (ii) joint solutions for donors and businesses for proving and improving results in specific development partnerships and (iii) examples of businesses that showcase measuring and reporting of their developmental impacts.

Additionally, the focus session will discuss potential harmonization of M&E definitions and protocols in order to facilitate uptake of what works best.

### **III. Expo / marketplace**

To complement the plenary session and focus sessions, a room will be set aside to allow organisations, including in particular businesses, to set up stalls. These stalls will showcase concrete, grassroots-level examples of partnerships, including public-private dialogue, catalytic partnerships and innovative financing models. The expo will be open to all attendees, and will attempt to attract people from all plenary sessions for broad impact.

### **IV. Networking event**

In the expo room, a two-hour networking event will bring together ministers, business leaders, and development partners. The goal will be to generate dialogue and facilitate partnerships on-site. The networking event is likely to draw high-level business leaders, in addition to the ministers and development partners who will be on hand at the Mexico meeting.