

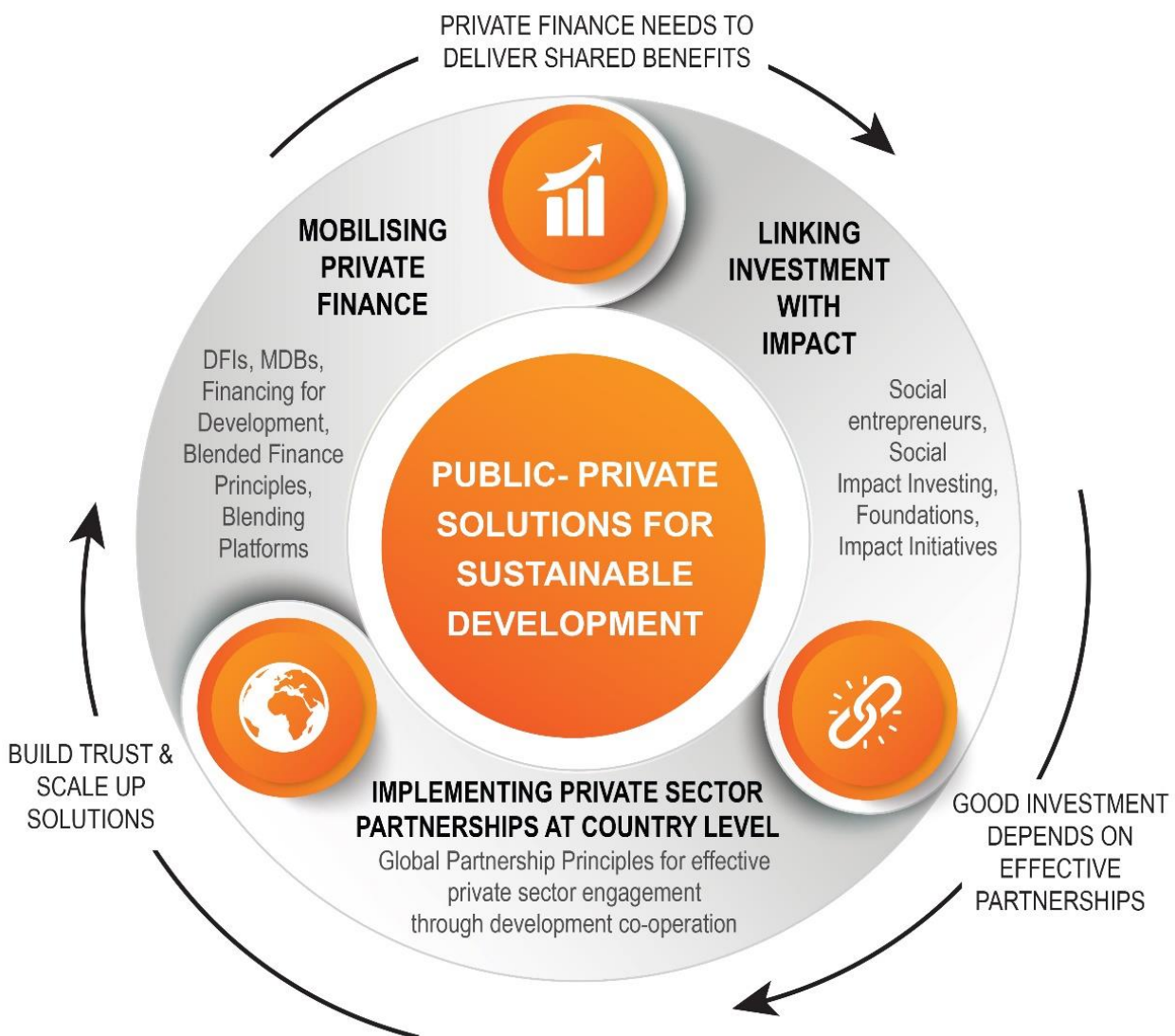
# PRIVATE SECTOR ENGAGEMENT THROUGH DEVELOPMENT CO-OPERATION

16 -17 January 2019 – Paris, France

## MAKING PRIVATE SECTOR PARTNERSHIPS WORK: HOW CAN DEVELOPMENT CO-OPERATION CONTRIBUTE?

Businesses are applying creativity, investments and innovation to solve sustainable development challenges. With this, they make a tremendous contribution to achieving the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). By working closely together, public and private actors can mobilise additional private finance, link such investments with an impact imperative and ensure private sector partnerships at the country level are delivering the intended results and impact (see graph 1).

Graph 1: Public-private solutions for sustainable development: Three key dimensions.



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To date, much attention has been given to mobilising private finance for the 2030 Agenda. Linking investments to impact and implementing effective partnerships at the country level are critical as development partners are providing new windows of support to engage the private sector.

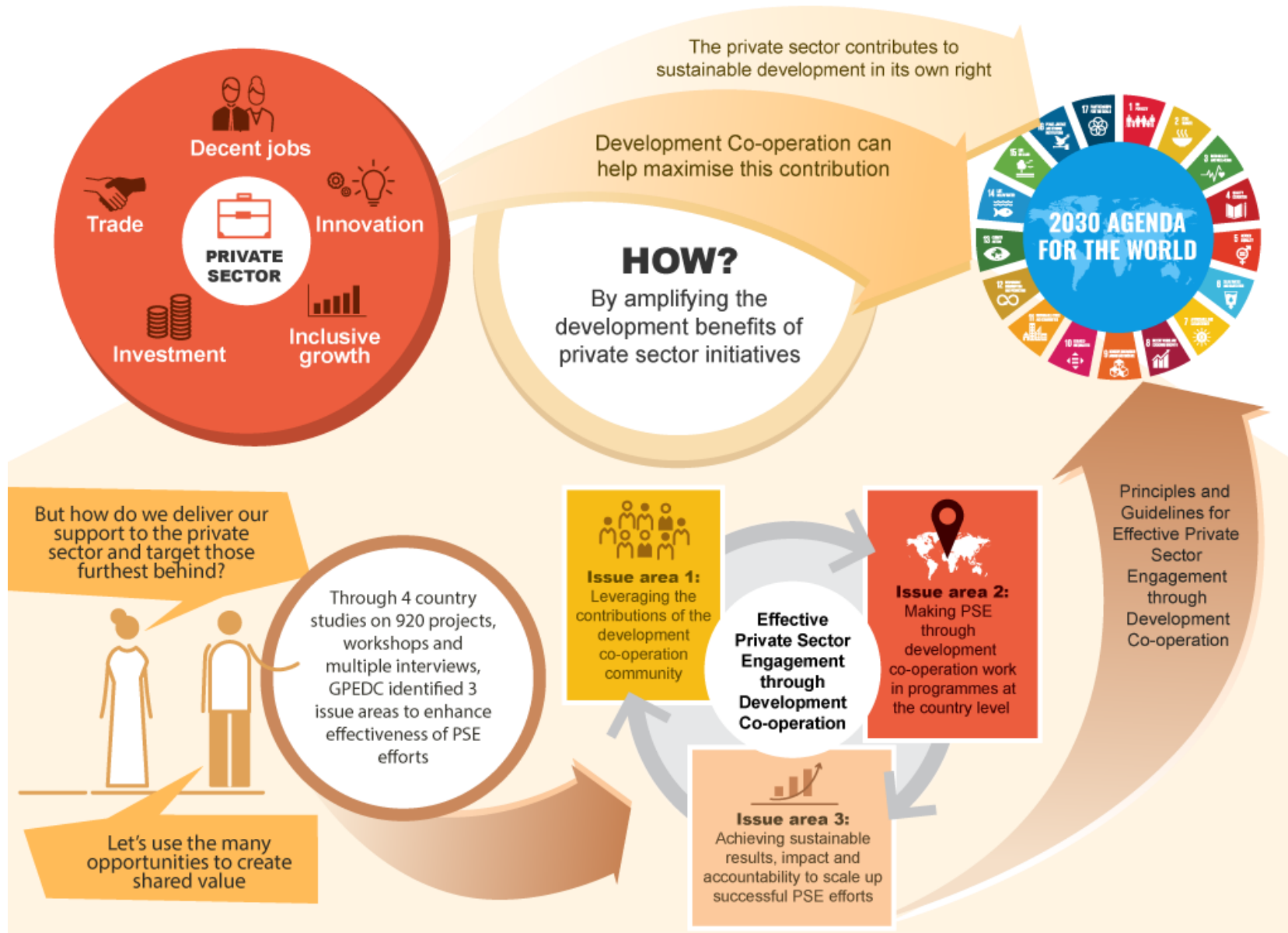
Development partners are learning from their experiences and adapting policies and approaches in order to create incentives, manage risks and ensure investments lead to shared value for businesses and society. This has led to a remarkable shift in how development co-operation is perceived and conducted. As governments, civil society and the diverse private sector seize new opportunities to work together effectively, there is a need to focus more on how to use public resources to serve this purpose.

For private sector engagement (PSE) through development co-operation to fully take off, a number of polarised views need to be addressed. Different actors are concerned about the risk of using public resources purely for private motives and leading to market distortions, or the potential for de facto tied aid. Engaging the private sector through international public support also requires dedicated efforts to target those most in need and lift people out of poverty, as well as greater attention to delivering long-lasting, sustainable results. With different interests at play, it remains challenging to generate “shared value” – i.e. commercial *and* developmental benefits. Many actors are also concerned about the potential harmful effects of certain practises of the private sector and a lack of effective safeguards.

Yet, despite such challenges, the vibrancy with which investors and businesses engage with the development co-operation community is testimony to the growing potential of development co-operation in engaging the private sector in sustainable development. At the same time, and despite encouraging good practices of private sector partnerships at the country level, many consider that private sector engagement (PSE) through development co-operation does not live up to its full potential yet. This calls for a more systematic effort to amplify the development benefits of private sector initiatives and principles and guidelines for effective PSE through development co-operation (see Graph 2).

With the focus on the *implementation* of projects at the country level, the Global Partnership for Effective Development Co-operation (GPEDC) aims to complement efforts by others on *mobilising* private finance for the SDGs.

Graph 2: How development co-operation supports private sector partnerships at country level?



## **PRIVATE SECTOR PARTNERSHIPS: WHAT ARE THE ISSUES?**

Case studies in four countries – Bangladesh, El Salvador, Egypt and Uganda – led to the identification of three inter-related and mutually reinforcing issue areas, summarised in an issues paper<sup>1</sup> (see Graph 3). These focus on:

- Leveraging the contributions of the development co-operation community
- Making PSE work in programmes at the country level
- Achieving sustainable results, impact and accountability to scale up successful PSE projects.

The over 900 projects reviewed for the issues paper had a particular focus on the finance modality, characterised by a direct transfer of resources by development partners to projects supported by the private sector. However, the issues identified have relevance for all modalities of PSE through development co-operation, also non-financial support, such as capacity building and dialogue.

The issues will inform PSE principles which aim to complement other existing principles, such as those for blended finance and those by the United Nations Global Compact. They are embedded in a range of framing conditions that are considered critical for effective PSE and are informed by and leverage contributions from ongoing policy debates in other forums (such as enabling environment and ESG standards).

## **WHICH ISSUES DO DIFFERENT ACTORS PRIORITISE?**

This set of issues provide the basis for inclusive consultation amongst a broad set of stakeholders, with the aim of identifying and distilling priorities. A survey shows that the issues are of great importance, with some particular urgency around the following:

- The importance of development co-operation in **building relationships and trust** through the participation of diverse stakeholders in PSE projects and in incentivising partnerships and investments through the promotion of collaboration across sections.
- **Raising awareness** of PSE opportunities among the local private sector, working with local partners in project planning and implementation and improving co-ordination at the country level, including between government and development partners are also important.
- The importance of **monitoring results** of PSE projects to generate evidence, lessons and ensure transparency and accountability, and the need to communicate results to promote learning and scaling up of PSE efforts.

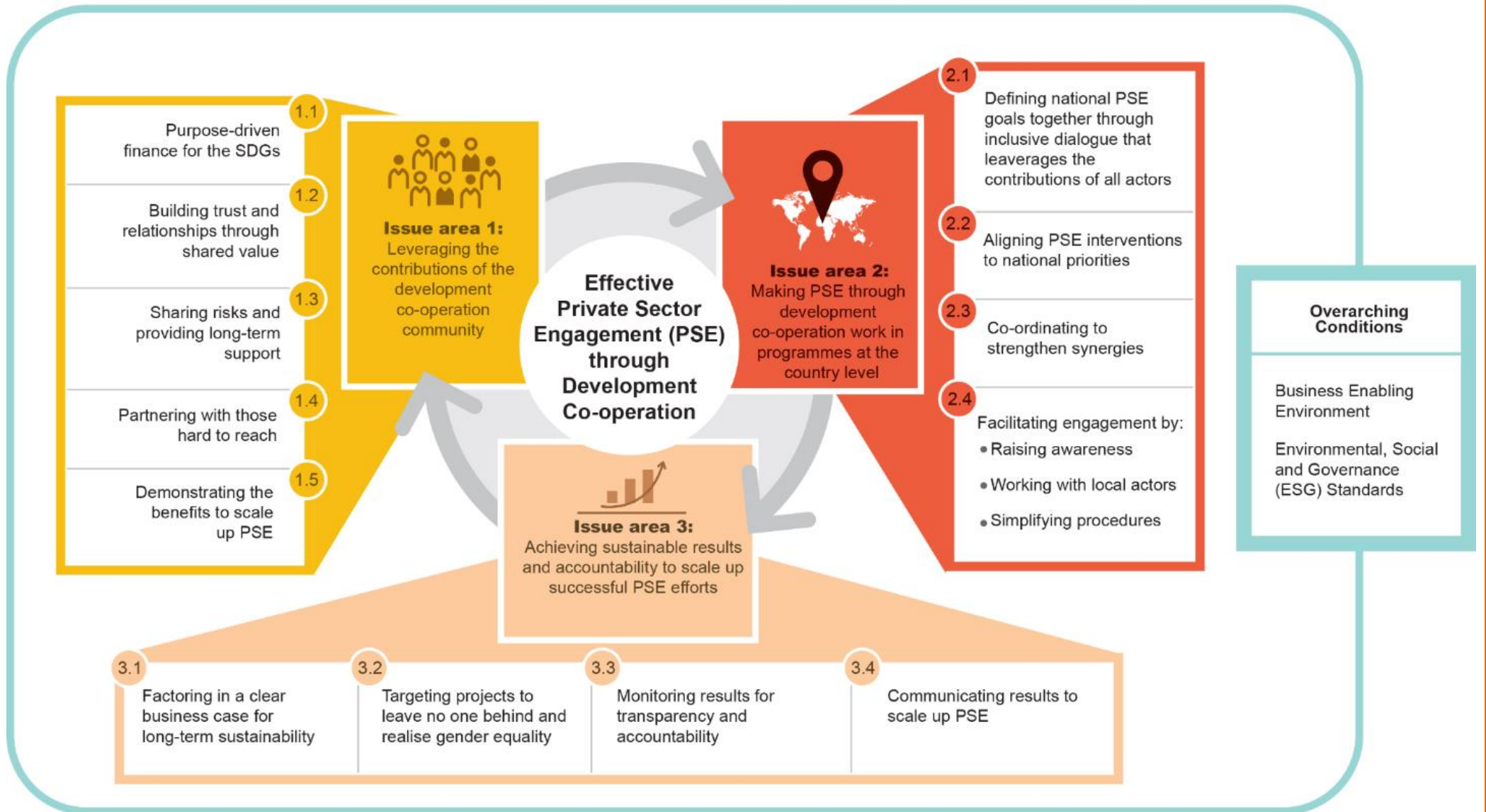
Members of the Global Partnership's [Business Leaders Caucus](#), a senior-level advisory group, have highlighted that any principles and guidelines for effective PSE through development co-operation should be *grounded in efforts to build trust and relationships* between the private sector and other actors at the country level. They also highlight: (a) the need to share risks proportionally; (b) Support national development priorities; (c) Establishing realistic expectations for targeting those underserved by the market; (d) Demonstrate results; and (e) Establish inclusive public-private dialogue.

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<sup>1</sup> <http://effectivecooperation.org/wp-content/uploads/2018/11/PSE-Issue-Areas-Paper-for-Consultation.pdf>



Graph 3: Issue Areas for Consideration



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### A SPECIALISED POLICY DIALOGUE: WHAT SHOULD WE LEARN?

As part of the OECD Week on Private Finance for Sustainable Development, this Specialised Policy Dialogue of the Global Partnership for Effective Development Co-operation (GPEDC) will be an open and inclusive dialogue among all relevant partners to accelerate progress towards more effective PSE through development co-operation. It brings businesses and investors together with senior policy makers and practitioners from governments, civil society, trade unions, parliaments and international organisations for a frank and open dialogue.

Building on the emerging issue areas outlined above, the primary objective of the dialogue is to foster a common understanding of the challenges and opportunities faced when implementing PSE projects at the country level and to shape PSE principles and guidelines to help scale up solutions with all partners and across sectors and regions, in the run up to the Global Partnership's Senior-Level Meeting in July 2019 in New York. Whereas others have focused on mobilisation of private sector resources for sustainable development at national and international level, the work of the Global Partnership focuses on effectiveness in project and programme implementation at the country level.

The dialogue will address a number of key questions:

- How can PSE, mobilised through development co-operation, help build prosperous societies by sharing risks, reaching those most in need and delivering effectively against agreed results?
- How can public, private & civil society actors build trust to support effective PSE at country level?
- What are the roles and expectations of different actors in PSE, and how to harness their contributions to scale up successful PSE projects?
- What should be elements of principles and guidelines for effective PSE through development co-operation?

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## AGENDA

### WEDNESDAY, 16 JANUARY 2019

|                  |  |   |
|------------------|--|---|
| 9.30am – 12.45pm | <b>Learning from Private Sector Engagement in South-South and Triangular Co-operation (BB12)</b> | <b>Business Leaders Caucus</b><br>(closed meeting, BB3) |
| 1.30pm – 2.00pm  | Welcome and registration ( <i>Venue of dialogue: Boulogne Auditorium</i> )                       |   |
| 2.00pm – 3.00pm  | <b>OPENING: Engaging the private sector through development co-operation: What is at stake?</b>  |   |

Making best use of private sector engagement (PSE) efforts, mobilised through development co-operation, requires an honest debate about how to harness its full potential and address underlying challenges and concerns raised by partner country governments, the private sector, civil society organisations and some development partners. Building on recent analytical work and consultations on PSE, this session will set the scene and identify the main building blocks for PSE effectiveness. It will also help participants understand the role of the Global Partnership in promoting the effectiveness of all types of development co-operation, including PSE as an increasingly relevant policy area.

**Master of Ceremony: Henri-Bernard Solignac-Lecomte**, Senior Communications Manager, OECD

**Host, Moderator and Introduction: Jorge Moreira da Silva**, Director, Development Co-operation Directorate, OECD

- **Welcome:**
  - **Fred Twesiime**, Commissioner, Ministry of Finance, Uganda
  - **Uta Böllhof**, Deputy Director-General, Federal Ministry of Economic Cooperation and Development, Germany
  - **Vitalice Meja**, Co-chair, CSO Partnership for Development Effectiveness (CPDE)
- **Creating Shared Value for Development & Commercial Benefits**  
**Drew Smith**, Director, Strategic Planning & Operations, Global Affairs Canada
- **Private Sector Principles: What is in it for the private sector?**  
**Cristina Moral Zarrabeitia**, Head Corporate Responsibility, Ferrovial

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### 3.00pm – 4.30pm **SESSION 1: Generating benefits for those left furthest behind: How to manage risks and deliver effectively?**

Purpose driven finance from development partners aims to promote investments and solutions that target needs in remote areas and for marginalised populations, including through partnerships with micro, small and medium-sized enterprises (MSMEs), actors in the informal sector, youth and women. The 2030 Agenda provides the overarching framework for PSE, mobilised through development co-operation. However, PSE is not without its risks for the partners involved. Many of these risks amplify in the context of efforts to ensure no one is left behind, requiring partners to operate according to a clear business case, co-manage financial and other risks together, and ensure a focus on shared value – generating development outcomes and business profits.

**Questions:** How can purpose driven finance be used to de-risk private investment and partnerships to generate development outcomes for those furthest left behind alongside financial returns? What are the main opportunities and challenges for businesses and governments? How can partners effectively define, monitor and realise results that support the 2030 Agenda and the Sustainable Development Goals?

**Moderator:** **Kim Bettcher**, Director, Knowledge Management, Centre for International Private Enterprise

Panel interventions followed by live-polling and interactive debate:

- **Mories Atoki**, Senior Manager, Risk Assurance/Sustainability, PwC Nigeria
- **Gunter Schall**, Head of Unit, Private Sector and Development, Austrian Development Agency (ADA) and Chair, PSE Group, Donor Committee on Enterprise Development (DCED)
- **Anwar Hossain**, Joint Secretary, Ministry of Finance, Bangladesh
- **Pierre Hubbard**, General Secretary, Trade Union Advisory Committee to the OECD (TUAC)
- **Jeroen Kwakkenbos**, Senior Aid Policy & Development Finance Advisor, Oxfam Global

4.30pm – 5.00pm *Coffee break*

### 5.00pm – 6.30pm **SESSION 2: Building trust to make PSE work at the country level**

Successful PSE is underpinned by trust between different stakeholders. At the country level, clear government priorities for private sector partnerships, in line with national development strategies and the aspirations of the 2030 Agenda, set the framework for partners to work in line with shared expectations. Frank and inclusive public-private dialogue is critical to support trust building across sectors – by identifying challenges,



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roles and solutions jointly, and collaborating towards shared objectives. The development co-operation community can help build and strengthen such trust-based relationships among actors in many ways, for example by supporting national governments in defining PSE goals and by acting as brokers to connect business partners with those who are underserved by the market, including MSMEs.

**Questions:** How can national governments, businesses and development partners build trust among actors at the country level, including through public-private dialogue to set priorities for PSE?

**Moderator:** **H.E. Mr. Saber Chowdhury**, Member of Parliament, Bangladesh and Managing Director, Karnaphuli Ltd.

**Kick-off:** **Madelka McCalla**, Global Stakeholder Relations, AES Corporation: “Establishing good relations between private sector and local communities”

Panel interventions followed by live-polling and interactive debate:

- **H.E. Mr. Inocencio García Javier**, Vice Minister of International Cooperation, Dominican Republic
- **Henry McLoughlin**, Director, Corporate Development, Capricorn Investment Group
- **Maria Lombardo**, Head, Responsible Investment EMEA, Invesco
- **Antti Karhunen**, Head of Unit, Private Sector and Trade, International Cooperation and Development, European Commission

**6.30pm – 7.30pm** *Cocktail (hosted by GPEDC’s Co-chairs) (Terrace inside)*

## THURSDAY, 17 JANUARY 2019

**9.30am – 11.00am** **ROUNDTABLE: Scaling up effective PSE through development co-operation: Harnessing the contributions of all actors by focusing on results**

Illustrated by examples of contributions from different actors to support effective PSE, this roundtable will discuss the roles and responsibilities of public, private and civil society partners to scale up effective private sector partnerships, and how to ensure a focus on results, such as the creation of decent jobs.

**Questions:** What is needed to make partnering among different actors effective? What roles should each actor play to scale up successes – governments, development partners, the private sector, civil society, parliamentarians, trade unions and others? How can partners effectively define, monitor and realise results together that support the 2030 Agenda and the Sustainable Development Goals? What is needed to scale these results?

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**Moderator: Paloma Duran Y Lalaguna**, Head of Division, Global Partnerships and Policies, Development Co-operation Directorate, DCD

**Roundtable discussion and interactive debate with the audience:**

- **Alan AtKisson**, Assistant Director General, Department of Partnership and Innovation, Swedish International Development Cooperation Agency (SIDA), Sweden
- **Mario Sander**, Special Representative and Director for Europe, World Bank
- **José Antonio González**, Executive Director, Peruvian Agency for International Cooperation (APCI), Peru
- **H.E. Mr. Amadou Cissé**, Member of Parliament, Mali
- **Beverly Longid**, Co-Chair, CSO Partnership Development Effectiveness
- **Paola Simonetti**, Deputy Director, International Trade Union Confederation (ITUC)

**11.00am – 11.30am** *Coffee break*

**11.30pm – 12.30pm** **Towards principles for effective private sector engagement: A focus on the implementation of private sector partnerships at the country level**

The concluding panel discussion will build on the substantive policy discussions, explore proposed elements for PSE principles and encourage participants to engage in the Global Partnership's effort to develop principles and guidelines in the run up to the Global Partnership Senior Level Meeting in July 2019 in New York.

**Moderator: Janet Longmore**, CEO, Digital Opportunity Trust

**Emerging Principles: Uta Böllhof**, Deputy Director-General, Federal Ministry of Economic Cooperation and Development, Germany

- **H.E. Dr. Sahar Nasr**, Minister of Investment and International Co-operation, Egypt
- **Pearl Uzokwe**, Director, Governance & Sustainability, Sahara Group, Nigeria
- **Vitalice Meja**, Co-chair, CSO Partnership for Development Effectiveness (CPDE)

**Closing address: Masamichi Kono**, Deputy Secretary General, OECD



Specialised Policy Dialogue

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