T H E

K A M P A L A

P R I N C I P L E S:

Online Toolkit for Trade Unions

# **Table of Contents**

[**Glossary with Key Terms and Definitions 4**](#_Toc101800021)

[**INTRODUCTION 6**](#_Toc101800022)

[**KAMPALA PRINCIPLE 1: INCLUSIVE COUNTRY OWNERSHIP. 8**](#_Toc101800023)

[Sub-Principle 1.A: Define National PSE Goals Through an Inclusive Process 8](#_Toc101800025)

[Sub-Principle 1.B: Align and co-ordinate PSE through development co-operation with national priorities and strategies 9](#_Toc101800026)

[Sub-Principle 1.C: Invest in capacities for PSE through development cooperation 10](#_Toc101800027)

[**KAMPALA PRINCIPLE 2: RESULTS AND TARGETED IMPACT 11**](#_Toc101800028)

[Sub-Principle 2.A: Focus on maximising sustainable development results 11](#_Toc101800030)

[Sub-Principle 2.B: Ensure sustainable development results by aligning core business and development interests 12](#_Toc101800031)

[Sub-Principle 2.C: Engage in partnerships according to international standards 13](#_Toc101800032)

[**KAMPALA PRINCIPLE 3: INCLUSIVE PARTNERSHIP 14**](#_Toc101800033)

[Sub-Principle 3.A: Support and participate in inclusive dialogue and consultation 15](#_Toc101800035)

[Sub-Principle 3.B: Promote inclusive, bottom-up and innovative partnerships and raise awareness of engagement opportunities 16](#_Toc101800036)

[Sub-Principle 3.C: Make partnerships more accessible 16](#_Toc101800037)

[**KAMPALA PRINCIPLE 4: TRANSPARENCY AND ACCOUNTABILITY 18**](#_Toc101800038)

[Sub-Principle 4.A: Measure results 18](#_Toc101800040)

[Sub-Principle 4.B: Disseminate results 19](#_Toc101800041)

[Sub-Principle 4.C: Ensure Accountability 20](#_Toc101800042)

[**KAMPALA PRINCIPLE 5: LEAVE NO ONE BEHIND 21**](#_Toc101800043)

[Sub-Principle 5.A: Ensure that a private sector solution is the most appropriate way to reach those furthest behind 21](#_Toc101800045)

[Sub-Principle 5.B: Target specific locations, markets, value chains and investor types that are most likely to have a positive impact on those furthest behind 22](#_Toc101800046)

 [Sub-Principle 5.C: Share risks proportionately to incentivise private sector contributions to leave no-one behind 23](#_Toc101800047)

[Sub-Principle 5.D: Establish provisions to mitigate and manage risks 24](#_Toc101800048)

# **Glossary with Key Terms and Definitions**

**BLENDED FINANCE:** Blended finance is the strategic use of development finance for the mobilisation of additional finance (public and/or private) towards sustainable development in developing countries. The World Economic Forum and OECD (2015) note that blended finance has three characteristics: leverage, the use of development or philanthropic funds to attract capital into deals (i.e. concessional finance); impact, investments that drive social, environmental and economic progress; and returns, in line with market expectations based on real and perceived risks.

**CIVIL SOCIETY ORGANISATIONS:** The multitude of associations around which society voluntarily organizes itself and which represent a wide range of interests and ties. These can include community-based organisations, indigenous peoples’ organisations and non-government organisations.

**DEVELOPMENT CO-OPERATION:** Development co-operation is an activity that “aims explicitly to support national or international development priorities, is not driven by profit, discriminates in favour of developing countries and is based on co-operative relationships that seek to enhance developing country ownership”. Official Development Assistance is one form of financing within a much broader palette of development co-operation approaches and instruments. These include non-concessional finance, South-South and triangular co-operation, climate finance, co-operation among governments on non-aid policies, and co-operation with and among non-governmental actors, such as businesses and civil society.

**DEVELOPMENT PARTNERS:** This refers to the range of national and international organisations that partner with countries receiving development co-operation to realise national sustainable development priorities and achieve the SDGs. They include governments that provide different types of development co-operation, multilateral organisations such as United Nations agencies and programmes, international financial institutions such as the World Bank, bilateral development finance institutions and philanthropic organisations. They may also include civil society organisations, trade unions and parliamentary organisations in their capacity as implementing partners.

**LARGE DOMESTIC CORPORATION:** Large domestic corporations include all resident corporations and quasi-corporations that are not controlled by government or by non-resident institutional units and employ 250 or more employees.

**MICRO-SMALL AND MEDIUM-SIZED ENTERPRISES (MSME):** Micro, small and medium-sized enterprises (SMEs) are non-subsidiary, independent firms which employ fewer than a given number of employees. This number varies across countries. The most frequent upper limit designating an SME is 250 employees, as in the European Union. Small firms are generally those with fewer than 50 employees, while micro-enterprises have at most 10, or in some cases 5, workers. The turnover of medium-sized, small and micro enterprises should not exceed EUR 50 million, EUR 10 million or EUR 2 million, respectively.

**MULTINATIONAL CORPORATION (MNC):** A multinational corporation, sometimes also called multinational enterprise (MNE), just multinational or international corporation, is an enterprise producing goods or delivering services in more than one country. A multinational enterprise has its management headquarters in one (or rarely more than one) country, the home country, while also operating in other countries, the host countries.

**PARTNER COUNTRIES:** These are countries that go into partnerships with development partners in the pursuit of advancing on their national development priorities and achieving development outcomes. They mostly consist of low- and middle-income countries who face disproportionately higher development challenges. It is these contexts, where local policy processes an implementation of development co-operation programmes and projects take place.

**PRIVATE SECTOR:** The organisations that make up the private sector are those that engage in profit-seeking activities and have a majority private ownership (i.e., they are not owned or operated by a government). The term includes financial institutions, multinational companies, micro, small and medium- sized enterprises, co-operatives, individual entrepreneurs, and farmers who operate in the formal and informal sectors. The term excludes actors with a non-profit focus, such as civil society organisations.

**PRIVATE SECTOR DEVELOPMENT:** Activities carried out by governments and development organisations with the objective of promoting an enabling environment for the private sector in partner countries. Private sector development refers to the substantive nature of particular development activities (i.e. the sector targeted by development interventions). Activities include the creation of an adequate policy environment, addressing market imperfections (e.g. value chain development) and firm-level interventions (e.g. capacity building, access to finance and markets).

**PRIVATE SECTOR ENGAGEMENT:** The aim of private sector engagement (PSE) through development co-operation is to leverage the private sector to achieve development objectives, while at the same time recognising the need for financial return for the private sector. In 2016, the OECD defined PSE in development co-operation as “an activity that aims to engage the private sector for development results, which involves the active participation of the private sector.”1 The definition is broad and includes all modalities - such as finance, policy dialogue, capacity development, technical assistance, knowledge sharing and research. These efforts and actions range from informal collaboration to more formalised arrangements, encompassing many sectors (e.g., health, education, private sector development, etc.).

**TRADE UNIONS**: A trade union is defined as a workers’ organization constituted for the purpose of furthering and defending the interests of workers.

# INTRODUCTION

Why a toolkit for Private Sector Engagement?

Development co-operation actors are increasingly working with the private sector in their projects and programmes to address the challenges brought by the pandemic and climate change, and to deliver on the 2030 Agenda at the country level. This trend has created a demand by these actors for more practical guidance on how to design, implement or review a private sector engagement (PSE**[[1]](#footnote-2)**) policy, programme or project. These actors are also keen to promote mutual learning, knowledge exchange and innovation in PSE.

This toolkit provides guidance for stakeholders to practically apply the [Kampala Principles for Effective Private Sector Engagement](https://www.effectivecooperation.org/content/kampala-principles-effective-private-sector-engagement-through-development-co-operation) – a set of 5 normative principles and 16 sub-principles – to guide private sector partnerships in development co-operation to deliver better outcomes at country level. The ultimate goal of this toolkit is to inspire stakeholders to invest in new ways of collaborating with the private sector as a genuine partner in development co-operation in the pursuit of the 2030 Agenda and the SDGs. In the spirit of SDG 17, it also aims to foster greater recognition of the partnership angle of development co-operation and of the concerns of different stakeholders active in this endeavour.

Strong, multi-stakeholder partnerships come into being through the work of champions. The toolkit is meant to inspire all actors engaged in partnerships with the private sector to cultivate and improve their relationships with the Kampala Principles in mind. Kampala Principles ‘champions’ will be important to showcase what good looks like and scale up such practices with the ambition to deliver better to achieve the 2030 Agenda with the help of different private sector actors as genuine partners in development.

While the GPEDC working definition of PSE includes mobilisation of additional private finance, the guidance in this toolkit is mostly focused on the implementation and practical use of international public resources to support policy or projects with the private sector. Nevertheless, the toolkit does provide indicative guidance that could be relevant for mobilisation of additional finance and points to relevant resources for those who are interested in consulting more information.

The toolkit unpacks the Kampala Principles into action-oriented guidance with a strong focus on country and local level perspectives. It is based on inclusive dialogue and consultations with a wide range of development co-operation actors over the last three years.

Who is the toolkit for?

The toolkit comes in five parts. This part is meant to provide guidance to **trade unions** that wish to start systematic engagement with the private sector in their development co-operation activities or improve their ongoing practices. The other toolkit parts support action by partner country governments, development partners, the diverse set of private sector actors, and trade unions.

What are the base assumptions of this toolkit?

The toolkit recognises that trade unions operate in distinct ways and through different channels with the private sector, with varying perspectives and demands for information. It also acknowledges that the private sector is comprised of a wide variety of actors with substantial differences in terms of interests, motivations and capacities. The toolkit, therefore, should not be perceived as a one-size-fits-all handbook of solutions for all topics, PSE modalities and types of trade unions and private actors. Rather, it serves as *meta-guide* pointing to relevant and more detailed information from other sources to provide all actors the possibility to use the provided guidance in line with their own activities and systems.

How does the toolkit work?

This is a draft document intended to facilitate consultations on the toolkit with relevant development actors. A final version will be made available as an interactive online platform in the run up to the Effective Development Co-operation Summit 2022 (12-14 December 2022). The toolkit will be freely accessible to all stakeholders online. It will allow users to follow relevant content and filter specific information of interest. The guidance provided under each of the sub-principles is divided into: a) an explanation on importance; b) priority questions for self-reflection; c) priority actions to consider; d) common pitfalls to avoid; e) examples of good country-level practices; and f) resources for further reading.

How to navigate through this document?

To ease the review process, the content is displayed in a format resembling the functionality of an online toolkit. Hyperlinks and bookmarks are incorporated to enhance interactivity and to easily navigate within the document. The [**table of contents**](#_Table_of_Contents) provides a broad overview and allows for jumping to specific sections of interest using the command **‘ctrl+click’**. At the end of each Kampala Sub-Principle and in the bottom right corner of each page you will find the **button** ‘[Back to Overview Ý](#_Table_of_Contents)’, and the **button** [Ý](#_Table_of_Contents), respectively. Both lead back to the table of contents in the beginning of this document. Should readers be interested in certain sub-topics, i.e. self-assessment questions, actions to consider, pitfalls to avoid, country examples or resources only, the **bookmarks overview** enables to click and choose among the different options under each Kampala Principle (see below). Clicking on the **button** [[**Ü**](#Self_Assess_KP1B)](#Self_Assess_KP1A)located next to each sub-heading using ‘**ctrl+click**’ will redirect the reader to the same topic under the subsequent Kampala Sub-Principle (e.g., from the country example under KP 1B to the country example under KP 1C).

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| **Bookmarks Overview** |
| Kampala Principle | Self-Reflection Questions | Actions to consider | Pitfalls to avoid | Country examples | Resources |
| **1) Inclusive country ownership** | [A) National PSE goals](#_1.A_Define_National)[B) National priorities alignment](#_1.B_Align_and)[C) PSE capacities investment](#_1.C_Invest_in) | [Reflect\_KP1A](#Self_Assess_KP1A)[Reflect\_KP1B](#Self_Assess_KP1B)[Reflect\_KP1C](#Self_Assess_KP1C) | [Actions\_KP1A](#Actions_KP1A)[Actions\_KP1B](#Actions_KP1B)[Actions\_KP1C](#Actions_KP1C) | [Pitfalls\_KP1A](#Pitfalls_KP1A)[Pitfalls\_KP1B](#Pitfalls_KP1B)[Pitfalls\_KP1C](#Pitfalls_KP1C) | [Example\_KP1A](#Country_Example_KP1A)[Example\_KP1B](#Country_Example_KP1B)[Example\_KP1C](#Country_Example_KP1C) | [Resources\_KP1A](#Resources_KP1A)[Resources\_KP1B](#Resources_KP1B)[Resources\_KP1C](#Resources_KP1C) |
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| **2) Results & Targeted Impact** | [A) Sustainable dev. results](#_2.A_Focus_on)[B) Align business & dev. interests](#_2.B_Ensure_sustainable)[C) International standards](#_2.C_Engage_in) | [Reflect\_KP2A](#Self_Assess_KP2A)[Reflect\_KP2B](#Self_Assess_KP2B)[Reflect\_KP2C](#Self_Assess_KP2C) | [Actions\_KP2A](#Actions_KP2A)[Actions\_KP2B](#Actions_KP2B)[Actions\_KP2C](#Actions_KP2C) | [Pitfalls\_KP2A](#Pitfalls_KP2A)[Pitfalls\_KP2B](#Pitfalls_KP2B)[Pitfalls\_KP2C](#Pitfalls_KP2C) | [Example\_KP2A](#Country_Example_KP2A)[Example\_KP2B](#Country_Example_KP2B)[Example\_KP2C](#Country_Example_KP2C) | [Resources\_KP2A](#Resources_KP2A)[Resources\_KP2B](#Resources_KP2B)[Resources\_KP2C](#Resources_KP2C) |
|  |  |  |  |  |  |  |
| **3) Inclusive partnerships** | [A) Inclusive dialogue](#_3.A_Support_and) [B) Bottom-up partnerships](#_3.B_Promote_inclusive,)[C) Accessibility of partnerships](#_3.C_Make_partnerships) | [Reflect\_KP3A](#Self_Assess_KP3A)[Reflect\_KP3B](#Self_Assess_KP3B)[Reflect\_KP3C](#Self_Assess_KP3C) | [Actions\_KP3A](#Actions_KP3A)[Actions\_KP3B](#Actions_KP3B)[Actions\_KP3C](#Actions_KP3C) | [Pitfalls\_KP3A](#Pitfalls_KP3A)[Pitfalls\_KP3B](#Pitfalls_KP3B)[Pitfalls\_KP3C](#Pitfalls_KP3C) | [Example\_KP3A](#Country_Example_KP3A)[Example\_KP3B](#Country_Example_KP3B)[Example\_KP3C](#Country_Example_KP3C) | [Resources\_KP3A](#Resources_KP3A)[Resources\_KP3B](#Resources_KP3B)[Resources\_KP3C](#Resources_KP3C) |
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| **4) Transpa-rency & Accountability** | [A) Measure results](#_4.A_Measure_results)[B) Disseminate results](#_4.B_Disseminate_results)[C) Ensure accountability](#_4.C_Ensure_Accountability) | [Reflect\_KP4A](#Self_Assess_KP4A)[Reflect\_KP4B](#Self_Assess_KP4B)[Reflect\_KP4C](#Self_Assess_KP4C) | [Actions\_KP4A](#Actions_KP4A)[Actions\_KP4B](#Actions_KP4B)[Actions\_KP4C](#Actions_KP4C) | [Pitfalls\_KP4A](#Pitfalls_KP4A)[Pitfalls\_KP4B](#Pitfalls_KP4B)[Pitfalls\_KP4C](#Pitfalls_KP4C) | [Example\_KP4A](#Country_Example_KP4A)[Example\_KP4B](#Country_Example_KP4B)[Example\_KP4C](#Country_Example_KP4C) | [Resources\_KP4A](#Resources_KP4A)[Resources\_KP4B](#Resources_KP4B)[Resources\_KP4C](#Resources_KP4C) |
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| **5) Leave no one behind** | [A) Assess private sector solution](#_5.A_Ensure_that) [B) Targeting for greatest impact](#_5.B_Target_specific)[C) Risk sharing](#_5.C_Share_risks)[D) Risk mitigation](#_5.D_Establish_provisions) | [Reflect\_KP5A](#Self_Assess_KP5A)[Reflect\_KP5B](#Self_Assess_KP5B)[Reflect\_KP5C](#Self_Assess_KP5C)[Reflect\_KP5D](#Self_Assess_KP5D) | [Actions\_KP5A](#Actions_KP5A)[Actions\_KP5B](#Actions_KP5B)[Actions\_KP5C](#Actions_KP5C)[Actions\_KP5D](#Actions_KP5D) | [Pitfalls\_KP5A](#Pitfalls_KP5A)[Pitfalls\_KP5B](#Pitfalls_KP5B)[Pitfalls\_KP5C](#Pitfalls_KP5C)[Pitfalls\_KP5D](#Pitfalls_KP5D) | [Example\_KP5A](#Country_Example_KP5A)[Example\_KP5B](#Country_Example_KP5B)[Example\_KP5C](#Country_Example_KP5C)[Example\_KP5D](#Country_Example_KP5D) | [Resources\_KP5A](#Resources_KP5A)[Resources\_KP5B](#Resources_KP5B)[Resources\_KP5C](#Resources_KP5C)[Resources\_KP5D](#Resources_KP5D) |
| *Note*: Hyperlinks lead to specific sub-sections under each Kampala Principle. |

# **KAMPALA PRINCIPLE 1: INCLUSIVE COUNTRY OWNERSHIP.**

# **Strengthening coordination, alignment and capacity building at the country level**

Government leadership, inclusive and co-ordinated processes, and capacity at national and local levels impact the long-term sustainability and effectiveness of private sector engagement (PSE) through development co-operation. Development co-operation can support the creation and implementation of policies for PSE through development at country level, facilitate PSE through development co-operation in ways that maximise participation by local businesses and build the capacity of all stakeholders to contribute.

## **Sub-Principle 1.A: Define National PSE Goals Through an Inclusive Process**

Articulate a policy framework that is explicit about the role expected of the private sector in delivering national and sectoral development priorities in line with the 2030 Agenda and the contributions of PSE through development co-operation, including how success will be measured. Such frameworks should set clear expectations regarding priorities and objectives for PSE through development co-operation at national level, including in key sectors and markets. They should be developed through an inclusive and equitable process that allows for dialogue (including social dialogue) up front with all relevant stakeholders, including those with more limited capacities such as micro, small and medium-sized enterprises (MSMEs).

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| **Why is it important?** |
| A national strategy for working with the private sector in development cooperation can set or make reference to regulatory frameworks that companies should follow, identify priority sectors where companies can operate, set results frameworks around which companies can develop their projects, and create predictability. The involvment of Trade Unions is key to ensure there is national dialogue around integration of freedom of association, social dialogue and collective bargaining, and promoting decent work and the rights of working people within the strategy. It is also key to ensure that the strategy is framed within a normative approach to development – one that guarantees rights – and a vision of governments that maintains its developmental leadership role.  |
| **Self-Assessment Questions** [**Ü**](#Self_Assess_KP1B) |
| * Have you consulted the national PSE strategy (either a standalone policy or a section in an overall development co-operation strategy) of your country? How does it reflect with your priorities?
* Have you been involved in the elaboration of the national PSE strategy and/or definition of national PSE goals at the national level? Are there informal or more pragmatic ways to engage if the formal framework is restrictive?
* Have you clearly articulated where you need support from development partners and government and can offer specific opportunities for engagement?
 |
| **Actions to consider** [[**Ü**](#Self_Assess_KP1B)](#Actions_KP1B) |
| * Participate in national consultations.
* Be vocal if the process is not transparent and you have not been well informed of ongoing policies and strategy developments.
* Present credible, practical, relevant evidence.
 |
| **Pitfalls to avoid** [[**Ü**](#Self_Assess_KP1B)](#Pitfalls_KP1B) |
| * Engage in the process without preparing or providing any input.
* Engage in dialogues alone without forging alliances that can support your inputs, an activity that can be time-consuming.
 |
| **Country example** [[**Ü**](#Self_Assess_KP1B)](#Country_Example_KP1B) |
|  |
| **Resources** [[**Ü**](#Self_Assess_KP1B)](#Resources_KP1B) |
| [A trade union take on the SDGs 2021](https://www.ituc-csi.org/a-trade-union-take-on-the-sdgs-2021)[Trade union SDG Country Reports](https://www.ituc-csi.org/2030Agenda) ([FR](https://www.ituc-csi.org/2030Agenda?lang=fr)/[ESP](https://www.ituc-csi.org/2030Agenda?lang=es))[The\_private\_sector\_and\_its\_role\_in\_development\_a\_trade\_union\_perspective\_en.pdf (ituc-csi.org)](https://www.ituc-csi.org/IMG/pdf/the_private_sector_and_its_role_in_development_a_trade_union_perspective_en.pdf?msclkid=c0f5be03b59911ecb3c32a3c66d28394) |
| [Back to Overview Ý](#_Table_of_Contents) |

## **Sub-Principle 1.B: Align and co-ordinate PSE through development co-operation with national priorities and strategies**

Individual projects should be based on agreed objectives that are linked to national development priorities and the 2030 Agenda. Partners should align their efforts with the priorities identified in the plans and policies of national and sub-national governments, as well as through inclusive consultation. Co-ordination within and across stakeholder groups is equally important to ensure synergies among the work of different actors and alignment with national PSE priorities and the Sustainable Development Goals (SDGs).

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| **Why is it important?** |
| Aligning PSE projects to national development priorities of a country is key to ensure shared responsibility and accountability among numerous partners within the country. It will improve effectiveness and impact of the project. Trade Unions should monitor and hold account development actors when PSE projects are developed that they align to national development priorities and that an inclusive consultation process has been administered.  |
| **Self-Assessment Questions** [[**Ü**](#Self_Assess_KP1B)](#Self_Assess_KP1C) |
| * Is the project aligned with national development priorities and the 2030 Agenda for Sustainable Development? What Sustainable Development Goals does the PSE engagement touch on and may be leaving out?
* Does your PSE project explicitly indicate how it aligns with the national PSE and development goals?
* How often do relevant partners involved in your PSE projects review progress and ensure continued alignment with national and sub-national objectives? How inclusive are such reviews?
 |
| **Actions to consider** [[**Ü**](#Self_Assess_KP1B)](#Actions_KP1C) |
| * Actively consult and look for information that could help you align your projects and programmes with national strategies, including national development goals, use of national results framework and indicators, joint assessment of progress
* Participate in consultations and coordination meetings.
* Identify focal points and build relationships with other development actors including from governments, development partners and civil society.
 |
| **Pitfalls to avoid** [[**Ü**](#Self_Assess_KP1B)](#Pitfalls_KP1C) |
| * Ignore national development strategies if they don’t fit with your overall objectives. Overlook sub-national development priorities when developing a project.
* Implement projects without prior coordination with local authorities and civil society.
* Stay silent with development partners on the actual space that Trade Unions have to engage in domestic policies.
 |
| **Country example** [[**Ü**](#Self_Assess_KP1B)](#Country_Example_KP1C) |
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| **Resources** [[**Ü**](#Self_Assess_KP1B)](#Resources_KP1C) |
|  |
| [Back to Overview Ý](#_Table_of_Contents) |

## **Sub-Principle 1.C: Invest in capacities for PSE through development cooperation**

There is a need for investment in the development of institutional capacities to effectively partner across different stakeholder groups. The development community should also support the efforts of stakeholder groups to strengthen their capacity to engage effectively in PSE through development co-operation. This includes through national and local-level policy making and resource allocation with a particular focus on commonly excluded or difficult to reach groups.

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| **Why is it important?** |
| Investments in capacity building and training can secure Trade Unions funding and participation in projects that require tacit knowledge on local contexts and networks. |
| **Self-Assessment Questions** [[**Ü**](#Self_Assess_KP1B)](#Self_Assess_KP2A) |
| * Have you identified the skills and knowledge constraining you from involvement in development co-operation projects?
* Does the project have dedicated resources for building capacities of the partnership?
* Do you know where to look for accessing capacity building?
* Have you developed supporting guidelines for the use of staff and other stakeholders in support of formulation, implementation and assessment of partnerships with the private sector, including on due diligence processes?
 |
| **Actions to consider** [[**Ü**](#Self_Assess_KP1B)](#Actions_KP2A) |
| * Participate in capacity building activities to engage effectively in PSE projects and identify opportunities provided by development partners.
* Pool resources for training and capacity building with other actors such as CSOs.
* Support capacity building activities to facilitate engagement of members.
 |
| **Pitfalls to avoid** [[**Ü**](#Self_Assess_KP1B)](#Pitfalls_KP2A) |
| * Assume that development cooperation projects do not require specific training for successful implementation.
* Engage in projects unprepared and unaware of the specificities of development co-operation projects.
 |
| **Country example** [[**Ü**](#Self_Assess_KP1B)](#Country_Example_KP2A) |
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| **Resources** [[**Ü**](#Self_Assess_KP1B)](#Resources_KP2A) |
|  |
| [Back to Overview Ý](#_Table_of_Contents) |

# **KAMPALA PRINCIPLE 2: RESULTS AND TARGETED IMPACT**

# **Realising sustainable development outcomes through mutual benefits**

Private sector engagement (PSE) through development co-operation aims to realise better outcomes for people and the planet through partnerships that harness the mutual benefit from businesses and development stakeholders. Its effectiveness in achieving significant, sustained and sustainable development impacts depends on maximising clearly identified, well-defined and measurable sustainable development and business outcomes. predicting, avoiding and remedying unintended negative impacts; and ensuring that partnerships recognise and respect the needs and incentives of all partners.

## **Sub-Principle 2.A: Focus on maximising sustainable development results**

At the policy level there is a need to identify key sectors, markets and populations where increased private investment and entrepreneurial activity is needed to support sectoral, national and international sustainable development priorities and efforts to leave no one behind. It is also important to identify situations where PSE through development co-operation can support inclusive dialogue processes and the creation of partnerships involving private sector actors. Partners should identify and prioritise investments and engagement opportunities to maximise results for groups most in need, such as poor rural households and those living in urban poverty, women and young people. Delivering results for these groups will require partnerships with and support for micro, small and medium- sized enterprises (MSMEs), businesses and entrepreneurs in the informal sector, as well as trade unions and other relevant actors.

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| **Why is it important?** |
| Maximising sustainable development results is about bringing transformational change especially for those left behind. Trade Unions have a key role in holding partners to account that the main overall goal of the project is to achieve transformational change. When public finances are used to support PSE, the development objectives and desired results should determine the selection of the private sector partners. The project should, like any other, be evidenced-based, with careful targeting and tailored interventions. When all partners are on the same page about the objectives and desired outcomes of a project, these initiatives are more likely to be successful in producing the desired development results.  |
| **Self-Assessment Questions** [[**Ü**](#Self_Assess_KP1B)](#Self_Assess_KP2B) |
| * Are your activities and the targeting of your interventions towards specific sectors, markets and groups informed by the priorities and assessments of the government?
* Have you considered all the possible contributions you could make towards maximising the impact of development policies and project - i.e. identification of target groups, project implementation, advocacy, monitoring, communications etc.?
* Are all the partners’ net value gain from the project clear especially from the private sector? Do the partners understand the importance of social dialogue to ensure it is part of the programmes design?
 |
| **Actions to consider** [[**Ü**](#Self_Assess_KP1B)](#Actions_KP2B) |
| * Support governments and development partners in identifying sectors, markets and populations where PSE can maximise development results through participating in consultations or direct actions.
* Oversee the contribution of projects and programmes to decent work creation and the formalisation of the informal economy.
* Ensure that PSE projects guarantee the respect of labour rights (watchdog function).
* Take advantage of the range of development partner PSE modalities available including finances, technical expertise and knowledge transfer.
* Encourage all partners, especially the private sector should be involved as early as possible in the programme cycle.
 |
| **Pitfalls to avoid** [[**Ü**](#Self_Assess_KP1B)](#Pitfalls_KP2B) |
| * Remain silent when partners for the project focus solely on financial value forgoing the value of social and environmental impacts.
* Hold onto preconceived notions or biases going into the partnership.
* Adopt a short-term perspective on project outcomes.
* Be part of a project without a theory of change, business case and exit strategy.
 |
| **Country example** [[**Ü**](#Self_Assess_KP1B)](#Country_Example_KP2B) |
|   |
| **Resources**  |
| [Making private sector investments in development programs aligned with the SDGs - International Trade Union Confederation (ituc-csi.org)](https://www.ituc-csi.org/making-private-sector-investments)[Four Principles for Private Sector Engagement : PSI](https://www.psi.org/2021/06/four-principles-for-private-sector-engagement/)[Trade Union principles and guidelines on development effectiveness](https://d.docs.live.net/739b8f4a60e53e69/Desktop/My%20Documents/oecd_GPEDC/8GC_E_11_Appendix_I.pdf%20%28ituc-csi.org%29) |
| [Back to Overview Ý](#_Table_of_Contents) |

## **Sub-Principle 2.B: Ensure sustainable development results by aligning core business and development interests**

The sustainability of results relies on a high level of commitment by all partners. When working with the private sector, projects and partnerships should be built on appropriate incentives for private participation, upfront consideration for core business practices/cases and agreed exit strategies that ensure ongoing viability after support schemes end. Ensuring compatibility between core business activities and 2030 Agenda objectives ensures that efforts are mutually beneficial for all parties and can be sustained beyond the end of the partnership.

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| **Why is it important?** |
| The SDG targets are ambitious and require transformation of both public and private activities. This transformation means encouraging the adoption of new business models, bringing in new innovation/technology and doing business differently – more sustainably and more ethically. Partnerships with the private sector are more likely to succeed and have sustainable development results when they are clearly linked to core business operations. Trade Unions can work with the private sector to ensure results are part of the core business operations.  |
| **Self-Assessment Questions** [[**Ü**](#Self_Assess_KP1B)](#Self_Assess_KP2C) |
| * How can you encourage businesses to better align their core operations with the ambitions of sustainable development?
* Have you inputted into a project framework on how the partnership will jointly define and measure development and business outcomes?
 |
| **Actions to consider** [[**Ü**](#Self_Assess_KP1B)](#Actions_KP2C) |
| * Support the identification of development outcomes for specific projects in which you are involved in.
* Ensure that the identified development goals are actually on track or met (watchdog function).
* Support those business models that focus on delivering both business and development outcomes.
* Especially support projects that focus on the informal private sector.
 |
| **Pitfalls to avoid** [[**Ü**](#Self_Assess_KP1B)](#Pitfalls_KP2C) |
| * Support short-term projects with CSR initiatives over long-term projects based on core operations of partner companies.
* Stay quiet when government and development partners use inappropriate or excessive incentives to attract business in detriment of development outcomes.
* Undermine the commercial viability and sustainability of interventions by demanding that the project exclusively focus on development outcomes.
* Assume that efforts to alignment are only businesses’ responsibility.
 |
| **Country example** [[**Ü**](#Self_Assess_KP1B)](#Country_Example_KP2C) |
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| **Resources** [[**Ü**](#Self_Assess_KP1B)](#Resources_KP2C) |
| [The Trade Union Guide, Recommendations for Responsible Business Conduct in a Global Context](https://tuac.org/wp-content/uploads/2020/11/TradeUnionGuideCompressed.pdf) ([FR](https://tuac.org/wp-content/uploads/2020/11/TUAC-Guide-FR-27jan.pdf)/[SP](https://tuac.org/wp-content/uploads/2020/11/TradeUnionGuide-SP.pdf)) |
| [Back to Overview Ý](#_Table_of_Contents) |

## **Sub-Principle 2.C: Engage in partnerships according to international standards**

Development partners and governments have an obligation to ensure compliance with safeguards and regulations when working with the private sector or when the private sector is implementing a project on their behalf. These include the International Labour Organisation labour standards, the United Nations Principles on Business and Human Rights, and the OECD guidelines for multinational enterprises. Due diligence processes should include the identification of environmental, social and governance (ESG) risks as part of the partnership development process, with appropriate plans and responsibilities set in place to monitor and address risks over the course of the project life cycle. Partnerships should be founded on an understanding that all partners will follow relevant existing national and international voluntary and legal frameworks, in recognition of the fact that a commitment to high standards contributes to sustainable development results.

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| **Why is it important?** |
| International standards set important benchmarks for development programs and partnerships when it comes to the protection of human rights, labour standards, social dialogue, business practices and accountabilities, the environment etc. Trade Unions have long worked to ensure that multinational enterprises (MNEs) comply with international labour standards throughout their global production chains. Holding multinational businesses to account for their impact would require alignment of corporate behaviour and reporting with aid effectiveness principles and measuring impacts. The focus is on promoting a rights-based approach to development cooperation and the role of private sector should ensure compliance with ILO standards and uphold the role of social partners since there is no automatic cause-effect relationship between private sector development and decent work creation.  |
| **Self-Assessment Questions** [[**Ü**](#Self_Assess_KP1B)](#Self_Assess_KP3A) |
| * Does the engagement observe local and international human rights and labour standards?
* Is it possible to influence a stricter set of conditionalities?
* Has the partnership conducted a rigorous social and environmental impact assessment of the proposed programme to identify and mitigate potentially harmful impacts?
* Do you provide private sector partners with awareness raising trainings to understand their obligations and adherence to these standards and regulations?
* Does the project have a feedback, grievance, and redress mechanism (FGRM) in place?
 |
| **Actions to consider**  |
| * At the global level, provide support to local Trade Unions to make the link to the ILO, the National Focal Point for the OECD MNE Guidelines and to the MDBs for the implementation of labour safeguards.
* At the policy level, ensure that policies and strategies take into account international standards (i.e. International Labour Organisation Standards, UN Principles on Business and Human Rights, OECD guidelines for multinational enterprises).
* At the project level, ensure projects are following relevant existing national and international voluntary and legal frameworks (watchdog function).
* The assessment framework should check that the jobs created are of quality and sustainable, based on international labour standards, particularly regarding: freedom of association and collective bargaining, fair wages, social protection, occupational health, and safety provisions.
* Build in resources to the project or request standalone resources from development partners to support regular monitoring activities.
 |
| **Pitfalls to avoid** [[**Ü**](#Self_Assess_KP1B)](#Pitfalls_KP3A)**** |
| * Fail to build relations with civil society, international and domestic, to work together and share resources on monitoring of standards.
 |
| **Country example** [[**Ü**](#Self_Assess_KP1B)](#Country_Example_KP3A) |
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| **Resources**  |
| [TradeUnionGuideCompressed.pdf (tuac.org)](https://tuac.org/wp-content/uploads/2020/11/TradeUnionGuideCompressed.pdf)[The labour standards of the multilateral development banks: a trade union guide](https://www.ituc-csi.org/IMG/pdf/2019-12_labour_standards_multilateral_development_banks-en.pdf) ([FR](https://www.ituc-csi.org/IMG/pdf/2019-12_labour_standards_multilateral_development_banks-fr.pdf)/[ESP](https://www.ituc-csi.org/IMG/pdf/2019-12_labour_standards_multilateral_development_banks-es.pdf)) |
| [Back to Overview Ý](#_Table_of_Contents) |

# **KAMPALA PRINCIPLE 3: INCLUSIVE PARTNERSHIP**

# **Fostering trust through inclusive dialogue and consultation**

Governments, parliamentarians, the private sector, business associations, civil society and trade unions all play roles and have valuable contributions to make in the development of a domestic private sector that provides markets, decent employment, production inputs, and services and goods which improve the lives and livelihoods of those left behind. PSE through development co-operation can use its convening power to foster trust at country level between different stakeholders by promoting processes for regular and ongoing dialogue, as well as targeted consultation in the development of specific partnerships and programmes. It is important that PSE through development co-operation opportunities are inclusive and accessible to a wide range of partners, including smaller businesses, at the local level.

## **Sub-Principle 3.A: Support and participate in inclusive dialogue and consultation**

Partners should support institutionalised dialogue on PSE through development co-operation, including social dialogue, building on existing mechanisms – where these exist – to reach agreement on priorities, identify solutions to shared challenges, establish relationships and build partnerships. Such efforts contribute to building trust within and across stakeholder groups. Ensuring inclusivity may also mean supporting stakeholders with more limited capacities to engage in dialogue up-front (e.g., local MSMEs, informal sector entrepreneurs and rural producers and traders). Of equal importance is inclusive consultation with local stakeholders to identify needs and respond to concerns at policy and project levels.

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| **Why is it important?** |
| Developing inclusive partnerships is complex due to the disparity of contexts and the diversity and lived experiences of the different partners. Greater participation by Trade Unions and in PSE projects helps cement this inclusive partnership, enhances the legitimacy of PSE interventions, ensures context-adapted solutions, builds trust, and joint problem solving. Trade Unions have extensive experience in inclusive dialogue and consultation processes and bring valuable practices to the partnership.  |
| **Self-Assessment Questions** [[**Ü**](#Self_Assess_KP1B)](#Self_Assess_KP3B) |
| * Are all stakeholders consulted and represented in social dialogues? How are workers involved in the process?
* Has the partnership made a commitment to regular inclusive dialogue and do you know what this entails including your role and responsibilities? Are you able to be part of the consultations?
* Do you have code of conducts, agreement on terminology and conflict resolution mechanisms in place for these dialogues and consultations?
* Do you ensure that all members of the community and stakeholders you represent are able to be involved in the consultations?
 |
| **Actions to consider** [[**Ü**](#Self_Assess_KP1B)](#Actions_KP3B) |
| * Participate in national tripartite institutions and national dialogue processes together with the private sector (employers, chambers of commerce or others) and national and local governments.
* Participate in regular consultations organised by national governments and development partners.
 |
| **Pitfalls to avoid** [[**Ü**](#Self_Assess_KP1B)](#Pitfalls_KP3B) |
| * Assume that communication is clear and understood by all partners.
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| **Country example** [[**Ü**](#Self_Assess_KP1B)](#Country_Example_KP3B) |
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| **Resources** |
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| [Back to Overview Ý](#_Table_of_Contents) |

## **Sub-Principle 3.B: Promote inclusive, bottom-up and innovative partnerships and raise awareness of engagement opportunities**

For specific partnerships, increase the range of partners involved at community level, including micro, small and medium-sized enterprises (MSMEs), making use of innovative engagement modalities to explore partnership opportunities in the spirit of leaving no one behind. Development partners should promote outreach and awareness raising of partnership opportunities by working with government, civil society, trade unions, academia and private sector stakeholders, including business associations, to promote greater participation by local businesses and other actors in PSE through development co-operation.

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| **Why is it important?** |
| The participation of all stakeholders, in particular local actors and the informal sector, is the only way to ensure context-adapted solutions, the basis for the sustainability of any project. Importance should be placed on forming mixed teams, different actors and diversity of disciplines. Trade Unions are key to uphold the rights to freedom of association and assembly, understanding the regulatory environment and ensure meaningful participation in decision making. |
| **Self-Assessment Questions** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Self_Assess_KP3C) |
| * Can you build and act upon the evidence of what works and what doesn’t in PSE?
* Are there areas in which MSMEs could have been involved in the level of policy and project implementation?
* How are engagement opportunities disseminated to stakeholders?
* Have you discussed with partners how the informal sector can also be included in this partnership?
 |
| **Actions to consider** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Actions_KP3C) |
| * Engage with development partners to be informed of partnership opportunities.
* Support the identification of and access to partners involved at community level, including cooperatives.
* Ensure you advocate to be involved in the co-creation of the partnership.
* Build in flexibility to enable your collaboration at various stages of the partnership.
* Identify constraints in project design and implementation and jointly assess market-based solutions.
 |
| **Pitfalls to avoid** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Pitfalls_KP3C) |
| * Not setting aside preconceived notions or biases and not being flexible.
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| **Country example** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Country_Example_KP3C) |
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| **Resources** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Resources_KP3C) |
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| [Back to Overview Ý](#_Table_of_Contents) |

## **Sub-Principle 3.C: Make partnerships more accessible**

Partnerships should be facilitated through streamlined procedures that make engagement opportunities accessible to a wide range of stakeholders. Such processes should recognise that needs and capacities vary across and within stakeholder groups and that many of those with limited abilities and opportunities to engage are often also those most important to delivering the 2030 Agenda. Application procedures and monitoring and evaluation provisions should be established in accordance with different needs and capacities, the scale and scope of partnerships, and attention to transparency, accountability and timeliness.

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| **Why is it important?** |
| Multi-stakeholder partnerships are difficult but worthwhile. Each stakeholder brings a different set of values, priorities, resources and competencies to a partnership. The challenge of any partnership is to bring these diverse contributions together, linked by a common vision in order to achieve sustainable development goals. It is important that partners recognise and accept that each partner organisation has the right to expect benefits that will be specific to them. Building trust among key players of any partnership is the key to creating ‘common ground’. Trade Unions have huge experience in developing partnerships and ensuring to highlight the barriers to participation.  |
| **Self-Assessment Questions** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Self_Assess_KP4A) |
| * Do you know what barriers you could face to participate in the partnership? Have you let the partnership know what these barriers are?
* Have development partners and other partners provided you with support on how best to work with them?
 |
| **Actions to consider** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Actions_KP4A) |
| * Participate in workshops and capacity-building activities.
 |
| **Pitfalls to avoid**  |
| * Allow the most influential actors to determine the direction and agenda of a partnership. Disparities in power and influence may be harming a partnerships’ accessibility but can be deliberately offset in PSE projects through providing greater voice and engagement opportunities to disempowered actors.
* Demand instance transparency and accountability when private sector partners may need time to adapt culture and adopt practices
 |
| **Country example** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Country_Example_KP4A) |
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| **Resources** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Resources_KP4A) |
| [A guide to cross-sector partnering](https://thepartneringinitiative.org/wp-content/uploads/2014/08/Partnering-Toolbook-en-20113.pdf)- the partnering Initiative  |
| [Back to Overview Ý](#_Table_of_Contents) |

# **KAMPALA PRINCIPLE 4: TRANSPARENCY AND ACCOUNTABILITY**

# **Measuring and disseminating sustainable development results for learning and scaling up of successes**

There is a lack of timely information, evidence and data related to the performance of partnerships with the private sector established to achieve sustainable development, including the 2030 Agenda. Transparency and accountability for PSE through development co-operation needs to be improved through the creation and use of frameworks that identify and measure results in terms of nationally and internationally defined sustainable development targets and business outcomes. Such results frameworks provide a transparent and mutual understanding of what is expected of the partners and what constitutes success for the partnership. They should set out roles and responsibilities for data collection and provisions for information disclosure, the communication of results and independent evaluation. The creation of complaints mechanisms related to the impacts or negative effects of PSE through development co-operation is also important for ensuring accountability.

## **Sub-Principle 4.A: Measure results**

Stakeholders should define and agree on frameworks to measure results for all partners involved. These include sustainable development outcomes and roles and responsibilities for data collection, with due consideration for reporting burdens. This also involves establishing provisions for independent evaluation, as appropriate.

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| **Why is it important?** |
| Measuring results helps to tell partners and the community what is working, what is not and what needs to be adapted. Measuring and communicating results will contribute to more resources, more confidence and better development outcomes. Partners need to agree on a common measuring framework, how the data will be collected, the roles and responsibilities of each partner for collecting data and how the results will be compiled and shared publicly. Trade Unions can use their extensive knowledge and networks to build the most suitable framework that will focus in on collecting the results that will be able to identify impact, positive and negative, from the project to the local workers and communities and support the collecting of data. |
| **Self-Assessment Questions** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Self_Assess_KP4B) |
| * Does your country have an overarching results framework for PSE projects on their national strategies? If so, did you actively participate in its creation?
* Does the partnership take into account the national systems and results frameworks of the country rather than creating entirely new metrics?
* Have you been involved in building the theory of change and identifying the projects key milestones and hypothesis that is the basis for any monitoring framework?
* Did you incorporate metrics to measure business outcomes in addition to development results?
* Do you understand your role and responsibilities in implementing the projects’ monitoring framework? Do you understand the project partners’ roles and responsibilities? Have you allocated enough resources (finance, time) to ensure proper quantitative and qualitative monitoring and evaluation? If you do not have the capacity or resources have you explained this to the partnership?
* Do you know where to go to find support for implementing this work?
* Can you take advantage of data that you already collect to adapt to the monitoring process?
 |
| **Actions to consider** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Actions_KP4B) |
| * Support the development of monitoring frameworks at project and policy level, ensuring that roles are clearly defined and information is easily accessible
* Support data collection when relevant.
* At the global level, support use of complaint mechanisms (of the MDBs, MNE Guidelines and others) by national trade unions when relevant.
* When relevant, utilise the complaint mechanisms and ensure other stakeholders and local stakeholders know to use it.
* Be clear and open when the reporting burden is too much and seek to rebalance responsibilities with other partners.
* Request funding and resources to ensure you can meet your role and responsibilities in the monitoring framework
* Don’t hesitate to acknowledge your challenges in collecting and processing data and ask for support when needed.
 |
| **Pitfalls to avoid** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Pitfalls_KP4B) |
| * Not communicate with partners on the capacities available to collect data from end users and when data is not available.
* Only measure one side of the ‘shared value’ equation; that is, only measuring either the development or business side of things.
* Disregard the tension between the need for streamlining indicators and the need for inclusivity of diverse stakeholder goals and logics. Seek an appropriate balance but recognise there are no blueprints.
* Fail to engage when the government reaches out to develop the overarching framework.
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| **Country example** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Country_Example_KP4B) |
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| **Resources** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Resources_KP4B) |
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| [Back to Overview Ý](#_Table_of_Contents) |

## **Sub-Principle 4.B: Disseminate results**

Provide information on the outcomes of partnerships, including through inclusive dialogue, in order to learn, improve transparency and remain accountable to the partners involved, beneficiary communities and citizens at large. Sharing outcomes broadly also plays an important role in scaling and replicating successes.

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| **Why is it important?** |
| Disseminating results lets stakeholders and the community where the project is being implemented, know if it is delivering on its development outcomes or not. Being transparent about the results, whether they show success, challenges or failures helps open an inclusive dialogue on how to improve the project and builds trust and accountability when utilising public finances. Trade Unions can help disseminate the results through their own networks and ensure it is done in a meaningful way for lessons to be learnt from the results.  |
| **Self-Assessment Questions** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Self_Assess_KP4C) |
| * How do you disseminate data and results of your projects?
* Do you make sure that the data and results are made public by any partnership you are involved with?
* Can you access support from development partners to help you disseminate results?
 |
| **Actions to consider** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Actions_KP4C) |
| * Support organisation that do inclusive dialogues in the sharing of successes and failures.
* Make use of information for a watchdog role.
 |
| **Pitfalls to avoid** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Pitfalls_KP4C) |
| * Focus on stories and photos rather than building a picture of lessons learned and insights on how to scale up.
 |
| **Country example** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Country_Example_KP4C) |
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| **Resources** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Resources_KP4C) |
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| [Back to Overview Ý](#_Table_of_Contents) |

## **Sub-Principle 4.C: Ensure Accountability**

Effective governance mechanisms, good project design and credible commitment are important to sustaining partnerships and ensuring that engaged parties are answerable to the commitments they have made. There is a need to establish and clearly communicate provisions for addressing concerns related to the impacts of partnerships.

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| **Why is it important?** |
| PSE depends on shared ethics and values, including high standards in corporate governance, environmental impact, social inclusion, and transparency. While PSE practices vary throughout the Program Cycle, ongoing consultation, clear lines of accountability, clear internal and external communication and relationship-building between partners should remain constants. Trade Unions can promote and utilise accountability mechanisms that engage people and create a sense of ownership in projects help to ensure that funding decisions are relevant and implemented as promised.  |
| **Self-Assessment Questions** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Self_Assess_KP5A) |
| * Has the partnership made public its partnership criteria, application producers, decision making, financial contract details, partners supported, activities, results and evaluations?
* Do you have sufficient resources to hold PSE projects to account? Do you know where to access resources?
* Have you asked to be involved in ensuring the accountability of corporate actors and been sufficiently involved in the design and evaluation of the PSE projects?
 |
| **Actions to consider** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Actions_KP5A) |
| * Support effective governance mechanisms in which communication among partners is clear and regular.
* Ensure goals and commitments are realistic and credible and that all partners are answerable to them.
* Support the creation and clear communication of project-level grievance mechanisms (PGFM).
* Monitor the implementation of accountability at sectoral and company level through presence and representation in companies and multiple sectors (e.g. for big infrastructure projects where there are unionised workers)
 |
| **Pitfalls to avoid** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Pitfalls_KP5A) |
| * Accept the poor level of information.
* Not advertise and utilise, when needed, the grievance mechanism at the project level.
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| **Country example** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Country_Example_KP5A) |
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| **Resources** |
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| [Back to Overview Ý](#_Table_of_Contents) |

# **KAMPALA PRINCIPLE 5: LEAVE NO ONE BEHIND**

# **Recognising, sharing and mitigating risks for all partners**

Targeting the furthest behind through private sector engagement (PSE) requires greater risk-taking on the part of all partners involved. It is essential to recognise, share and mitigate such increased risk. This is necessary as diverse actors engage in partnerships, make investments to deliver development results and incentivise greater private sector contributions to sustainable development. This enables PSE through development cooperation to realise its full potential and help achieve progress where it is most urgently needed. This endeavour requires comprehensive and inclusive approaches that involve private investors, governments, civil society and, in particular, the vulnerable citizens and communities concerned that are excluded from competitive markets, employment opportunities and key economic and social services – or actors operating in areas and economic sectors where market failures, poor infrastructure, difficult access and weak governance make both private and public investment costly, difficult and risky. Private investment in these contexts is essential to address income poverty, food security, decent employment, inequality and economic inclusion. To ensure investments in these areas maintain a focus on leaving no one behind, all PSE efforts – from creating new markets and decent employment to providing specific goods and services – require such targeted approaches. As such, PSE through development co-operation must visibly contribute to leveraging additional investments, rather than simply increasing profitability.

## **Sub-Principle 5.A: Ensure that a private sector solution is the most appropriate way to reach those furthest behind**

The use of PSE through development co-operation to reach those furthest behind should be based on an assessment of whether a private sector solution is the most appropriate and sustainable way to realise the desired sustainable development results. Important factors in determining whether PSE through development co-operation is the right approach include the interests and motivations of potential private and public sector partners, the additional value a partnership with the private sector can bring over alternative solutions and the likelihood of realising long-term sustainable development results. In situations where PSE through development co-operation is the best approach, a set of realistic sustainable development objectives that target specific populations or sectors should be established, alongside an associated results framework.

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| **Why is it important?** |
| When official development assistance is used to support PSE it should do with the aim to trigger investments that businesses would not make otherwise, to make them happen more quickly, at a bigger scale and be better in terms of development outcomes. In short, public support should be additional to what would have happened anyway. In some cases market-based solutions might not be able to reach intended beneficiaries. Trade Unions have a role in monitoring and campaigning is the intended beneficiaries are reached.  |
| **Self-Assessment Questions** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Self_Assess_KP5B) |
| * What challenges does the private sector face in terms of reaching out to the most disadvantaged sectors?
* What advantages and risks, especially to beneficiaries, does a private sector solution carry? Has the project description answered this question?
* Does the project include a theory of change that explicitly states the development challenge trying to be addressed and how the involvement of the private sector will benefit those furthest behind?
* Does the project examine alternative solutions to the development challenge from actors other than the private sector?
* Does the project include an ex ante additionality assessment that specifically highlights how the project will meet the needs of those furthest behind? Are there mechanisms in place to ensure course correction?
 |
| **Actions to consider** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Actions_KP5B) |
| * Ensure public and private accountability vis-à-vis expected development results of projects involving the private sector, based on agreed rationale at the policy and project level.
* Ensure it is clearly communicated the rationale for working with the private sector in specific projects.
* Participate in additionality assessments to identify the added value of private sector modalities and solutions.
* Promote inclusive and sustainable business models.
 |
| **Pitfalls to avoid** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Pitfalls_KP5B) |
| * Not recognise that there is a role for private sector actors in development cooperation.
* Neglect to speak out when communication is unclear on the selection and added value of business partners in development programs and policies.
 |
| **Country example** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Country_Example_KP5B) |
|  |
| **Resources** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Resources_KP5B) |
| [Chen, M. (2016, March 28). Worker Cooperatives Are More Productive Than Normal Companies. The Nation.](https://www.thenation.com/article/archive/worker-cooperatives-are-more-productive-than-normal-companies/)  |
| [Back to Overview Ý](#_Table_of_Contents) |

## **Sub-Principle 5.B: Target specific locations, markets, value chains and investor types that are most likely to have a positive impact on those furthest behind**

When undertaking PSE, development co-operation should target contexts where investments in profitable entrepreneurial activity will provide markets, employment, production inputs, services and goods that improve the lives and livelihoods of those furthest behind. Partners should target support accordingly to promote efforts that leave no one behind by reducing risk, incentivising investment, and ensuring sustainability.

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| **Why is it important?** |
| The international community has committed to putting the furthest behind first. For this to succeed, PSE needs to target and expand people-centred markets, goods, and services to improve the well-being and livelihood of those furthest behind. Partnering with communities and others beyond the provision of financial resources, allows for co-creation and implementation of initiatives, identifies conflict-sensitivities and builds greater mutual accountability between companies and communities with appropriate modalities of co-operation and incentives for the private sector to contribute to leaving no one behind. Trade Unions’ can help to identify the sectors in which investments in profitable entrepreneurial activity will provide markets, employment, production inputs, services and goods that improve the lives and livelihoods of those furthest behind. |
| **Self-Assessment Questions** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Self_Assess_KP5C) |
| * Has an analysis been conducted to show how private investment will open or improve access to markets, employment, production inputs, services, and goods for those furthest behind?
* Do you understand how the PSE project will target vulnerable sectors or populations and what your role is in the project?
* Has a dialogue been established with the private sector to show them other ways beyond the partnership they could support the poorest such as ensure decent work practices, pay living wages, promote women-friendly workspaces, and reduce companies' negative impact on the environment?
 |
| **Actions to consider** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Actions_KP5C) |
| * Support the identification of sectors in which investments in profitable entrepreneurial activity will provide markets, employment, production inputs, services and goods that improve the lives and livelihoods of those furthest behind.
* Support the government in making a LNOB agenda and strategy with well-defined vision, mission with specific targets, clear coordination mechanisms and matrix of responsibilities for all relevant stakeholders plus needs assessment to collect data to inform private sector investments
 |
| **Pitfalls to avoid** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Pitfalls_KP5C) |
| * Ignore the building of case studies and examples that would highlight the successes and failures of PSE projects on those most left behind.
 |
| **Country example** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Country_Example_KP5C) |
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| **Resources** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Resources_KP5C) |
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| [Back to Overview Ý](#_Table_of_Contents) |

##  **Sub-Principle 5.C: Share risks proportionately to incentivise private sector contributions to leave no-one behind**

Reaching those left behind can mean promoting partnerships in markets that have higher risks. These perceived risks need to be assessed jointly. Development co-operation can be used strategically to offset risks for the private sector when targeting populations underserved by the market. Considerations about sharing risks should be made in accordance with the scale and scope of the desired sustainable development results and due attention to the proportionality of risk being taken by public and private actors vis-à-vis benefits to partners. There should be transparency from the outset regarding the risks undertaken by each partner.

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| **Why is it important?** |
| Partnering is not a low-cost, quick fix or risk-free option. Partnerships require the sharing of risk and benefits. The costs of partnering can be high, not least because of the time needed to explore, establish and manage the partner relationships. Trade Unions need to consider the opportunity costs and, preferably, establish some benchmarks against which they will measure whether the hoped-for outcomes of partnering are really worth the investment they are making. |
| **Self-Assessment Questions** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Self_Assess_KP5D) |
| * Has the external and internal context been examined collectively as a partnership to support the risk management approach?
* Have you consulted with the local community to help assess local risks?
* Have potential risks for each stakeholder been assessed and given due consideration to the proportionality of risks being taken on by public and private actors vis-à-vis the benefits to local communities?
* Do you and your staff have sufficient capacity to shoulder additional risk?
 |
| **Actions to consider** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Actions_KP5D) |
| * Support the identification and assessment of risks to the beneficiary communities.
* Prioritise shielding vulnerable populations and sectors from risk.
* Ensure that the provision of free, prior and informed consent and social license to operate was offered as part of due diligence assessment.
 |
| **Pitfalls to avoid** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Pitfalls_KP5D) |
| * Ignore with the communities whose land is being affected by the project.
* Mismatch of understanding of risk.
* Ignore that potential conflicts of interest are inevitable and not inherently negative.
 |
| **Country example** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Country_Example_KP5D) |
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| **Resources** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Resources_KP5D) |
|  |
| [Back to Overview Ý](#_Table_of_Contents) |

## **Sub-Principle 5.D: Establish provisions to mitigate and manage risks**

Carry out a joint assessment of the potential risks for the beneficiaries of the partnership as part of due diligence. Develop systems to monitor these risks, bringing in appropriate civil society partners as needed and undertaking course correction where necessary.

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| **Why is it important?** |
| Companies are responsible to conduct due diligence whatever size. What is tailored to size is how to conduct the due diligence as this requires resources. When making decisions as part of managing risk, it is about managing uncertainty to achieve objectives that may include social, environmental and economic objectives. Risk is also circumstance-specific and has to be dynamic, iterative and responsive to change. Risk is usually considered in terms of both threats and opportunities. Trade Unions need to hold to account PSE programmes and partnerships so they operate in line with the tenets of presumed full disclosure and transparency, principles of accountability, provision for public oversight, a public consultation mechanism and a publicly communicated complaints mechanism, including public reports on the outcome of complaints and in line with due diligence principles and guidelines. |
| **Self-Assessment Questions** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Self_Assess_KP1A) |
| * Has the rationale behind the projects risk frameworks and how these risks need to be shared and mitigated been communicated publicly?
* Does the risk management process acknowledge the specific risks to beneficiary groups and sectors that emerge from the project’s sector of intervention and those that emerge from the specific country context?
 |
| **Actions to consider** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Actions_KP1A) |
| * Participate in regular risk assessments.
* Anticipate, manage and mitigate conflict of interest.
 |
| **Pitfalls to avoid** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Pitfalls_KP1A) |
| * Decline to push for Trade Unions to give contributions and have key role in monitoring risk both at the strategic, policy or local level.
* Ignore risk mitigation strategies that do not recognise risks for all partners involved, most notably for those furthest behind.
* Stay silent if no establish guidelines on acceptable levels of risk are published.
* Avoid building the structures and incentives to encourage innovation, experimenting, tolerate failure, and taking risk in the partnership.
* Stop communicating openly with partners, staff and stakeholders about the partnerships approach to conflict of interests.
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| **Country example** [[[**Ü**](#Self_Assess_KP1B)](#Resources_KP3B)](#Country_Example_KP1A) |
|  |
| **Resources** |
| [The SDG Partnership Guidebook – The Partnering Initiative](https://thepartneringinitiative.org/publications/toolbook-series/the-sdg-partnerships-guidebook/) a publication of the [SDG Partnership Accelerator](https://thepartneringinitiative.org/global-impact/the-partnership-accelerator/) and serves as a practical resource to help build high impact multi-stakeholder partnerships for the Sustainable Development Goals. |

[Back to Overview Ý](#_Table_of_Contents)

1. The aim of private sector engagement (PSE) through development co-operation is to leverage the private sector to achieve development objectives, while at the same time recognising the need for financial return for the private sector. In 2016, the OECD defined PSE in development co-operation as “an activity that aims to engage the private sector for development results, which involves the active participation of the private sector.” The definition is intentionally broad and includes all related modalities - such as finance, policy dialogue, capacity development, technical assistance, knowledge sharing and research across many sectors (e.g., health, education, private sector development, etc.). PSE is distinct from the concept of private sector development (PSD) which refers to activities carried out by governments and development organisations to promote an enabling environment that benefits the private sector in partner countries. See more definitions in the [Glossary](#_Glossary_with_Key) on page 3. [↑](#footnote-ref-2)