

**1st Working session on Global Partnership Strategic Output 4:
“Scaling-up private sector engagement leveraged through
development cooperation”**



7 June 2017 (12:00 – 13:30 pm)

SUMMARY NOTE

Background

This first working session on 7 June 2017 was organised by the European Commission, Germany and the Global Partnership Joint Support Team on the margins of the European Development Days organised by the European Commission in Brussels. It brought together interested members of the Steering Committee and other partners and experts for an informal, technical exchange of ideas (list of participants annexed).

The objective was to start detailing the concept and roadmap for the new Global Partnership work stream on scaling-up private sector engagement leveraged through development cooperation, ensuring synergies and devising a strategic approach to engaging key private sector actors. The session was moderated by Nadine Gbossa (OECD) and organised around the following questions:

1. Building on the strategic priority in the Global Partnership work programme on private sector engagement, how can we ensure that the Global Partnership is carving out a niche that adds value to the achievement of the 2030 Agenda for Sustainable Development?
2. What should the focus of work of the Global Partnership in this area be to provide strong incentives for the active engagement of governments, businesses and civil society alike?
3. How can we ensure that the work of the Global Partnership in this area is using synergies and avoids duplication with other efforts at all levels?

In their introductory remarks, Germany and the European Commission reminded the rationale for the workstream. While there is a key role for the private sector in the 2030 agenda, effectiveness principles for the cooperation with this actor are to be discussed and specified. To be relevant and add value to existing work in this area, the Global Partnership needs to agree on how to shape the approach to the private sector, based on its comparative advantage.

The Joint support team highlighted three major concerns, which relate to: i) the engagement of the private sector in the 2030 agenda; ii) the challenges of effective partnering; and iii) a perceived lack of transparency and accountability. It suggested a way forward for the Global Partnership to add value, using synergies and avoiding duplication, based on its comparative advantage: it offers a forum for an inclusive policy dialogue, using a development co-operation lens, and can apply a bottom-up approach building on case studies at the country level. An in-depth study of a selected number of private sector partnerships could help identify the enablers and constraints, generating evidence that could feed into multi-stakeholder dialogues and lead to design principles and criteria for good private sector partnerships at country level.

The European Commission presented how its approach to engaging the private sector has evolved in recent years. This included: developing key principles and criteria for good financing/engagement with the private sector in 2014; launching an External Investment Plan in 2016, which combines financial instruments (blended finance) and technical assistance in support of blended finance and to promote an enabling environment; and bringing the role of the private sector in the renewed EU-Africa relationship - launching a structured dialogue through a sustainable business for Africa

platform. The Commission welcomed this new Global Partnership work stream and underlined the importance of structured, tailor-made dialogue with the private sector at the country level. The Commission will continue to support existing dialogue efforts, also to promote more sector-specific exchanges, and help derisk investments to ensure they go where they are needed the most.

Germany noted that its engagement with the private sector takes different forms: i) leveraging development cooperation and collaborating with the European private sector to encourage private investment in developing countries; ii) encouraging private sector development in partner countries through financial and technical development cooperation; and iii) cooperating with the private sector on the ground. Germany works with many existing partners, notably the European Commission, but also the Donor Committee on Enterprise Development (DCED), the Business and Sustainable Development Committee, the World Business Council on Sustainable Development and others.

DEG signalled the need to be cautious when using blended finance to support the private sector as this can distort markets, as is the case in the energy sector. DEG also underscored the need for capacity building for better private sector engagement among all development co-operation actors. DEG proposed to present the new methodology DEG is using to assess the development impact on the level of the clients.

The CSO Partnership for Development Effectiveness (CPDE) reaffirmed the importance of the private sector upholding the development effectiveness principles and existing global norms and standards.

The informal discussion that followed provided critical inputs to sharpen the niche for the private sector work stream of the Global Partnership. These are summarised as follows:

- Need for clear definition and expectation/scope
 - Map out what already exists in terms of partnership initiatives, platforms/forums for dialogue with the private sector, and policies, principles and criteria that currently guide donors' engagement; and
 - Be clear on:
 - The role the Global Partnership sees for the private sector in sustainable development leveraged through development co-operation (delivering results to the people);
 - The results the Global Partnership wants to achieve in engaging business;
 - Which private sector actors the Global Partnership wants to engage with (domestic, international, SMEs, etc.) and figure out who to work with;
 - The way the Global Partnership wants to approach this – based on perceived needs, focusing on the delivery side (rather than mobilisation) and taking a bottom-up, country-driven approach; and
 - What is expected to change with a clear sense of what is possible and what is not, exploring synergies and risk of duplication with existing efforts.
- Inclusive dialogue: The added value of the Global Partnership is in bringing together all relevant development co-operation actors, to share information and agree on principles.
 - Private sector: there is an appetite at partner country level for multi-stakeholder dialogue involving the private sector. Listening to private companies to understand their operating environment, business rationale, and technical and economic constraints is crucial.

- Partner country governments: they are the drivers of national development, and responsible for setting an environment conducive to private sector investment while promoting social and environmental responsibility and leaving no-one behind. It was noted that there is a need to further improve representation of emerging economies in the dialogue on private sector engagement.
- Development partners: they need to adjust their private sector policies and instruments to enhance their relevance and effectiveness depending on specific country context.
- Civil society: CSOs and trade unions act as watchdogs to ensure private sector engagement benefits the society as a whole and is not driven only by commercial interests.

Next steps

Building on the discussion and further consultation with other members of the Working Session, the Secretariat will elaborate a concept note which will be shared for further discussion with the members of the Working Session before reaching out to the broader membership. It will suggest the following steps:

- A mapping of the state of play;
- Identification of a selection of successful initiatives with private sector engagement at country level;
- Organisation of stakeholder consultations in-country around these case studies, using existing structured dialogue processes to identify the enablers and constraints, as well as the incentives, for engaging private sector leveraged through development co-operation; and
- Articulation of specific objectives for the work stream and roles of the Global Partnership.

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ANNEX - List of registered participants

#	ENTITY	NAME AND TITLE	CONTACT
Co-chair's Teams			
1	Germany	Ms. Dorothea GROTH Head of Division 414, Effectiveness and Transparency; Quality standards, BMZ	Dorothea.Groth@bmz.bund.de
2		Ms Azani TSCHABO Division 414, Effectiveness and Transparency; Quality standards, BMZ	Azani.Tschabo@bmz.bund.de
3		Mr. Bruno WENN Chairman of the Management Board, German Investment Facility/ Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG)	bruno.wenn@deginvest.de
4		Ms. Silvia HEER Cooperation with the private sector; sustainable economic policy	silvia.heer@bmz.bund.de
Steering Committee Members			
5	Canada	Ms. Rashmi SHARMA Deputy Director, Development Relations Branch, Ministry of Foreign Affairs, Trade and Development Ministry of Foreign Affairs, Trade and Development	rashmi.sharma@international.gc.ca ; alison.robey@international.gc.ca ;
6	European Commission	Mr. Antti KARHUNEN, Head of Unit, DEVCO C4 - Private Framework Development, Trade, Regional Integration	antti.karhunen@ec.europa.eu
7		Mr. Kay PARPLIES, Head of Unit DEVCO C3 - Financial Instruments	Kay.Parplies@ec.europa.eu
8		Ms. Nicoletta MERLO Deputy Head of Unit, DG International Cooperation and Development	Nicoletta.MERLO@ec.europa.eu
9		Ms. Katarina TAFVELIN Policy Officer; DG DEVCO, Unit A2 – Aid and Development Effectiveness and Financing	katarina.tafvelin@ec.europa.eu
10	Japan	Ms. Maki AYAKA Researcher / Advisor (Economic Section) Mission of Japan to the European Union	ayaka.maki@mofa.go.jp ; toru.yoshida-2@mofa.go.jp
11	Private Sector	Mr. Darian STIBBE Executive Director The Partnering Initiative	darian.stibbe@thepartneringinitiative.org ; lkantrow@uscib.org ; louise.kantrow@iccwbo.org ; matt.reed@akdn.org ; Ewelina.OBLACEWICZ@oecd.org
12		Mr Bernard GIRAUD President & Co-founder, Livelihoods Venture, Senior Advisor Sustainability and Shared Value Creation, Danone	tmurillo@livelihoods-venture.com

13	World Bank	Ms. Maria DIMITRIADOU Senior International Affairs Officer	mdimitriadou@worldbankgroup.org ; jverbeek@worldbank.org
14	CSO Partnership for Development Effectiveness (CPDE)	Ms. Maria Theresa LAURON Co-chair, CSO Partnership for Development Effectiveness IBON International	tlauron@aprnet.org
15		Mr. Vitalice MEJA Coordinator Reality of Aid Africa	meja@realityofaid.org
16		Ms. Izabella TOTH Senior Corporate Strategist, CORDAID Chair of CONCORD FfD & Relief Working group	izabella.toth@cordaid.org
17	International Trade Union Confederation (ITUC)	Mr. Joan LANFRANCO	joan.lanfranco@ituc-csi.org ; paola.simonetti@ituc-csi.org ; SIMONDS@tuac.org
19		Mr. Diego LOPEZ-GONZALEZ	Diego.Lopez-Gonzalez@ituc-csi.org ;
Joint Support Team			
20	OECD/JST	Ms. Nadine GBOSSA Head, Global Partnerships and Policies (GPP), Development Co-operation Directorate	nadine.gbossa@oecd.org
22		Ms Chantal VERGER Acting Head of Unit, GPEDC, GPP/DCD	chantal.verger@oecd.org
23		Mr. Thomas BOEHLER Policy Analyst, GPEDC, GPP/DCD	Thomas.boehler@oecd.org
24		Ms. Naeeda CRISHNA MORGADO Policy Analyst Green Finance / Private Sector Engagement, GPP/DCD	Naeeda.CRISHNAMORGADO@oecd.org
25	UNDP/JST	Marcos NETO Director, Istanbul International Centre for Private Sector in Development	marcos.neto@undp.org ; yuko.suzuki@undp.org ; benjamin.morgan@undp.org