Private Sector Engagement Through Development Co-operation in Bangladesh

This draft summary report serves as basis for further consultation at the Bangladesh Private Sector Engagement Workshop on 4-5 February 2018 in Dhaka. It will be updated based on the workshop findings and additional interviews taking place (see in particular the highlighted sections where additional evidence is sought). It has been prepared by Shannon Kindornay and the OECD Joint Support Team. The final report will inform inclusive policy dialogue and guidelines for effective private sector engagement through development co-operation, a key output of the Global Partnership under its current 2017-2018 Work Programme.

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I. Key messages

The Global Partnership aims at facilitating multi-stakeholder policy dialogue about challenges and opportunities to make private sector engagement (PSE) through development co-operation more effective. By the end of 2019, it aims to produce agreement on guidelines for such engagement and help development actors scale up public-private initiatives leveraged through development co-operation to reach the Sustainable Development Goals (SDGs).

The purpose of this case study is to identify the opportunities and challenges of PSE through development co-operation in Bangladesh. It generates unique country-specific evidence: through a mapping of 240 PSE projects, a review of existing literature and interviews with various stakeholders.

Context

- There is broad recognition among all actors of the importance of private investment to reach the national development priorities in Bangladesh. Evidence indicates that one main challenge is to extend existing efforts to create shared value for people and business to small and medium-sized enterprises (SMEs).
- Challenges persist in improving the business enabling environment. These include issues related to regulatory frameworks, informality in the private sector, access to finance and infrastructure. The business community is vibrant and the government has proactively invested in public-private partnerships (PPPs) since the late 1990s. Public-private dialogue platforms also exist.
- Despite their importance as the major employer in key sectors, SMEs are less well represented by trade bodies and chambers of commerce than larger companies.
- A wide range of corporate social responsibility (CSR) activities are being supported, but a lack of a common understanding of what CSR entails can be observed, as well as the absence of a legal framework for CSR and insufficient measurement of the effectiveness of CSR projects.
- Despite some positive labour relationships, social dialogue only covers some collective bargaining agreements and does not reach the majority of workers who are employed in the informal sector.
- A lower middle income country and big recipient of official development assistance (2.1b US$ in ODA in 2015), Bangladesh is confronted with a fragmented donor landscape and a lack of development effectiveness, undermining country ownership and alignment in some cases. A working group of the Local Consultative Group focuses on PSE through development co-operation, in particular on private sector development (PSD).

Key findings

- PSE mobilised through development co-operation largely comes from Development Assistance Committee (DAC) donors and their implementing agencies and bilateral and multilateral development finance institutions (DFIs) (see Annex 1 for mapping).
- PSE is mainly in the form of financing (in particular debt financing), primarily in the financial sector, agriculture, manufacturing and energy. Finance underpins 71% of the projects examined with debt financing supporting 42% of projects overall.
- The budget of the 240 reviewed projects, spanning from 2003 to present in terms of their start dates, is at least 7.3b US$ (though half of DAC donors’ projects have no budget information), with an average project size of US$ 11m.

1To ensure a wide scope of PSE projects and partnerships are captured by the mapping, the research team examined projects that include a development partner, are supported by development co-operation (ODA, ODA-like flows such as foundation financing, or South-South co-operation) and include a private sector partner. This approach follows the definition of PSE through development co-operation as outlined in the 2016 OECD Peer Learning on PSE in Development Co-operation defined as: An activity that aims to engage the private sector for development results, which involve the active participation of the private sector. The definition is deliberately broad in order to capture all modalities for engaging the private sector in development co-operation from informal collaborations to more formalised partnerships. Given that the term applies to how development co-operation occurs, private sector engagement can occur in any sector or area (e.g. health, education, private sector development, renewable energy, governance, etc.). Through private sector engagement, the private sector and other participants can benefit from each other’s assets, connections, creativity or expertise to achieve mutually beneficial outcomes. See http://www.oecd.org/dac/peer-reviews/Inventory-1-Private-Sector-Engagement-Terminology-and-Typology.pdf.
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- Lack of information and transparency regarding private sector contributions makes it impossible to provide full figures on the total size of public or private contributions for the PSE projects examined. This is somewhat surprising given the focus by development partners on catalysing private sector flows through the strategic use of development finance.

- The main activities supported by PSE projects include improving access to finance for SMEs and/or a specific sector, technology or research related interventions in agriculture, and financing company operations, including expansion activities and upgrades. As a result, PSE activities tend to focus on private sector development.

- The mapped PSE projects largely align with national development priorities. Greater participation by local stakeholders in PSE projects, including the government and other non-state actors, would contribute to the creation of more inclusive partnerships and support greater country ownership. Government institutions were listed as partners for only 9% of projects, while 8% involve civil society organisations (CSOs) and less than 1% involve domestic business associations. Development partners can also support this through targeted capacity development that promotes the ability of local partners, including government institutions, to develop and participate in PSE projects.

- SMEs are important beneficiaries of PSE projects in Bangladesh and receive support in terms of access to finance, capacity development, value chain development and efforts to improve environmental, social and governance (ESG) standards. They do, however, require additional support to engage in business associations and opportunities for public-private dialogue. Potential exists to further engage SMEs through PSE given that they account for over 99% of industrial establishments, providing employment to 70-80% of workers outside the agricultural labour force. Large domestic companies remain the most prominent partners in PSE projects in Bangladesh.

- Of the 74 projects that provided full information on duration, 37 had financing terms of 5 years or greater. Twenty of these projects were accounted for by one DAC donor.

- Only a limited number of the examined PSE projects (12%) explicitly target the poor or people living in underserved or rural locations. Only 4% explicitly target women. While other examined projects may still benefit those left behind and women, these findings suggest that PSE projects do not sufficiently purposefully target the most marginalised. There is an opportunity for the government and development partners to make greater use of PSE through development co-operation to address social challenges.

- A majority of PSE projects have some monitoring system in place. The majority of PSE projects are subject to regular monitoring through annual or more frequent report, and to a lesser extent, field visits. More development partners could make project specific monitoring provisions publicly available.

- Results frameworks are available for the majority of projects, however more information could be made available on intermediate and final results. Fifty-nine percent provided some information on results frameworks and 46% provide a general results framework that is used by the organisation, mainly bi- and multilateral DFIs. The majority of PSE projects, 58%, provide information on results or expected results, which mainly focus on access to finance, employment generation, development of a specific sector, the adoption of ESG standards, or energy generation.

- There is a significant gap in terms of evaluations available on PSE projects. Only 3% of examined projects provided actual evaluation information while another 4% outlined how evaluation will occur. Yet, for the majority of projects (65%) information is available regarding institutional approaches and policies for evaluation.

- Limited information in terms of results and evaluations of individual PSE projects means that an assessment of the key development results and factors that promote success in PSE projects in Bangladesh and how such successes might be scaled up is not possible based on the project mapping.

- Public-private dialogue on the SDGs is steadily advancing in Bangladesh but more efforts are need to raise awareness among the private sector and to engage the private sector in the development of PSE projects to support SDG implementation. A challenge for Bangladesh is to align private sector priorities with national priorities and develop the appropriate infrastructure for PSE. Climate change and women’s economic empowerment are emerging as underserved priority issues.
Policy recommendations

All actors should:

- Ensure that projects realise shared value by considering development outcomes alongside business interests. Policy guidelines for effective private sector engagement through development co-operation could incentivise this.

- Allocate part of PSE financing to monitoring and evaluation, making them obligatory, while considering the reporting burden to be carried by the development partners, notably implementing agencies and in particular SMEs. Partners and projects should be vetted against international standards, including development effectiveness, and clear financial and development additionality criteria. Project monitoring should examine ongoing compliance with international standards and consider the views of beneficiaries of PSE.

- Collect evidence on the impact of different modalities of PSE through development co-operation, on people left furthest behind, SMEs, and scalability.

- Allocate PSE funding to support civil society and other stakeholders to assess the contributions for PSE to development outcomes, supporting their role as watch dogs and advocacy efforts to encourage the greater adoption of development effectiveness principles in PSE.

- Make publicly available basic information on PSE projects. This includes information on project duration, monitoring, results frameworks, results and evaluations.

Development partners should:

- Invest more in capacity development for government, civil society, trade unions, parliamentarians and others to participate in PSE and to ensure sustainability and availability of necessary skills and resources to scale successes.

- Ensure more longer-term financing for PSE projects

- Work in a more systematic manner with the government to fully align efforts and support them in providing an enabling, well-regulated business environment and championing private partners.

- Support the government and other stakeholders in PSE efforts from the beginning, e.g. through public-private dialogue on priorities and through more sectoral approaches, using synergies with existing efforts by other partners while also looking at blind spots where limited efforts are under way.

National government should:

- Facilitate more structured public-private dialogue that engages all relevant actors for mutual learning and to drive meaningful partnership action that engages the business sector more systematically, including SMEs.

- Develop a national legal framework for CSR that clearly defines CSR and articulates expectations for businesses, government institutions, development partners and other stakeholders with reference to supporting CSR.

- Create compendiums of effective PPPs and positive PSE through development co-operation examples and distil lessons on how to scale up good practices.

- Consider adoption of compliance and due diligence principles against which to vet PSE projects, drawing on and improving where necessary existing provisions for PPPs, to ensure they deliver real results for the poor. Work with partners to improve the capacity of government institutions to oversee compliance and due diligence processes, including monitoring the impacts of PSE in communities.

- Explore how parliament can be better engaged in the defining of PSE priorities and ensuring accountability through more structured approaches.
Identify and pursue ways to better leverage domestic resources to participate in opportunities presented by PSE through development co-operation.

Raise further awareness of the SDGs among the business sector, government and civil society through a structured dialogue mechanism that builds on existing efforts and identify ways to partner with the private sector and through multi-stakeholder partnerships to ensure that no one is left behind.

Private sector should: …

- With the support of business associations, identify further key opportunities and challenges to PSE through development co-operation, including through structured dialogue with development partners, the government and other stakeholders.

- Comply with national and international standards to ensure that business operations minimise negative impacts on people and the environment, and were possible, maximise benefits.

Recommendations will be further refined on the basis of the discussions at the workshop on 4-5 February 2018. The session on actions arising should result in an action plan to pursue the policy recommendations by different stakeholders at country level.

II. Introduction

The development co-operation landscape has seen a significant shift towards creating “shared value” – business profits and positive development results. The private sector is providing financing, job creation, service delivery and innovation. Key international development co-operation agreements, such as the 2030 Agenda and the Addis and Paris accords, have recognised this role and development partners have shifted gear and adapt their policies and practices for private sector engagement (PSE) efforts to build trust, mitigate risks, create incentives for the private sector to engage and, through this, help deliver on global promises.

The Global Partnership for Effective Development Co-operation (GPEDC) contributes to this effort by facilitating evidence-based and inclusive policy dialogue between stakeholders and the private sector on the drivers of effective PSE through development co-operation. The private sector has the potential to bring solutions to scale and create real change on monumental social problems.

At the same time, the impact and opportunities of multi-nationals, large domestic firms, small and medium-sized enterprises (SMEs), cooperatives and their associations to achieve the SDGs - and the commitment to leave no one behind – by working with development partners is currently unclear given limited systemic research and that the impacts of PSE through development co-operation differ and depend on the actors, local context, and sectors involved. In this context, a number of challenges to ensuring the effectiveness of PSE through development co-operation exist including: delivering shared value, measuring impact and outcomes, strengthening the transparency of PSE projects and related accountability structures, and ensuring country ownership with appropriate capacity for local stakeholders to engage.

The aim of the GPEDC’s PSE work stream is to provide guidance to scale up positive PSE experiences and proactively address lessons and concerns raised by all relevant actors – governments, parliaments, the private sector, civil society and trade unions. This is not done by any other global body.

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2 The private sector – a diverse group of financial institutions, intermediaries, multinational companies, micro, small and medium-sized enterprises and co-operatives who operate in the formal and informal sectors engaging in profit-seeking activities with a majority of private ownership – is widely recognised as engine of growth and ingenious source and driver of knowledge generation and innovation. The definition used as a basis for this report focuses on for-profit entities. Foundations are included as development partners. The definition of the private sector is drawn from OECD (2016).

3 A review of almost 70 major multi-stakeholder platforms promoting PSE in development, operating at global, regional and sectoral levels, found that only about 25% of PSE platforms have partner country governments as their members. Even fewer of them strategically engage civil society, trade unions and parliamentarians. SMEs also lack access to these multi-stakeholder platforms. Only about 10% of PSE platforms examine the effectiveness, results and private sector benefits of PSE instruments. About 70% of them do not play a monitoring and accountability function for the PSE efforts they support (the ones that do are mostly sectoral platforms). Based on these findings the work stream focuses on PSE at the country level with a particular focus on country level evidence and multi-stakeholder dialogue, coupled with global level
Uganda will identify and document country-level evidence and experiences in PSE through development co-operation through an inclusive research process that considers the perspectives of all stakeholders. The case studies will contribute to building trust and awareness of concrete opportunities, challenges and investment gaps. This work will ultimately inform guidelines on effective PSE in development co-operation and will help development partners further adjust in an inclusive manner their policies and practices to deliver shared value. Finally, the work makes a contribution to the substantial body of literature on PSE through development co-operation by focusing on country level experiences and the perspectives of partner governments and local stakeholders.

This draft summary report presents evidence for Bangladesh. It is based on a literature review, a mapping of 240 PSE projects and partnerships mobilised through development co-operation, interviews with local stakeholders and a multi-stakeholder workshop held on 4-5 February 2018 (see Annex 1 for a full description of the research approach and activities). The workshop included participation by representatives from government, parliamentarians, the local private sector, business associations, civil society, trade unions, development partners and research institutions.

The report begins with an overview of the context for PSE through development co-operation in Bangladesh. It outlines key government priorities, regulatory and legal context and key trends with respect to the role of the private sector in Bangladesh. The report presents the findings of the project mapping – who the main actors are, the modalities they use and the sectors in which they are active. The report then presents practical, country-specific opportunities and challenges to realising effective PSE through development co-operation in Bangladesh. It concludes with options to maximise opportunities and address challenges as identified through research and local stakeholder consultation.

III. The Bangladesh Country Context

Political and policy context

In Bangladesh, a political consensus exists on the critical role of the private sector in supporting sustainable development outcomes across government, the business community, development partners, research institutions and civil society (interviewee, October 2017). Bangladesh has seen positive, private sector-led growth that was inclusive, led to more employment, including in the formal sector, and drove poverty reduction and economic growth (interviewee, October 2017). Support for private sector engagement in development is well established, with government plans noting the critical role of the private sector and policies set out to encourage private sector participation in development, particularly through the establishment of public-private partnerships (PPPs).

Bangladesh’s 7th Five Year Plan (2015/16-2019/20) focusses on three key themes: 1) GDP growth acceleration, employment generation and rapid poverty reduction; 2) inclusivity with a view to empowering every citizen to participate in and benefit from the development process; and 3) the creation of a sustainable development pathway resilient to disaster and climate change, with sustainable use of natural resources and proper management of urbanisation (Planning Commission, 2015). While Bangladesh has continued to maintain an average growth rate of 6.5% over the past eight years, the plan notes the need to increase public and private investment rates with private investment accounting for 77% of total planned investment of Tk 32 trillion (approximately US $409 billion, FY2016 prices) to implement the plan. The government sees domestic private investment as playing a leading role while recognising the need to increase foreign investment with a target of 3% of GDP.

Despite the strong recognition of the importance of the private sector and private investment for realising national development priorities, there is a clear need to improve the business enabling environment, strengthen regulatory frameworks and reduce informality in the private sector (Bjornestad et al., 2017). Other challenges include: access to and quality of finance (as national capital markets are not fully developed and borrowing rates are too high for national banks and not accessible for rural and remote locations with private lenders filling gaps), transportation and energy infrastructure gaps, political instability and access to electricity (World Bank, 2013). One interviewee from the private sector noted that regulatory issues, such as updating industry-specific policies, and infrastructure remain critical challenges (October 2017).


The private sector plays a critical role for sustainable development in Bangladesh. There is a need to improve the business enabling environment, improve access to finance, in particular in rural and remote locations, and address infrastructure constraints.
A key means through which the government seeks to engage the private sector has been through the use of public-private partnerships (PPPs). Though the government started using PPPs in the mid-1990s, including with support from development partners (Masum, n.d.), in 2010, the government launched a “Policy and Strategy for Public Private Partnership.” A PPP Authority was established under the Prime Minister’s Office, followed by the creation of a PPP Act in 2015. The PPP Authority supports the implementation of PPPs in Bangladesh, including through support to line ministries to identify, formulate, select, contract and monitor PPPs. The Chief Executive Officer reports directly to the Prime Minister. The 2015 PPP Act sets out the process for identifying and creating PPPs (Renouf, 2017). The government allocates funding for PPPs through a separate budget line from the traditional development and revenue budget (Rashed et al., 2014). Forty-seven projects across a range of sectors including health, tourism, transport and housing, are listed on the PPP Authority website with information available on their current status. While these efforts are welcome, the contribution of the private sector to development is not yet monitored by the government according to a representative of parliament (December 2017).

The private sector

Agriculture continues to make up the largest sector in terms of employment. The results of the 2015-16 Quarterly Labour Force Survey show that 42.7% of the population is employed in the agriculture sector, 20.5% in industry and 36.9% in services (Bangladesh Bureau of Statistics, 2017). The bulk of employment is in the informal sector at 86.2% with the incidence of informal sector employment highest in agriculture (97.9%), followed by industry (90.0%) and services (70.6%).

According to the International Monetary Fund’s 2012 Country Report for Bangladesh, SMEs account for over 99% of industrial establishments, providing employment to 70-80% of workers outside the agricultural labour force. In 2006, 58% of establishments accounting for 55% of jobs created by SMEs were in rural locations. The 2012 Survey of Manufacturing Industries estimates that there are 5.02 million people employed in nearly 43,000 manufacturing establishments in Bangladesh. The bulk of establishments are micro (17,384) and small (15,666) enterprises accounting for more than 77% of total manufacturing industries (Bangladesh Bureau of Statistics, 2013). Textile manufacturing, food products and wearing apparel (ready-made garments) account for 61% of establishments.

The private sector is organised through various business associations, including at city and country levels such as the Dhaka Chamber of Commerce and Industry and the International Chamber of Commerce Bangladesh. Sector specific associations also exist, such as the Bangladesh Garment Manufacturers and Exporters Association. The Bangladesh Women Chamber of Commerce and Industry is the first in the country to exclusively work on women’s economic empowerment with membership largely from the SME sector. The Bangladesh Employers Federation represents 136 affiliates with approximately 90% of established employers in the private sector (LO/FTF, 2017). The organisation is represented in most national and bi- or tripartite bodies and participates in the activities of the International Labour Organization in Bangladesh. A public-private dialogue platform also exists – Business Initiative Leading Development – that is used to agree on and voice private sector concerns to the government in a coordinated manner (Box 1). According to several interviewees, business associations in Bangladesh are well-established and have successfully lobbied government for policy changes on key priority issues such as taxation (October 2017). SMEs are less well represented by trade bodies and chambers of commerce. Associations tend to be populated by larger companies with little or no representation from SMEs (Crosby, Watson and Sawar, 2009; Sobhan and Azhar, n.d; interviewee, October 2017).

Box 1. Public-private dialogue through BUILD

Business Initiative Leading Development (BUILD) was launched jointly by the Dhaka Chamber of Commerce and Industry in partnership with the Metropolitan Chamber of Commerce and Industry and Chittagong Chamber of Commerce and Industry in 2011 as a public-private dialogue platform to facilitate structured dialogues between the public and the private sectors under an institutional framework. BUILD has become the Government’s partner and platform to promote private sector development, investment, and jobs, and therefore growth in Bangladesh.

5 The World Bank provided support to the Bangladesh Bank to support PPPs in infrastructure (Masum, n.d).
7 Textiles account for 25% while food products and ready-made garments account for 21% and 16% respectively.
9 See http://www.bwcci-bd.org/.
10 See http://www.buildbd.org/.

Labour associations and public-private dialogue structures are well established, but tend to represent SMEs less well.
Under BUILD, dialogue is used to identify recommendations for reform, supported by research and analysis on the opportunities and challenges of private sector development. BUILD has a number of working groups that focus on key sectors such as finance, trade and SME promotion. The involvement of development partners in BUILD has led to the addition of environmental and social issues, such as disaster risk management and social development. BUILD also acts as a united voice for the private sector to ensure that the major hurdles facing private sector development are addressed in a meaningful way with an emphasis on private sector-led growth in achieving Bangladesh’s development vision. According to the 2016 GPEDC monitoring profile for Bangladesh, the government has approved more than half of the 250 quick-win policy reforms identified by BUILD.

Sources: Excerpts from BUILD 2017. Additional information obtained from GPEDC (2016) and a development partner interview, October 2017.

Corporate social responsibility (CSR) in Bangladesh is growing, in part owing to personal interest and commitment at the highest levels by the leaders in the banking and other sectors (Reed Consulting BD LTD, 2014). In 2007, the CSR Centre was established to promote responsible business practices with strong local and international networks and access to a range of business sectors in Bangladesh (Bjornestad et al., 2017). In partnership with the Bangladesh Enterprise Institute, the Centre is the national United Nations Global Compact focal point. A wide range of CSR activities are supported through collaboration with the Bangladeshi government, civil society organisations (CSOs), and multilateral and bilateral donors. It is mandatory for financial institutions to make contributions to the Bangladesh Bank in the form of “CSR Funds” – one time donations for national events or disasters. According to the Bangladesh Institute for Labour Studies, though CSR activities appear to be growing in Bangladesh, there is an absence of a shared understanding of what CSR entails among businesses, trade unions, workers and citizens more generally (Rahman and Juy, 2016). Moreover, there is no legal framework with respect to CSR though a National CSR Policy for Children has been recently developed. There is also yet to be sufficient measurement of the effectiveness of CSR projects, including with respect to investments made by the commercial and banking sector (Reed Consulting BD LTD, 2014). Companies in Bangladesh tend to see CSR as corporate philanthropy and social compliance, rather than as a principle to be integrated into core business.

Trade unions and civil society

Trade unions in Bangladesh tend to be fragmented with more than 32 national union centres or federations. Bangladesh has over 7650 registered basic trade unions (LO/FTF Council, 2017). Following the collapse of the Rana Plaza garment factory trade union density among wage workers increased from 17% in 2012 to 19% in 2015. Sramik Karmachari Oikya Parishad, an alliance of the National Federation of Trade Unions, represents more than 90% of the workforce organised by the national trade union movement. According to a 2016 review of the labour market in Bangladesh by the Danish Trade Union Council for International Development Cooperation (2017), most central tripartite structures and social dialogue are facing challenges, such as in the readymade garment sector where conflicts continue between employers’ associations and trade unions. Moreover, there is limited coverage of collective bargaining agreements. Bangladesh also faces the challenge of ensuring that labour regulations reach the majority of working Bangladeshis employed in the informal sector. Nevertheless, in the wake of the Rana Plaza collapse, Bangladesh has seen progress on occupational safety at the factory level.

Notwithstanding exceptions, several interviewees, including from civil society, international finance institutions and the research community, noted that the relationship between civil society and the private sector is positive, with each sector understanding the important roles played by the other in terms of contributing to sustainable development. Though the private sector has some involvement in education and to a greater degree in health, CSOs tend to be significant contributors in these sectors with the private sector playing less of a role (Interviewee, October 2017). The private sector is more likely to work with CSOs that are well-connected to the government and able to link private partners to government networks (Interviewee, October 2017). Nevertheless, one CSO interviewee (January 2018) offered a different view on the status of civil society – private sector relations, noting the challenge lies with the priorities of the private sector versus civil society. Civil society tends to be more concerned with human rights and dignity while the private sector is more interested in economic dimensions of development. Trust is also an issue. When consultations occur between civil society and the private sector there are few organisations, beyond government, that can act as a facilitator to bring stakeholders to the same table to discuss more contentious issues. Some DAC donors are working to bridge this gap by supporting multi-stakeholder partnerships.

CSOs also play a watch dog role in monitoring the role of the private sector in development, as well as in relation to development co-operation. Some CSOs are working with communities through participatory monitoring processes to monitor the role of the private sector and develop...
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opment finance institutions (interviewee, January 2018). When issues arise, communities can take them to the local government and raise awareness through the media.

**Development partners**

According to statistics from the Organisation for Economic Co-operation and Development (OECD), Bangladesh received US $2,106 million in official development assistance (ODA) commitments in 2015, of which US $649 million was committed in ODA grants and 1,456 million in ODA loans.1 Commitments in terms of other official flows amounted to US $30 million in the same year. The country’s top five ODA providers include the International Development Association, Japan, the Asian Development Bank, the United Kingdom and the United States.2 Social infrastructure captured the largest share of ODA, followed by economic infrastructure.

A 2017 assessment of development finance in Bangladesh found a high degree of aid fragmentation among development partners, noting that the large number of traditional and non-traditional development partners, including South-South co-operation (SSC) providers, operating in the country do not necessarily adopt best practice with respect to effective development co-operation (Bjornestad et al., 2017). This reality undermines country ownership in Bangladesh, and the ability of the government to ensure that contributions from development partners are effectively linked to national plans and priorities with no duplication of efforts. In addition, development effectiveness principles are not well institutionalised in the private sector or even civil society (interviewee, January 2018). According to one CSO representative, funding to further socialise the private sector and civil society on development effectiveness (and other global standards) is limited.

The Local Consultative Group serves as the main forum for coordination between the government and development partners. The Working Group on Private Sector Development and Trade is most closely related to PSE through development co-operation.3 The forum provides a space for information exchange, coordination and collaboration on private sector development. The Working Group carried out two mapping studies of private sector development activities in 2006 and 2009, both of which resulted in relevant findings related to PSE through development co-operation (discussed below). The Working Group does not include members from the private sector or civil society, though these stakeholders are sometimes invited to participate in meetings to strengthen dialogue among stakeholders.4

**IV. Current State of Play on PSE: Mapping & Consultation Findings**

**Development partners**

The project mapping exercise included a systematic examination of 70 development partners’ websites with the aim of identifying PSE projects – projects that include a development partner, private sector partner and make use of ODA or ODA like flows, such as SSC and foundation funding.5 These included Bangladesh’s top 10 official development assistance providers accounting for 85% of ODA to Bangladesh on average over 2014-15,6 20 bilateral development finance institutions (DFIs), seven (7) multilateral DFIs, 17 foundations, six (6) prominent CSOs operating in Bangladesh (local and international), six (6) of the top United Nations (UN) programmes and agencies in Bangladesh according to ODA flows, and eight (8) providers of SSC. Annex 1 provides a full list of the development partners examined and whether their portfolio revealed PSE projects.

Nearly 240 PSE projects were identified through the project mapping based on the review of development partner websites and databases, secondary literature and inputs from development stakeholders involved in the research process. As outlined in Annex 1, information collected was mapped directly into the mapping framework. Data was collected from development partners.

4 Members include: the Asian Development Bank, Global Affairs Canada, Department for International Development (United Kingdom), European Union Delegation to Bangladesh, GIZ (Germany), the International Finance Corporation, the International Labour Organisation, the Japan International Cooperation Agency, The Netherlands – Embassy, Norway – Embassy, the Swiss Agency for Development and Cooperation, the United Nations Development Programme, the US Agency for International Development and the World Bank.
5 See Annex 1 for description of projects included. The information presented below is based on the projects identified through the methodology as noted in Annex 1 and the information that was publicly available through development partners. Greater transparency on PSE projects will be critical for future updates to this work.
6 In addition to these, a number of projects were identified for other bilateral ODA partners from the literature review and projects supplied by members of the work stream working group.
partners’ websites including in the form of project and relevant policy documents where available. As noted throughout the report, information was not consistently available for all components of the mapping framework outlined in Annex 1 (see also Table 8).

Projects that focus on private sector development and do not include a private partner were excluded – e.g. development partner to government support for the business enabling environment were excluded (unless there is a private partner involved in the project). The criteria for project selection is sector agnostic – PSE projects from a wide variety of sectors will be included in the mapping, such health, education, private sector development, water and sanitation, etc. To ensure a wide scope of PSE projects and partnerships are captured by the mapping, the research team examined projects that include a development partner, are supported by development co-operation (ODA, ODA-like flows such as foundation financing, or SSC) and include a private sector partner. This approach follows the definition of PSE through development co-operation as outlined in the 2016 OECD Peer Learning on PSE in Development Co-operation. Though the approach to the project mapping aims to be as comprehensive as possible, invariably some development partners were not included in the mapping.

Table 1 provides an overview of the number of projects in terms of their main development partner sponsor(s). It shows that the bulk of projects identified through the mapping process are from DAC donors followed by multilateral DFIs and bilateral DFIs. CSOs are the next most prominent stakeholder supporting PSE projects followed by the UN agencies examined and finally philanthropic institutions. Though eight providers of SSC were examined, only two projects were identified.

<table>
<thead>
<tr>
<th>Development partner</th>
<th>Number of projects</th>
<th>Percentage of total projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAC donors and their implementing agencies</td>
<td>87</td>
<td>37</td>
</tr>
<tr>
<td>Bilateral DFIs</td>
<td>60</td>
<td>25</td>
</tr>
<tr>
<td>Multilateral DFIs</td>
<td>78</td>
<td>33</td>
</tr>
<tr>
<td>Philanthropic institutions</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>CSOs</td>
<td>30</td>
<td>13</td>
</tr>
<tr>
<td>UN agencies</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>Providers of SSC</td>
<td>2†</td>
<td>1</td>
</tr>
<tr>
<td>Projects including multiple development partners</td>
<td>33</td>
<td>14</td>
</tr>
<tr>
<td>Not available</td>
<td>6</td>
<td>3</td>
</tr>
</tbody>
</table>

Private sector partners

Figure 1 provides an overview of the private sector partners involved in the PSE projects examined: Large domestic firms have the highest representation across projects, engaged in nearly 61% of projects. Domestic SMEs were included as partners in 24% of projects while large transnational companies were represented in roughly 14%. Transnational SMEs were included in less than 2% of projects examined. Across the projects, 33, or 13.75% included more than one type of private sector partner. Twelve (12) percent of projects did not provide information on the type of private sector partner involved. Overall, the PSE projects identified through the mapping exercise show a predominance of local private sector involvement. Annex 2 provides an overview of private sector partners involved in projects according to development partner type.

17 PSE is defined 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 deliberately broad in order to capture all modalities for engaging the private sector in development co-operation from informal collaborations to more formalised partnerships. Given that the term applies to how development co-operation occurs, private sector engagement can occur in any sector or area (e.g. health, education, private sector development, renewable energy, governance, etc.). Through private sector engagement, the private sector and other participants can benefit from each other’s assets, connections, creativity or expertise to achieve mutually beneficial outcomes (Crisha Morgado et al., forthcoming; Di Bella et al., 2013). See http://www.oecd.org/dac/peer-reviews/Inventory-1-Private-Sector-Engagement-Terminology-and-Typology.pdf.

18 Total is more than 240 as the table shows the number of projects that include each type of development partner as a main sponsor of the project rather than the total number of projects. Similarly, the percentage of total projects does not add up to 100%.

19 One project includes the Multilateral Investment Guarantee Agency and can as such be seen as a triangular cooperation project.

20 Large domestic private sector actors are the most prominent partners in PSE projects in Bangladesh, followed by domestic SMEs. For 75% of projects examined, private sector partners are recipients of finance. In much fewer cases they act as on-lenders to SMEs, implementers or financiers.
Table 2 provides an overview of the main roles of the private sector in the PSE projects examined. It shows that for a significant proportion of projects – 75% – the private sector is a recipient of finance (grants, debt financing, equity, guarantees, etc.). However, in 27% of projects, the private partner is also listed as an on-lender to SMEs. Following these roles, the private sector serves as the project implementer in 22% of projects and a resource partner – i.e. provider of finance – in 12%.

Table 2. Role of private sector partners

<table>
<thead>
<tr>
<th>Role</th>
<th>Number of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recipient</td>
<td>180</td>
</tr>
<tr>
<td>Financier – resource partner</td>
<td>29</td>
</tr>
<tr>
<td>Implementer</td>
<td>52</td>
</tr>
<tr>
<td>On-lender to SMEs</td>
<td>64</td>
</tr>
<tr>
<td>Not available</td>
<td>22</td>
</tr>
</tbody>
</table>

Local partners

While the domestic private sector is well represented in the PSE projects examined, the mapping showed limited representation by other stakeholders (Table 3).21 Government institutions in Bangladesh were only listed as partners in 22 of the projects examined, or roughly 9% of the time. Domestic CSOs are implementing partners on 20 projects or 8% of the time. Only one domestic business association is represented in two projects (less than 1%), the Bangladesh Garment Manufacturers and Exporters Association. No projects listed international or domestic trade unions, or international business associations as partners. Ten (10) research institutions were listed as partners (3%), three of which included specialised domestic research institutions (1.25%). International organisations were also listed as partners, to a limited extent – ODA provider implementing agencies (14 projects, 5.8%), UN agencies (7 projects, 2.9%), philanthropic institutions (8, 3.3%) and international CSOs (4 projects, 1.7%). One project listed an international multi-stakeholder partnership initiatives as a partner.

Table 3. Local partners

<table>
<thead>
<tr>
<th>Partner type</th>
<th>Number of projects</th>
<th>Percentage of overall projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic business association</td>
<td>2</td>
<td>0.8</td>
</tr>
<tr>
<td>Domestic CSO</td>
<td>20</td>
<td>8</td>
</tr>
<tr>
<td>Domestic research institutions</td>
<td>3</td>
<td>1.25</td>
</tr>
<tr>
<td>Domestic trade union</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>International business association</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>International CSOs</td>
<td>4</td>
<td>1.7</td>
</tr>
<tr>
<td>International research institutions</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>International trade union</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>DAC donors and implementing agencies</td>
<td>14</td>
<td>5.8</td>
</tr>
<tr>
<td>Other platform, partnership, initiative</td>
<td>1</td>
<td>0.4</td>
</tr>
<tr>
<td>Partner country government</td>
<td>22</td>
<td>9.2</td>
</tr>
<tr>
<td>Philanthropic Institutions</td>
<td>8</td>
<td>3.3</td>
</tr>
<tr>
<td>United Nations</td>
<td>7</td>
<td>2.9</td>
</tr>
</tbody>
</table>

There is limited engagement by local partners in PSE projects examined. Government institutions are included as partners in roughly 9% of projects. Representation by other local non-state actors is even less.

21 Table 3 presents figures for the projects that listed additional partners beyond the main sponsors as listed in Table 1.
PSE project timelines and budgets
The projects in the mapping span from 2003 to present in terms of their start dates.22 The bulk of the projects examined began in 2010 or later. Only 13 projects started prior to 2010. At the time of project mapping, 31 projects provided information that showed they were ongoing. It is likely that a much higher number of projects are ongoing given that 119 projects did not include an end date, of which 30 started in 2016 or later. For the 74 projects that provided full information on project start and end dates, the longest projects (2) spanned 11 years and the shortest less than a year (for a small project that included preparatory work for a larger project). Only a small number of projects (11) were planned for two years or less. Twenty projects had a three year time horizon and 37 a five year lifespan or greater.23 Projects with longer term financing (five years or more) were found across sectors and types of development partners though the United States was a sponsor for 20 of the 37 projects with longer term financing.

Of the 240 projects examined, roughly one third (81), did not provide budget information. For half of the projects supported by DAC donors and their implementing agencies (43 of 87 projects) no budget information was available. Multilateral DFIs account for the largest amount of finance – US $4.8b – at nearly five times the amount of the next largest development partner, DAC donors (US $ 998m). Bilateral DFI projects accounted for US $669m, CSOs US $343m, SSC providers US$197m, UN agencies US $175m, and philanthropic foundations US $89m for the projects examined. The majority of the projects in the sample are $100 million or less in terms of budget size based on available information.

<table>
<thead>
<tr>
<th>Development partner type</th>
<th>Projects for which budget is available, % and #</th>
<th>Total budget of projects for which budget is available (Million US$)</th>
<th>Average budget size of projects for which budget is available (Million US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAC donors and their implementing agencies</td>
<td>51%, 44</td>
<td>998</td>
<td>22.68</td>
</tr>
<tr>
<td>Bilateral DFIs</td>
<td>91.7%, 55</td>
<td>669</td>
<td>12.16</td>
</tr>
<tr>
<td>Multilateral DFIs</td>
<td>100%, 78</td>
<td>4,832</td>
<td>61.94</td>
</tr>
<tr>
<td>Philanthropic Institutions</td>
<td>54.5%, 6</td>
<td>89</td>
<td>14.83</td>
</tr>
<tr>
<td>CSOs</td>
<td>33.3%, 10</td>
<td>343</td>
<td>34.3</td>
</tr>
<tr>
<td>UN Agencies</td>
<td>46.7%, 7</td>
<td>175</td>
<td>25</td>
</tr>
<tr>
<td>BRICS and other key southern partners</td>
<td>100%, 2</td>
<td>197</td>
<td>98.5</td>
</tr>
</tbody>
</table>

Modalities of PSE mobilised through development co-operation
Projects were categorised according to the modality of co-operation between the private sector and development partners. The modalities examined include policy dialogue, capacity development, technical assistance, knowledge sharing, research and finance (see Annex 1 for full description). The most prominent modality of PSE captured in the project mapping is finance representing 71% – or 189 – of the projects examined. Capacity development is the next most prominent modality of engagement featured at 20% (52 projects), followed by technical assistance (3%, 8 projects), and policy dialogue, research and knowledge sharing (2%, 5 projects each). In this context, 22 projects included more than one modality. Annex 2 provides a breakdown of modality of PSE against each type of development partner examined.

The finance modality includes grants, debt financing, equity and shares in collective investment vehicles, and guarantees and other unfunded liabilities. Debt financing represents the largest share of development finance (US $4.5b, 108 projects) followed by equity and shares in collective investment vehicles (US $856m, 21 projects), grants (US $839m, 73 projects) and guarantees and other unfunded liabilities (US $690m, 12 projects)24 (see Table 5). Of these finance-based PSE projects included, 17 include multiple forms of finance, such as the use of debt financing and a guarantee for the same project. Bilateral and multilateral DFIs are most prominently represented, unsurprisingly, in projects supported by debt financing. DAC donors, philan-

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22 To be included in the data set, a project had to start in 2010 or later, or still be ongoing as of 2010. The research team selected 2010 in an effort to limit the scope of projects reviewed while ensuring that the projects selected offered a large enough time span to show results, scale and impact.
23 Twelve projects were for five years, ten for six years, five for seven years, four for eight years, three for nine years, one for ten years and two for 11 years.
24 The following currency conversion table is used: https://data.oecd.org/conversion/exchange-rates.htm
25 No data is available for 66 projects using debt financing and 26 grant-funded projects.
Global Partnership | Bangladesh Private Sector Engagement

thropic foundations, CSOs and UN agencies are most prominently represented in grant-funded PSE projects. Annex 2 provides further details of development partner participation in PSE projects according to financing instrument.

<table>
<thead>
<tr>
<th>Instrument type</th>
<th>Total budget (million USD)</th>
<th>Total # of projects</th>
<th># of projects budget available</th>
<th>% of projects as share of all projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt financing</td>
<td>4,534</td>
<td>108</td>
<td>66</td>
<td>45</td>
</tr>
<tr>
<td>Equity and shares in collective investment vehicles</td>
<td>856</td>
<td>21</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Grants</td>
<td>839</td>
<td>73</td>
<td>26</td>
<td>30</td>
</tr>
<tr>
<td>Guarantees and other unfunded liabilities</td>
<td>690</td>
<td>12</td>
<td>0</td>
<td>5</td>
</tr>
</tbody>
</table>

Given the Government’s focus on PPPs as a key mechanisms for PSE, it is worth highlighting the extent to which development partners are supporting this type of partnership. The information provided by development partners makes it difficult to determine the extent to which the projects financed are PPPs. This is because development partners do not always explicitly refer to a partnership as a PPP and some development partners use the term PPP to refer to any kind of partnership with the private sector, rather than “an arrangement in which the private sector provides infrastructure assets and services that traditionally have been provided by the government” as defined by the OECD.27 Nevertheless, 23 projects in the mapping were referred to as PPPs by the project sponsor. The bulk of these projects (15) are sponsored by bilateral or multilateral DFIs. Seven projects are in energy, four in infrastructure finance, three in health, three in water and sanitation and three in agriculture. The remaining projects are in, education (1), manufacturing (1), and multiple sectors (1).

Sectoral distribution

Figure 2 shows the sectoral distribution of projects according to their main sector of focus.28 It shows that finance (28%), agriculture (17%), manufacturing (16%), and energy (10%) are the primary sectors of focus in the PSE projects examined. Health, communications, cross-cutting issues,29 retail, environment and climate change, education and water and sanitation (WASH) are the next most prominent sectors, representing between five and two percent of projects. All remaining sectors represent one percent or less of the projects examined.30,31 The sectoral distribution of projects suggests that a significant portion of the PSE projects in Bangladesh relate to private sector development activities, particularly in terms of efforts to improve access to finance.

As shown in Annex 2, DAC donors and CSOs are largely concentrated in the agriculture sectors while the bulk of projects supported by bilateral and multilateral DFIs focus on the financial sector. Projects supported by philanthropic institutions and UN agencies tend to be disbursed across a range of sectors. The two projects included from SSC providers focus on communications and energy.

26 Type of finance instrument is unavailable for 17% of the projects.
28 Some projects are linked to more than one sector. Figure 3 represents only main sectors of focus.
29 Country-level capacity development, knowledge sharing and research projects, from which many sectors can benefit are categorised as cross-cutting issues.
30 Infrastructure projects for energy such as power plant construction are included in energy sector. This explains why the share of infrastructure is small in Figure 3.
31 Other includes: Ship-breaking, marketing and value-chain maintenance.
Activities supported

Table 6 provides an overview of the main activities supported by top five main sectors of focus – finance, agriculture, manufacturing, energy and health. It shows the activities in the financial sector are mainly geared towards improving access to finance for SMEs (the majority of projects at 45.3%) or for a specific sector (30.7%). In agriculture, the main activity supported is development and deployment of new technologies and research related to improving agricultural productivity (42.2%), including through the cultivation of higher value or more resilient agricultural commodities. Value chain development (22.2%), capacity development (20%) and supporting improved access to finance (20%) are also featured. In manufacturing, where nearly half of the projects focus on the textile or readymade garment industry, the most prominent activities include financing expansion activities and other operations in factories (41%). Efforts to improve environmental, social and governance (ESG) standards (22.2%) and capacity development (15.4%) activities are the next most prominently cited activities. For energy, the construction of new facilities is the most prominent activity (58% of projects) followed by support for expansion or upgrading of existing facilities (20.8%). Projects in the health sector are fairly evenly spread in terms of activities, with 20% focusing on expansion of healthcare services to the poor or underserved communities, 20% focussing on raising awareness of services through social marketing and media, 13.3% supporting technology transfer to improve services and 13.3% supporting the development of health networks or franchises.

Table 6. Main activities supported by PSE projects, top 5 sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Activity</th>
<th>Number of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance (75 projects)</td>
<td>SME on-lending</td>
<td>47**</td>
</tr>
<tr>
<td></td>
<td>Lending for a specific sector overall</td>
<td>23**</td>
</tr>
<tr>
<td>Agriculture (45 projects)</td>
<td>Technology or research related intervention – testing, adoption of new techniques</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Value chain development</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Capacity development / technical assistance</td>
<td>9</td>
</tr>
<tr>
<td>Manufacturing (39 projects)</td>
<td>Access to finance</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Financing company activities and/or expansion</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Improving ESG standards in factories</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Capacity development, including through skills development</td>
<td>6</td>
</tr>
</tbody>
</table>

The main activities supported by PSE projects include improving access to finance for SMEs and/or a specific sector, technology or research related interventions in agriculture, and financing company operations, including expansion activities and upgrades.

32 Number varies from Table 2 as it applies only to projects for which the financial sector was the main sector. In other words, other projects in the mapping included efforts to improve on-lending to SMEs but did not have the financial sector as the main sector of focus.
33 Of which 9 focus on trade and 3 on green investments.
The limited participation by the Government of Bangladesh and other local stakeholders in the PSE projects the mapping exercise captured suggests that there is room to improve country ownership in private sector engagement projects. Projects predominantly include only development partners and the private entities in the country. The extent to which PSE projects are explicitly tied to government priorities or include consultation with the government and other local stakeholders in their development is difficult to decipher from the information obtained through the project mapping which included online descriptions and project databases, as well as project information documents and relevant institutional policies where available. Additional information such as project proposals, background documentation and interviews with development partners would be needed for each project to make a full assessment. Bilateral and multilateral DFIs are more likely to articulate how their investments coincide with their own strategies as part of the standard information provided for a project rather than government priorities. It is outside the scope of the mapping exercise to examine the overarching strategies of each development partner to assess the extent to which they specifically align with the priorities of the Bangladesh government. Documentation from the Asian Development Bank explicitly refers to how the projects it supports align to country development plans. According to an interviewee from a DAC donor (December 2017), the projects they support must receive sign off by the Bangladesh government, which helps to ensure alignment with country priorities.

While recognising that the government is offering incentives for the private sector to invest in social impact and contribute through CSR in the form of funding to the Bangladesh Bank, one CSO representative noted that there is a need for the government to take greater ownership over PSE activities more generally (aside from the PPP Authority). The 2017 development finance assessment noted that improving country ownership over public flows dedicated to the private sector is likely to be a challenge for the government as data is generally difficult to access and collate, private interests are not always aligned with government interests, and the government will need to improve capacity to manage social and environmental risks and opportunities (Bjornestad et al., 2017).

As noted above, the main mechanism for PSE by the Government of Bangladesh is the PPP Authority. The government has developed a strategy for development partner support to PPPs that sets out the terms and conditions for PPPs supported through the Authority by development partners. The PPP Authority has seen improvements in terms of capacity in recent years (Bjornestad et al., 2017). However, it continues to face capacity challenges, including improving the quality of infrastructure planning, closing deals, and developing strategies to encourage PPPs in high risk areas that have high social returns but low private returns. Some also argue that the PPP Authority is too centralised under the Prime Minister’s Office, suggesting the need for stronger units at the sectoral level in government ministries (Rashed et al., 2014). Interviews/ workshop to obtain additional information on capacity more generally beyond PPPs, including with respect to inter-ministerial coordination.

In addition to capacity challenges faced by government institutions, one interviewee from a business association also noted the importance of strengthening engagement between parliamentarians and the private sector. Though parliamentarians have the capacity to engage different stakeholders, they may be less familiar with how to effectively engage the private sector in particular. There is currently no caucus related to private sector engagement which may make it difficult for parliamentarians to bring their issues to the private sector. Given that a large number of members of parliament have a private sector background, interest tends to be more on an individual basis according to one representative from parliament (December 2018). On the other hand, private sector associations have been able to successfully lobby parliamentarians, bring-

<table>
<thead>
<tr>
<th>Energy (24 projects)</th>
<th>Health (15 projects)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of new facilities</td>
<td>Development of healthcare services specifically for the poor or underserved areas such as slums</td>
</tr>
<tr>
<td>Expansion of activities or upgrading</td>
<td>Social marketing to raise awareness and improve access</td>
</tr>
<tr>
<td></td>
<td>Technology transfer to improve service</td>
</tr>
<tr>
<td></td>
<td>Development of health networks or franchises</td>
</tr>
</tbody>
</table>

V. More effective PSE in Bangladesh: Opportunities & Challenges

**Country Ownership & Capacity Development**

The limited participation by the Government of Bangladesh and other local stakeholders in the PSE projects the mapping exercise captured suggests that there is room to improve country ownership in private sector engagement projects. Projects predominantly include only development partners and the private entities in the country. The extent to which PSE projects are explicitly tied to government priorities or include consultation with the government and other local stakeholders in their development is difficult to decipher from the information obtained through the project mapping which included online descriptions and project databases, as well as project information documents and relevant institutional policies where available. Additional information such as project proposals, background documentation and interviews with development partners would be needed for each project to make a full assessment. Bilateral and multilateral DFIs are more likely to articulate how their investments coincide with their own strategies as part of the standard information provided for a project rather than government priorities. It is outside the scope of the mapping exercise to examine the overarching strategies of each development partner to assess the extent to which they specifically align with the priorities of the Bangladesh government. Documentation from the Asian Development Bank explicitly refers to how the projects it supports align to country development plans. According to an interviewee from a DAC donor (December 2017), the projects they support must receive sign off by the Bangladesh government, which helps to ensure alignment with country priorities.

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In addition to capacity challenges faced by government institutions, one interviewee from a business association also noted the importance of strengthening engagement between parliamentarians and the private sector. Though parliamentarians have the capacity to engage different stakeholders, they may be less familiar with how to effectively engage the private sector in particular. There is currently no caucus related to private sector engagement which may make it difficult for parliamentarians to bring their issues to the private sector. Given that a large number of members of parliament have a private sector background, interest tends to be more on an individual basis according to one representative from parliament (December 2018). On the other hand, private sector associations have been able to successfully lobby parliamentarians, bring-

ing their concerns to the table. There is an opportunity to move towards more structured engagement. Building the capacity of parliament as an institution and individual members of parliament is critical to ensuring they are “fit for purpose” when discharging their budgetary, legislative, representative and oversight responsibilities in the context of achieving the SDGs. The transformational and inclusive nature of the 2030 Agenda makes the issue of capacity all the more urgent and pressing according to a representative from parliament (December 2017). Development partners can act as facilitators and enablers in this context.

The extent to which development partners consult and work with local organisations was raised in a number of interviews. One interviewee (October 2017) with considerable experience partnering with development partners noted that DAC donors have become less approachable in recent years in Bangladesh, preferring to bring in their own consultants rather than engaging with local partners. This had led to development partners taking less of a partnership approach in terms of consulting with local stakeholders on the private sector agenda and rather moving forward on agendas based on their own analysis of what is needed. This view was supported by another interviewee (October 2017) who noted that the needs of the recipient are no longer reflected. This is both in terms of the substance of projects as well as the use of external consultants. It should be noted however, that these views were not shared by all individuals interviewed. One interviewee argued that domestic capacity in Bangladesh has grown and that there is in fact more engagement with local stakeholders, with development partners aware of the criticisms related to bringing in their own consultants when local capacities exist. Moving forward, one representative from civil society argued that CSOs could be better supported in PSE through the provision of funds and capacity development for advocacy related projects in addition to projects that focus on direct partnerships and the implementation of projects (January 2018). At the local level, it is critical for CSOs to have the capacity to monitor the impacts of PSE through development co-operation. Support for regional exchanges between CSOs would also be helpful given that PSE through development co-operation often goes beyond national boundaries.

Overall, the project mapping appears to reflect alignment with Government of Bangladesh priorities from a sectoral perspective. PSE projects focus on finance which is a key constraint in the business enabling environment. The focus on agriculture shows alignment as the majority of Bangladesh people work in agriculture. Manufacturing is an important sector for the government and a major employer. PSE projects in energy address an important constraint for the business enabling environment and an unmet need for the population in Bangladesh. Finally, the health sector is a priority for the government and impacts the ability of all people in Bangladesh to lead healthy, productive lives. A 2009 mapping of private sector development projects (which focus on improving the enabling environment and growing businesses and do not necessarily include private partners), many of which directly engage the private sector, found that in general, projects at the time aligned to the indicators in the government’s Poverty Reduction Strategy Paper at the time (Crosby, Watson, and Sawar, 2009). Interviewees from an independent research institution (October 2017) argued that development partners, generally speaking, tend to be more aligned with government priorities. They noted that alignment occurs through the Bangladesh Development Forum – the main vehicle through which the government engages all development partners – and that donors have bought into the 7th Five Year Plan and the government’s approach to the SDGs. Box 2 provides an example of a PSE initiative for which country ownership and alignment is particularly strong.

**Box 2. Supporting country ownership and alignment while engaging the private sector: Katalyst**

The Katalyst project engages businesses in the agriculture sector. It has seen three phases of implementation over 2002-2018. Implemented by Swisscontact, the project is co-funded by Switzerland, the United Kingdom, and Denmark, and operates under the Ministry of Commerce of the Government of Bangladesh. Other development partners have also participated in the project in the past including Canada, the Netherlands and Germany. By the end of the third phase, the project aims to reach an additional 1.43 million farmers and SMEs, increasing the income of its beneficiaries by US $260m. In phase 2 of the project, Katalyst aimed to reach 2.3 million farmers and small businesses, and provide employment for 450,000 poor people by the end of 2013. Phase one, which ended in 2007, helped create 200,000 jobs and assisted 700,000 farmers and small businesses. Phases one and two are estimated to have increased income of beneficiaries by US $435m.

Katalyst provides capacity development to SMEs, supports local agri-business networks, improves information channels and works to capitalise the sector and improve women’s economic empowerment. The programme covers farmed fish, maize and vegetables and partners with agro-processors, compost producers, lead farmers, sector associations and local government. Grameenphone and Banglalink became partners to help disseminate information to farmers.
Banks are also involved to help improve access to capital. The project is implemented under a pro-poor market development approach (making markets work for the poor – M4P).

According to one interviewee (October 2017), the Katalyst project is a good example of alignment and country ownership in PSE. The project operates under the Ministry of Commerce and with local government and other stakeholders, ensuring an inclusive multi-stakeholder approach. It has also demonstrated positive results for poor people and growth over its three phases.

Sources: Katalyst, n.d.; Gibson, 20015; interviewee from the research community, October 2017.

**Fair Access to PSE for SMES**

The project mapping clearly shows that development partners tend to partner with large domestic private sector firms overall. Where domestic SMEs are engaged in projects, engagement tends to be in the form of on-lending to SMEs, capacity development, value chain development and efforts to improve environmental and social standards (particularly in textiles). For the most part, SME engagement across projects tends to place SMEs as a beneficiary of PSE projects rather than an active partner. The 2009 mapping of development partner private sector development activities found that the majority of projects focussed on SME development (Crosby, Watson, and Sawar, 2009). The main forms of SME engagement identified through the mapping study suggests that development partners have continued to prioritise SME development. Views on these findings to be fleshed out through interviews/workshop, including with respect to the issue of SME formalisation and increased engagement of SMEs in PSE through development co-operation activities.

Two out of the five projects that make use of policy dialogue to engage the private sector include SMEs. As noted above, SMEs are also not well-represented in existing business associations. Research on public-private dialogue in Bangladesh suggests that there is a need to empower SMEs to enable them to effectively engage in dialogue opportunities (Sobhan and Azhar, n.d.). Moreover, public-private dialogue mechanisms should be structured with particular attention to how SMEs can be engaged.

According to one interviewee from civil society (January 2018) more could be done to ensure that all private sector stakeholders benefit from financial incentives for engagement. The interviewee argued that there are many entrepreneurs that could have an impact but are unable to access opportunities while companies that are considered allies to the government and others are more likely to benefit. Typically, the private partners that benefit from development cooperation have linkages to the government or powerful business associations. This tends to be larger companies.

In terms of the extent to which DAC donors’ PSE benefits their own companies, a CSO representative argued that donors do in fact work more with their own private sector (January 2018). Recognising that the project mapping did not capture all DAC donors engaging the private sector in Bangladesh, the available data for the 240 projects suggests that DAC donors, at least in Bangladesh, work more with the domestic private sector, as noted above. Only 18 projects included a private partner from the same country as the DAC member sponsor of the project, however in a number of instances other private partners from Bangladesh were also included.

**Targeting: Private Sector Engagement and Leaving no one behind**

A review of the project mapping reveals that only 28 projects (11.7%) explicitly target the poor or people living in underserved or rural locations as stated in project descriptions. Nine (9) projects (3.75%) noted explicit targeting of women, the majority of which were in agriculture (5). The examination of the results of PSE projects shows that only one project provided information on overall results disaggregated by gender while two projects specifically referred to results for poor people or other groups that may be left behind, such as people with disabilities. For projects that only articulated expected results, the mapping shows that only 14 specifically refer to expected results related to benefitting marginalised groups, such as poor people or individuals living in rural locations. Five projects specifically target results in terms of benefits for women or women-owned SMEs. These findings do not mean that other projects examined do not benefit those left behind in Bangladesh society, however they do suggest that PSE projects do not sufficiently purposefully target leaving no one behind as of yet.

The mapping also shows that PSE is largely occurring in economic and hard infrastructure. While social infrastructure is the largest recipient of ODA from a sectoral perspective, only 9 percent of the PSE projects examined focussed on social sectors including health, education and water and sanitation. Only two projects for blended finance could be identified from the mapping exercise for the case of Bangladesh (a LDC). These trends are in line with overall reviews of blended finance that show that middle income countries and economic sectors are the main focus of PSE through development co-operation. Given the high proportion of ODA flows

**Besides large domestic companies, SMEs receive support in terms of access to finance, capacity development, value chain development and efforts to improve environmental and social standards. They require additional support to engage in business associations and opportunities for public-private dialogue.**

**Only 12% of examined projects explicitly target the poor or people living in underserved or rural locations. This suggests that PSE projects do not sufficiently purposefully target leaving no one behind yet.**
Going to social sectors overall and the limited PSE projects in this area, there is an opportunity for the government and development partners to make greater use of PSE through development co-operation to address social challenges.

According to civil society reports, PSE engagement occurs within a context in which private sector-led growth in Bangladesh has not sufficiently benefited the poor (Mahmud and Akter, 2012; Ahmed and Islam, 2011). Privatisation of basic services, promoted by some donors, has led to price increases and has not benefited the poor (Mahmud and Akter, 2012). Moreover, inequality is growing (Ahmed and Islam, 2011). One report concludes that private sector engagement in Bangladesh has not led to pro-poor growth (Mahmud and Akter, 2012). It was felt that there is yet to be a more significant focus on the Base of the Pyramid\(^6\) by the private sector in collaboration with the Government of Bangladesh, particularly in relation to core business activities (interviewee October 2017). Moreover, some of the larger projects in energy and infrastructure, including those supported through development co-operation, have violated the rights of the poorest and most marginalised with people being evacuated from their land or moved to other places according to one CSO representative (January 2018). There is a need for the government and development partners to take seriously the views of local populations affected by PSE; consultation should not just be seen as a form of compliance. Though projects are signed off and supported by the government and development partners, monitoring of implementation is insufficient with private partners not consistently complying with ESG standards and not enough attention to ensuring the poorest and most marginalised are reached. When the private sector acts on behalf of the government it must also act as a duty bearer with respect to human rights.

While the government is working to make available special incentives to businesses willing to establish PPPs in rural locations or for underprivileged populations, one interviewee noted the need for the government to take further regulatory action to ensure private sector activities benefit the poor, including through effective minimum wage and work environment policies that are enforced, such as has been the case in the readymade garment sector (October 2017). In this sense, there is a need to couple PSE activities with improvements that ensure the business enabling environment ensures minimum standards for business operations and supports socially responsible businesses.

Ways to target the poor or marginalised people will be discussed at the workshop.

Monitoring, results and evaluation

The findings from the PSE mapping in terms of monitoring, results frameworks, results and evaluation are consistent with other reviews of PSE through development co-operation. Transparency around monitoring and evaluation processes, results and results frameworks has been repeatedly noted as an ongoing issue (OECD, 2016; Oxfam, forthcoming 2017; Heinrich, 2017; Tewes-Gradl et al., 2014).

For roughly 66% of the projects examined, development partners suggest that some form of monitoring occurs. At a minimum, it appears that partners are required to submit reports annually, or more frequently on their progress. Yet, despite monitoring provisions, there is limited information made publicly available on preliminary results or more generally, the status of project implementation. Combined with the lack of available evaluations on PSE projects, it is very difficult to assess the impacts of PSE in an aggregate or meaningful way with such limited information.

Limited information in terms of results and evaluations of PSE projects means that an assessment of the key factors that promote success in PSE projects in Bangladesh and how such successes might be scaled up is not possible based on the project mapping. Insights from interviewees suggest that there is a need for development partners to focus more on capacity development and longer-term financing for projects to ensure the sustainability of PSE projects, and that partners have the necessary skills and resources to scale their successes (October 2017). In this regard, the timelines for support are critical. Realising systemic change requires longer term support to achieve and scale impacts. Moreover, it requires flexibility on the part of development partners, to enable local partners to be flexible and innovative when conditions change.

During the workshop, participants will discuss strategies to scale the impacts of PSE through development co-operation in Bangladesh.

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\(^6\) The base of the pyramid (BoP, sometimes referred to as the bottom of the pyramid) refers to approximately four and a half billion people who live on less than USD 8 per day at the base of the global economic pyramid.
Monitoring

The project mapping revealed that 13 development partners accounting for 128 projects provide general information on their monitoring frameworks but not project specific information. This means that information on the organisation’s overall approach to monitoring was available but not specific provisions for individual projects. In this context, eight development partners note what they monitor, such as overall progress on the project and compliance with contractual obligations, but do not indicate how monitoring occurs. Five development partners include annual or more frequent reporting, typically on overall progress and environmental and social standards. Four development partners make annual or bi-annual visits.

Of the 31 projects that provided information on project specific monitoring, 25 referred to annual or more frequent reporting, 22 of which provided full details on the content of reporting such as financial, compliance and narrative reporting. Eight projects included field visits in the monitoring framework while four made mention of baseline data. Five projects referred to what would be monitored, but not how the monitoring process would occur. Finally, one project noted that monitoring would be conducted through a Project Board, but gave no further details regarding regular reporting.

Results frameworks

One hundred and forty (140) projects, or 59%, provided some information on results frameworks. Of the projects that did include a results framework, 110 projects, or 46%, provide a general results framework that is used by the organisation. This is the main approach of bilateral and multilateral DFIs (with the exception of the Asian Development Bank) which account for 86 of the projects with general results frameworks. These frameworks tend to be in the form of an overarching approach to results measurement by the development partner, and make reference to standardised results indicators – such as jobs supported, taxes paid, reductions in greenhouse gas emissions and sectoral indicators.

The 30 projects for which results frameworks are available tend to be in the form of monitoring and design frameworks or logic frameworks. The quality of results frameworks varies. Some include expected impacts, outcomes, and outputs, matched with targets, information on data sources and risks, such as the Asian Development Bank. For others, the description of the results framework is largely in the form of a list of indicators. Generally speaking, where results frameworks are available, projects provide a clear indication of the results being monitored including specific outcomes and project activities.

Results

Nearly 58% of the projects examined (139) provide information on results or expected results. Thirty projects, or 13%, provide actual results while roughly 46%, or 108 projects, provide expected results. For the most part, expected results are provided in terms of development outputs or outcomes (though some projects note impacts). Only three projects refer to results only in terms of completion of project activities.

Projects showed a use of quantitative and qualitative results indicators with figures almost always provided for quantitative indicators. Table 7 provides an overview of the type of results listed. Box 3 provides an example of a robust presentation of results across PSE projects.

<table>
<thead>
<tr>
<th>Table 7. Results listed for PSE projects</th>
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</thead>
<tbody>
<tr>
<td>Result</td>
</tr>
<tr>
<td>Direct beneficiaries (e.g. # of individuals to receive training) (quantitative)</td>
</tr>
<tr>
<td>Improved working conditions in terms of # of hours per week and/or wages (quantitative)</td>
</tr>
<tr>
<td>Activities completed</td>
</tr>
<tr>
<td>Firm level improvements in terms of efficiency and/or productivity (quantitative)</td>
</tr>
<tr>
<td>Firm level improvements in terms of social and environmental standards (qualitative or quantitative, # of firms)</td>
</tr>
<tr>
<td>Impact on the general public (e.g. # of homes reached) (quantitative)</td>
</tr>
<tr>
<td>Jobs supported or direct employment (quantitative)</td>
</tr>
<tr>
<td>Increased prices for product</td>
</tr>
<tr>
<td>Improved government capacities</td>
</tr>
<tr>
<td>Reduced environmental impact, including greenhouse gas emissions (quantitative)</td>
</tr>
</tbody>
</table>

36 Twelve development partners account for these projects.
37 We assume that many of the projects in the mapping are ongoing. It is difficult to decipher how many projects are ongoing as many do not list end dates. Including all projects that have no end date suggests that there are approximately 130 projects that are likely ongoing beyond 2017.
Improved capacity of sector business association 1
Empowerment of specific stakeholder group 1

Box 3. Reporting the results from the promotion of social and environmental standards in the textile, garment and leather industries

Over 2010-2015, the Bangladesh Ministry of Commerce and the International Labour Organization (ILO) supported entrepreneurs in the textile, garment and leather sector to adhere to national environmental and labour laws and to international standards. With support from GIZ (Germany), the initiative focussed on those laws and standards that safeguard workers’ rights, including provisions for the inclusion of people with disabilities. In order to improve social and environmental standards in textile factories, the project’s experts are cooperating with all the different interest groups, including ministries, employers’ associations, factories, international buyers, non-governmental organisations and trade unions. Project experts are targeting factory management via the major employers’ associations in the garment and leather sector, and working directly with managers on improving social and environmental standards. The inclusion of people with disabilities is being promoted by means of a job centre set up specifically for this purpose. The project is building on the activities carried out by its predecessor.

As a result of this project, more than 800 factories are now demonstrably better at adhering to national labour laws and the ILO’s international standards. Three hundred labour inspectors have been trained and over 2,000 inspections have been carried out. Nineteen women’s cafés have been set up, in which female staff receive information about their rights and are given support in asserting these rights in their factories; 20,000 female staff have also been trained in the cafés to act as trainers on employee rights. Teams of advisors have been attached to two major employers’ associations in the textile sector. These teams advise factories on implementing labour and social standards and also run training courses on this subject. Around 250 people in middle management have completed a six-month diploma course on implementing social standards. Environmental standards have also improved with 200 factories having significantly improved their environmental management in areas such as sewage treatment, chemical management and energy consumption, including over 20 factories working in leather manufacturing and processing. A draft law on classifying and treating industrial sludge devised in collaboration with the Ministry of Environment and Forests has been adopted. Inspectors are being given training on this new law. Around 130 factories have implemented measures to integrate people with disabilities – for example, by creating barrier-free access to buildings. Two hundred and ninety men and women with disabilities have been successfully trained to work in sewing workshops and as supervisors while 120 people with disabilities who are interested in working in the garment sector have registered at the job centre specifically set up for this purpose. Here, they are given advice and training and/or placed in employment.

The most commonly stated expected result across projects is increased access to finance for SMEs with 25 projects. This finding likely reflects that the largest proportion of projects in the mapping are in the finance sector. In addition to these 25 projects, another six projects target access to finance more generally, or for a specific sector while one project focuses on improving access to finance for individuals. Employment generation, development of a sector or industry, adoption of environmental, governance and social (ESG) standards, and improved access to energy, including renewable energy, are also prominent expected results noted across projects. Eighteen (18) projects highlight the number of jobs expected as a result while another 18 note that the project will support job creation generally speaking. Twenty-three (23) projects explicitly aim to support the development of a particular industry or sector, including through demonstration effects (DFIs tend to explicitly mention this). Twenty-one (21) projects expect to increase the number of firms adopting better ESG standards. Finally, 18 projects highlight energy generation as a result, generally with quantitative figures, and/or support for development and use of renewable energy.

Other expected results include improvements in agriculture or firm-level capacities and productivity (11), reaching a particular number of households or people in service provision (11), improved environmental outcomes and greenhouse gas emissions reductions (8), improved infrastructure (7), improved livelihoods (5), taxes paid (5), public institutional strengthening (4), technology transfer (4), improved service provision (4) and increased economic growth (4).

Evaluation

Evaluations of PSE projects are limited. Only eight projects (3.3%) provide information from evaluations. One evaluation only focusses on activities and the efficiency of the project rather than evaluating the outcomes or impact of the project.
than development outcomes. Nine projects (3.75%) outline specific evaluation plans for the project in question, typically in terms of when evaluations will occur and how. For the majority of projects, 156 (65%), information is only available regarding institutional approaches and policies for evaluation. For 67 projects (27.9%), no evaluation information is available.

**Transparency and accountability**

Table 8 presents the key data gaps identified in the mapping process. In addition to the gaps noted in the previous sections, the table shows that there is a lack of information on project duration, timeline of donor support and project budget size. Areas where information is largely available include information on development partners, the type of private sector partners engaged and who they are, project descriptions, and the roles of various partners. Overall, information on private sector contributions (with the exception of projects funded by the United States) to project budgets is very limited (not counted in the table). This is somewhat surprising given the focus by development partners on catalysing private sector flows through the strategic use of development finance.

<table>
<thead>
<tr>
<th>Table 8. Mapping components for which information was not available</th>
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<tbody>
<tr>
<td><strong>Mapping component</strong></td>
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<tr>
<td>-----------------------</td>
</tr>
<tr>
<td>Financing instrument</td>
</tr>
<tr>
<td>Duration, no information</td>
</tr>
<tr>
<td>Duration, no end date</td>
</tr>
<tr>
<td>Budget</td>
</tr>
<tr>
<td>Development partners</td>
</tr>
<tr>
<td>Private sector type</td>
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<tr>
<td>Private sector partners</td>
</tr>
<tr>
<td>Other development partners</td>
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<tr>
<td>About</td>
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<tr>
<td>Role of partners</td>
</tr>
<tr>
<td>Monitoring</td>
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<tr>
<td>Results framework</td>
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<tr>
<td>Results</td>
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<tr>
<td>Evaluation</td>
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</tbody>
</table>

For the key areas in which information gaps were most prominent – duration (discussed above), monitoring, results frameworks, and results – the mapping shows that all types of development partner sponsors provide information inconsistently.

The majority of projects sponsored by single bilateral DFIs – 76% - did not provide full information on project duration. For multilateral DFIs, this figure is 60%, for DAC members 31%, for CSOs 30%, UN agencies 6.6% (1 project) and foundations 18% (2 projects). The majority of projects with multiple project sponsors – 87.8% - did not provide full information on duration. Forty percent of DAC donor sponsored projects are missing monitoring information. This figure is 33% bilateral DFIs, 2.5% for multilateral DFIs, 26% for CSOs, 13% for UN agencies (2 projects) and 9% for foundations (1 project). Thirty-three percent of projects with multiple sponsors were missing monitoring information. Information gaps on results frameworks were found for 49% of projects sponsored by DAC donors, 38% for bilateral DFIs, 30% for CSOs, 18% for foundations (2 projects), 13% for UN agencies (2 projects) and 3.8% for multilateral DFIs (3 projects). Thirty percent of projects with multiple sponsors do not provide information on results frameworks. With respect to gaps in information on results or expected results, 55% of DAC donor projects are missing this information. This figure is 40% for bilateral DFI projects, 24% for projects with multiple sponsors, 18% for foundations (2 projects), 16% for CSOs (5 projects) and 13% for UN agencies (2 projects). The two SSC projects included in the dataset consistently lack information across all the dimensions from the resource provider (in this case China) though one project includes involvement with the Multilateral Investment Guarantee Agency and has more information available as a result.

The extent to which SSC providers partner with the private sector is unclear as limited public information on their projects was available. Insights from interviewees show that some SSC providers tie their support to Bangladesh with procurement opportunities for their own private sector (Box 4).

**Box 4. SSC provider support to Bangladesh**

India has provided the Bangladesh government with three lines of credit for infrastructure development and other areas while China has provided suppliers credit for infrastructure. For India,
In terms of accountability for social and environmental performance by the private sector, a unique challenge in the Bangladesh context relates to the role of DFIs and the use of compliance standards when financing PPPs. A study on PPPs in Bangladesh found that there is confusion across government departments and development partners regarding development compliance criteria for PPPs, creating challenges in the development of PPPs (Rached et al., 2014). Development partners play less of a role in the development stage for PPPs and a greater role in financing (including providing financing to the private partner) at which time compliance with development partner requirements emerges. In Bangladesh, PPPs are often developed prior to involvement with development partners and then not eligible for support as a result of development partner due diligence processes and requirements. According to a CSO representative from an organisation that plays a watchdog role with respect to development co-operation in Bangladesh, the government does not always ensure proper transparency and accountability to local communities in which projects take place (January 2018). This view was also supported by a representative from parliament who noted that there does not seem to be evidence of accountability in terms of the extent to which targeted beneficiaries of PSE benefit (December 2017). In instances where information on the countries supporting particular projects is available, some CSOs will take issues directly to development partners. However, accountability in development co-operation tends to be limited overall. These issues have been raised by CSOs from Bangladesh and other countries through engagement with the DAC.

In addition to projects with financing requirements, a number of projects specifically target improved environmental, social and governance (ESG) behaviour in firms. Twenty (20) projects included efforts to improve ESG standards in financial institutions, clients of financial institutions and manufacturing companies. A CSO representative noted that aside from large companies, many actors in the private sector do not have a proper understanding of CSR let alone human rights and the importance of transparency and accountability (January 2018). Nevertheless, accountability of the private sector is as important as government accountability. Parliament could play a role in supporting greater accountability for PSE partnerships, as well as supreme audit institutions, ombudsmen, and national human rights commissions (Interviewee December 2017). Parliamentary scrutiny and oversight is more likely to happen when PSE funding is reflected in the budget. However, the bulk of PSE activities tend to occur directly between development partners and the private sector, which limits opportunities for parliamentary oversight. Moreover, accountability must focus on qualitative as well as quantitative aspects of partnership. In Bangladesh, the accountability protocol focuses mainly on amounts allocated, disbursement and utilisation without sufficient attention to results, impact and effectiveness (Interviewee, December 2017).

In terms of other systems for mutual accountability in development co-operation, the private sector participates in the Bangladesh Development Forum which occurs every two years and brings together a wide range of development partners to coordinate with the government (GPI, 2017). The private sector participates in sectoral discussions on mutual accountability, but participation is not institutionalised at the plenary level. A 2017 workshop on results frameworks and mutual accountability in Bangladesh concluded that there is a need to strengthen the organisational capacity of private sector coordination bodies (and local CSO coordination bodies) for effective engagement. It also noted that the Bangladesh government has a role to play in ensuring private sector accountability and development effectiveness on women and human rights issues are included in planning, monitoring and results reporting (GPI, 2017).

**Increasing PSE through development co-operation to support the SDGs**

According to Bangladesh’s 2017 Voluntary National Review on SDG implementation, the government is holding regular dialogues with the private sector and development partners on how the private sector can help to facilitate the SDGs (Government of Bangladesh, 2017). Several business associations, including the Bangladesh International Chamber of Commerce, Federation of Bangladesh Chambers of Commerce and the Dhaka Chamber of Commerce and Industry (GPI, 2017).
try have also organised events in collaboration with the government, expressing deep commitment to engagement in SDG implementation. A representative from the private sector noted that efforts in this area have only just begun, focussed on socialising the private sector rather than the development of concrete partnerships at this point. Despite these efforts, some interviewees questioned the extent to which the private sector is aware of the SDGs, suggesting that the government should be clear about its priority targets, agency responsibilities and funding opportunities. Indeed, one representative from civil society noted that it is not just low awareness among the private sector that presents a challenge, but also across government and civil society (January 2018).

At the 2017 Busan Global Partnership Forum, the Deputy Secretary of the Ministry of Finance, Mr. Siddique, noted that the challenge for Bangladesh is to align private sector priorities with national priorities and develop the appropriate infrastructure for PSE. Some sectors may also require an active role on the part of the government or development partners to facilitate private sector intervention. For example, a report on PSE in the area of skills development found that private intervention is unlikely to occur in Bangladesh without facilitation by government, development partners or civil society (Dunbar, 2013). Moreover, it found that the private sector is most likely to engage when the benefits are clear, a favourable business environment exists and there is minimal bureaucracy associated with engagement. An interviewee representing a DAC donor noted similarly that without pressure by development partners on key issues such as environmental sustainability in the readymade garment sector, such issues are unlikely to be addressed (December 2018).

When asked how to increase engagement, one private sector representative from a large domestic business noted that the company is open to working with government and development partners on the SDGs (October 2017). However, it was felt that development partners do not necessarily speak to the private sector but rather come up with what they would like to achieve and then engage the private sector. According to the interviewee, many of the individuals working on development projects do not know who to consult with in the private sector. A representative from parliament highlighted the need for an institutional mechanism or structure that builds on existing processes to provide an opportunity for greater interaction with the highest possible policymaking processes (at government and parliamentary levels) in an open and candid way (December 2017). The interviewee noted that such a mechanism would enable policymakers to benefit from direct inputs from the private sector on a regular and sustained basis. Follow up action on outputs from such interactions through transparent monitoring could contribute to their effectiveness. In addition to these efforts, the government and development partners could provide analysis and presentations to the private sector that identifies and crystallises opportunities for the private sector within framework of the development agenda. There is a need to challenge and change the existing mindset of the private sector which currently compartmentalises business and development and sees them as separate windows - rather, they should be seen through a single lens which captures business and development as broadly overlapping and recognises potential for shared value.

**Other issues in PSE through development co-operation**

**Building partnerships that work**

Some interviewees highlighted specific challenges working with development partners. A representative from a business association highlighted that the way in which funds are made available to the private sector is constraining. For example, when funding is provided for a particular project, there is very little flexibility to allow for innovation when circumstances change. Moreover, there is insufficient capacity development to help partners access other available funds and timelines tend to be too short to ensure the sustainability of results. The increasing use of challenge funds also presents a problem for smaller organisations that are not capable of coming up with match funding, which is easier for larger organisations and companies to do.

A representative from the private sector accounted their company’s experience trying to engage with development partners (October 2017). They participated in many meetings to develop a multi-stakeholder partnership but in the end, nothing took off with the bilateral development partner. The company was able to partner with a CSO as a result of the meetings, but the scale and scope of the project was nowhere near what had originally been envisioned.

Partnerships are growing between the private sector and civil society in Bangladesh. However, there is a need for CSOs to embrace new models of development co-operation and see collaborations with the private sector from a business or investment perspective (interviewee, October 2017). Civil society could be working much more with the private sector. There is space for CSOs in Bangladesh to recalibrate their business models to be more agile and flexible in terms of forging private sector partnerships, and to attract investment from the private sector and impact investors, rather than focussing only on grants.
While challenges exist for the private sector to partner with development partners, development partners also experience challenges working with the private sector. One CSO representative provided their perspective on working with multinational and larger domestic firms. The interviewee noted that the main challenge is ensuring that there is a clear win for the private sector partner to engage. Global brands, such as in the ready-made garment sector, tend to be sceptical about what can be achieved by working with civil society and other development partners. They have concerns about their return on investment, how well the money will be used and the kinds of benefits that will return to the company. Moreover, multinational private partners tend to doubt the capacity of development sector to objectively measure the impact of their investment (which tend to be small and quite frugal given company size). Private partners want to start small, usually with a pilot regardless of the projects’ potential. More could be achieved if the private sector had greater confidence in development partners. On the other hand, CSO partners have a clear mandate and priorities in terms of the areas in which they can collaborate with the private sector. In some respects, they may not be able to be flexible in terms of identifying areas of shared value with potential partners. These challenges tend to be even greater when working with local private sector partners. Convergence of interests and willingness to invest tend to be more constricted. Overall, partnerships between civil society and the private sector tend to be limited notwithstanding efforts by DAC donors and others to support such partnerships.

Difficulties collaborating with the local private sector have also been exacerbated by development partner funding models. Direct support to the private sector has led some companies to believe that they can obtain funding for core business and call it development co-operation. As such, they are less willing to put up their own money to promote changes in their supply chain. Despite these challenges, some modalities have been introduced in Bangladesh by development partners that encourage the private sector to take a greater lead and to collaborate with CSOs where a clear business case exists, particularly through the use of match-funding schemes. The facilitation role of development partners and the government is important, as noted above, to help build trust across sectors.

**Corporate social responsibility**

As noted above, Bangladesh has a regulatory gap with respect to CSR. No legal framework or policy exists and stakeholders take different views on what CSR means. Nevertheless, one review found that CSR initiatives in Bangladesh tend to be aligned with international best practice and linked to global business initiatives (Bjornestad et al., 2017). Some companies are working in socially responsible ways (Box 5), and a number of companies in the financial and insurance sectors are examining business models to reach poorer communities (interviewee, October 2017). The value proposition tends to be clearer for companies in these sectors in terms of long-term business, as well as in telecommunications. Moreover, social enterprises are growing, typically in the form of start-ups and efforts by young entrepreneurs with the Graameen Creative Lab38 and the Yunus Centre39 contributing by supporting social enterprises. Projects supported by CSOs have also merged into social enterprises in a number of instances.

Potential exists to work further with the business community to identify how CSR can be incorporated into core business with the aim of identifying win-win solutions that promote shared value. However, a number of challenges exist in this regard. First, there is a need to improve data availability and information on CSR initiatives to inform the policymaking process. Second, interviewees from the research community, civil society, a DAC donor and the private sector (October 2017, December 2018) noted that difficulties exist in pushing companies from business as usual to CSR. Companies tend to take a philanthropy view of CSR, for example by building a school but not addressing core business. Third, the Government can do more to implement its already good policies on minimum wage and work environments for all sectors, beyond the ready-made garment sector where significant pressure exists for improvements (interviewees, October 2017).

**Box 5. Integrating CSR into core business: Rahimafroz Group**

After years of operating in the information sector, Rahimafroz Group was incorporated in 1954. The family company grew over time from working in trade and distribution of automobile batteries to manufacturing and distribution of automobile batteries, standby power and renewable energy, retail, and exporting. The company founder believed in contributing socially. This legacy has carried on with a focus on the environment, education and creating livelihoods. The company eventually launched a foundation in the late 1990s to improve its focus on sustainability, in addition to ongoing work to incorporate sustainability into its business model. The company

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CSR programming by DAC donors has grown with the readymade garment industry accounting for a majority of projects (GTZ Office Dhaka and Embassy of Japan in Bangladesh, 2007). A 2006 review of DAC member CSR programmes found that most, at the time, focused on business associations and business owners, noting the need for CSR training in formal education and at the organisational level. Reviewers also argued that there was a need for DAC donor projects to move beyond audits and compliance to provision of funding for improvements and to better engage CSOs, government and other institutions. Currently, development partners supporting ESG in the readymade garment sector meet every 6 to 8 weeks to coordinate their efforts, including through the creation of a matrix of projects in the sector. Nevertheless, coordination in of PSE activities in the sector faces challenges given the wide range of interests from development partners and the proliferation of ESG projects. Another key challenge development partners face is the extent to which their promotion of ESG and CSR adequately takes into consideration the interests of private sector partners in the readymade garment sector. Some companies argue that efforts to improve ESG standards come at an additional cost to the business but they are unwilling to increase their prices to international buyers (interviewee, December 2018). ESG and CSR programmes should be better coupled with efforts to improve productivity and lower costs.

Women’s economic empowerment

According to a representative from an international financial institution (October 2017), women’s economic empowerment is not a focus overall for the private sector. Women only make up 30% of the labour force overall and represent a significant pool of unpaid labour. A challenge for the Government of Bangladesh is to develop and ensure strategies that encourage more women to participate in the labour force. A representative from the private sector noted that there are a number of ways stakeholders in Bangladesh can better support women’s economic empowerment. These include policy advocacy on issues beyond employee rights and entrepreneurship. The legal and cultural issues must be addressed to promote full engagement by women in the economy. Policies that do exist need to be supported, including with support for implementation. Lack of access to safe public transportation presents security risks for women that want to engage in the economy. Capacity development for women in terms of marketing skills, entrepreneurship skills and product development is also critical. Access to finance and markets also needs to be improved. Finally, women and women’s organisations require further support to raise their voices in places of employment and policy discussions. In this regard, improving representation by women and women’s leadership in unions and employee associations is critical (interviewee, December 2018).

Social Dialogue

Will require focus in workshop and remaining interviews.

PSE in climate change

The private sector in Bangladesh has an opportunity to positively address the impacts of climate change. A 2016 review of private sector views on climate change found that companies are starting to see opportunities associated with developing new products and services, accessing new and expanded markets, reputational benefits, establishing more resilient supply chains and reducing costs by addressing climate change (Steeves et al., 2016). However, companies are faced with challenges in scaling up their climate-related initiatives including information gaps, lack of access to finance, price volatility, capacity constraints, policy or regulatory barriers and trade barriers (Bimesdörfer and Richwien, 2012; Steeves et al., 2016). Others do not necessarily see addressing climate adaptation as their responsibility given that the Government and development partners are already working a lot in this area (Bimesdörfer and Richwien, 2012).

Conclusion

This report has provided an overview of the current state of play on PSE through development co-operation in Bangladesh. Based on a review of 240 PSE projects, literature review, interviews with a wide range of stakeholders and a multi-stakeholder workshop in Dhaka in February 2018, the report has highlighted a number of opportunities and challenges. The report serves as a starting point and basis for ongoing discussions on how to improve the effectiveness of PSE.
through development co-operation. Participants at the workshop in Dhaka identified a number of next steps to take forward the key recommendations identified in the report. These include:

- **Session on next steps to be included in workshop and used to fill in this section.**
References


Gopfers, K. and B. Nath. 2014. Influencing results in four target areas of Sweden’s development cooperation with Bangladesh: Opportunities for private sector collaboration. Adam Smith International and OR-GUT.


http://www.enterprisesurveys.org/~/media/GIAWB/EnterpriseSurveys/Documents/Profiles/English/bangladesh-2013.pdf
Introduction
The report is informed by primary and secondary resources, interviews with local stakeholders and a country-level multi-stakeholder workshop. Interviews, secondary resources and the project mapping provided an indication of country-specific issues that were worth further analysis in the report. The project mapping provided information against which to assess the main issue areas as identified in the private sector work stream concept note, such as how PSE through development co-operation leaves no one behind, and how public-private contracts supported through development co-operation can meet transparency and accountability requirements. In this sense, the framework collects evidence on PSE based on the interests of development co-operation actors as well as key issues in PSE through development co-operation as identified through research on this topic. Interviews and secondary resources were used to identify context specific issues that cannot be assessed through the project mapping.

Literature review
The literature review provided the framing for the current status of PSE through development co-operation in Bangladesh, including with reference to the regulatory framework, private sector landscape, public-private dialogue, key sectors and the role of different non-state actors. In addition to informing the report, this review provided context of the interviews and country level workshop. Projects identified through the literature review were also included in the project mapping framework. Resources from a wide variety of stakeholders were collected and examined, including from government, parliament, the private sector, civil society, development partners and independent research institutions.

Project mapping
Primary research for the report included an examination of ongoing PSE projects at country level that utilise financial and non-financial development co-operation through desk review. The project mapping provided the factual basis for the analysis of the current state of play of PSE at the country level and for the paper as a whole (what is happening on PSE, by whom, where, etc.). As outlined in the mapping framework below (Table A.1), the mapping focused on evidence-gathering related to key issues in PSE (e.g. availability of results, monitoring frameworks, type of private sector partner engagement, key sectors, etc.). The mapping contributed to analysis of how small and medium-sized enterprises benefit from PSE; examination of the transparency and accountability of PSE supported through development co-operation; evidence of measurable results; and insights on country ownership in PSE, particularly in terms of the involvement of local stakeholders in projects and partnerships. Where information is available, the mapping also contributes to an assessment of the extent to which PSE through development co-operation at country level is working to leave no one behind.

<table>
<thead>
<tr>
<th>Table A1.1. Project mapping framework</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category</strong></td>
<td><strong>Definition</strong></td>
</tr>
<tr>
<td>About</td>
<td>Overview description of the project and its main objectives. Use direct quote where possible.</td>
</tr>
<tr>
<td>Modality</td>
<td>Knowledge and information sharing; policy dialogue; technical assistance; capacity development; finance. List all that apply. See Annex 3 in the PSE work stream concept note for full definition of each.</td>
</tr>
<tr>
<td>Instrument</td>
<td>Specific instruments supporting the project. These instruments are associated with formal private sector partnerships and create contractual obligations when used. Options include: grants, debt instruments, mezzanine finance instruments, equity and shares in collective investment vehicles, guarantees and other unfunded liabilities.</td>
</tr>
<tr>
<td>Programme type</td>
<td>Specific programme supporting the project. A subset of private sector instruments, refers to the specific mechanisms through which private sector partnerships are pursued. Includes: Blended finance, business support, business-to-business, capacity development, challenge funds, multi-stakeholder partnerships, non-profit private sector partnerships, output-based aid, PPPs, technical assistance, mezzanine finance, asset-backed securities, reimbursable grants, loans, bonds, credit lines, impact investing, equity finance, guarantees. List all that apply. See Annex 3 in the PSE work stream concept note for full definition of each.</td>
</tr>
<tr>
<td>Programme name, project title</td>
<td>Name of the programme that supports the project and project title. Include acronym / abbreviation in brackets where relevant. E.g. Dutch Good Growth Fund (DGGF), Flowers in Ethiopia</td>
</tr>
<tr>
<td>Duration</td>
<td>Start and end date. If information missing, say ‘no start date’ or ‘no end date’.</td>
</tr>
<tr>
<td>Budget</td>
<td>Total budget for the project. If available, include and indicate the private sector financing contribution.</td>
</tr>
<tr>
<td>Sector</td>
<td>Aggregate and specific sector, e.g. Agriculture, cocoa.</td>
</tr>
</tbody>
</table>

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Global Partnership | Bangladesh Private Sector Engagement

<table>
<thead>
<tr>
<th>Development partner(s)</th>
<th>List development partners providing finance to support the project.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of private sector partners engaged</td>
<td>List all that apply. Large domestic, SME domestic, large transnational, SME transnational</td>
</tr>
<tr>
<td>Private sector partners</td>
<td>List names of the partners. If more than 5, can provide link to this information.</td>
</tr>
<tr>
<td>Other development partners</td>
<td>List development partners that are involved in the project but may not be financing it. Includes international and local partners.</td>
</tr>
<tr>
<td>Role of partners</td>
<td>Description of what each partner involved is responsible for. Use direct quote where possible.</td>
</tr>
<tr>
<td>Monitoring</td>
<td>Overview of how project is monitored. Link to monitoring framework if available.</td>
</tr>
<tr>
<td>Results framework</td>
<td>Description of the results that are being monitored. Provide link if a full framework is available (e.g. only gender equality and increases to incomes is listed, that should be included. Only link to comprehensive results frameworks).</td>
</tr>
<tr>
<td>Results</td>
<td>Headline figures that are available on the project. If a lengthy report is available, provide link.</td>
</tr>
<tr>
<td>Evaluation</td>
<td>Top level findings, particularly on development impact if available and link to report.</td>
</tr>
<tr>
<td>Additional notes</td>
<td>Any other information that may be relevant but is not captured by the framework.</td>
</tr>
</tbody>
</table>

To limit scope of the work, projects were drawn from the following:

- Top official development assistance (ODA) providers from the Organisation for Economic Co-operation and Development’s (OECD) Development Assistance Committee and traditional multilateral development banks that account for 75-80% of ODA in country.
- BRICS and other key southern partners, as identified by the country in question, through OECD data, and through a review of secondary resources.
- Top five United Nations (UN) institutions operating in the country based on ODA flows.
- Development finance institutions (DFI) that are active in the country, identified through a systematic examination of DFI websites.
- Philanthropic institutions active in the country identified by OECD specialist and through secondary resources.
- Civil society organisations active in the country identified by the country in question, through secondary resources, and based on suggestions from civil society members of the GPEDC.
- Projects already identified for the country in question from the initial mapping work and as put forward by members of the GPEDC.

It should be noted that projects that focus on private sector development and do not include a private partner were excluded — e.g. development partner to government support for the business enabling environment will be excluded (unless there is a private partner involved in the project). The criteria for project selection is sector agnostic – PSE projects from a wide variety of sectors will be included in the mapping, such as health, education, private sector development, water and sanitation, etc. To ensure a wide scope of PSE projects and partnerships are captured by the mapping, the research team examined projects that include a development partner, are supported by development co-operation (ODA, ODA-like flows such as foundation financing, or SSC) and include a private sector partner. This approach follows the definition of PSE through development co-operation as outlined in the 2016 OECD Peer Learning on PSE in Development Cooperation. Though the approach to the project mapping aims to be as comprehensive as possible, invariably some development partners were not included in the group of stakeholders as outlined above.

The project mapping was conducted over October–November 2017. To limit the scope of the research, projects that began in 2010 or started before but continued during 2010 were considered. The research team selected 2010 in an effort to limit the scope of projects reviewed while ensuring that the projects selected offered a large enough time span to show results, scale and impact. For each project, the review team looked at key issues in PSE such as modalities, instruments, programmes, roles of partners, results as well as monitoring and evaluation frameworks. Top DAC donors and their project implementing agencies, top 5 UN institutions, multilateral development institutions, and philanthropic institutions were identified through publicly available as well as confidential OECD databases. DFIs active in Bangladesh were identified through a systematic examination of DFI websites. Interviews with local CSO representatives and CSO members of the GPEDC as well as review of secondary resources enabled the team to identify active CSOs in Bangladesh. For BRICS and key southern partners, projects were drawn from secondary resources and

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41 PSE is defined as: An activity that aims to engage the private sector for development results, which involve the active participation of the private sector. The definition is deliberately broad in order to capture all modalities for engaging the private sector in development co-operation from informal collaborations to more formalised partnerships. Given that the term applies to how development co-operation occurs, private sector engagement can occur in any sector or area (e.g. health, education, private sector development, renewable energy, governance, etc.). Through private sector engagement, the private sector and other participants can benefit from each other’s assets, connections, creativity or expertise to achieve mutually beneficial outcomes (Chirsha Morgado et al., forthcoming; Di Bella et al., 2013). See http://www.oecd.org/dac/peer-reviews/Inventory-1-Private-Sector-Engagement-Terminology-and-Typology.pdf.
other publicly available databases. After identifying partners, the review team visited websites of individual partners and looked for information on partners’ project portfolios. Table A.2 presents the development partners reviewed.

<table>
<thead>
<tr>
<th>Development partners</th>
<th>Project identified based on publicly available resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAC donors and their implementing agencies*</td>
<td></td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>European Union – European</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Germany – BMZ and GIZ</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Japan – JICA</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Republic of Korea – KOICA</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>United Kingdom – DFID and UKAID</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>United States – USAID</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Bilateral DFIs</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Austria – Development Bank of Austria (OeEB)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Belgium – Belgian Corporation for International Investment (SBI-BMI)</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Belgium – Belgian Investment Company for Developing Countries (BIO)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Denmark – the Danish Investment Fund for Developing Countries (IFU)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Finland – Finnish Fund for Industrial Cooperation (FINNFUND)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>France – Proparco</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Germany – German Investment Corporation (DEG)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Italy – the Italian Development Finance Institution (SIMEST)</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Japan – Development Bank of Japan</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Japan – Export-Import Bank of Japan</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Japan – Japan Bank for International Cooperation</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Netherlands – Netherlands Development Finance Company (FMO)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Norway – the Norwegian Investment Fund for Developing Countries (NORFUND)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Portugal – the Portuguese Development Finance Institution (SOFID)</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Republic of Korea – Korea Development Bank</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Spain – Compañía Española de Financiación del Desarrollo (COFIDES)</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Sweden – the Swedish Development Finance Institution (SWEDFUND)</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Switzerland – Swiss Investment Fund For Emerging Markets (SIFEM)</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>United Kingdom – the Commonwealth Development Corporation (CDC)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>United States - Overseas Private Investment Corporation (OPIC)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Multilateral DFIs</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Asian Development Bank (AfDB)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>International Development Association (IDA, World Bank Group)</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>International Finance Corporation (IFC, World Bank Group)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>International Monetary Fund (Concessional Trust Funds)</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Islamic Development Bank (IsDB)</strong></td>
<td>No**</td>
</tr>
<tr>
<td><strong>Multilateral Investment Guarantee Agency (MIGA, World Bank Group)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>OPEC Fund for International Development (OFID)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Philanthropic institutions</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Bloomberg Family Foundation</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Bill and Melinda Gates Foundation</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>C&amp;A Foundation</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Carlos Slim Foundation</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Children’s Investment Fund Foundation</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Dutch National Postcode Lottery</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Dubai Cares</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Ford Foundation</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>H&amp;M Foundation</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>IFC Foundation</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Itau Social Foundation</strong></td>
<td>No</td>
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<tr>
<td><strong>Li Ka Shing Foundation</strong></td>
<td>No</td>
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<tr>
<td><strong>MasterCard Foundation</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Oak Foundation</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Susan T. Buffett Foundation</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Tata Trusts</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Wellcome Trust</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>NGOs</strong></td>
<td></td>
</tr>
<tr>
<td><strong>BRAC</strong></td>
<td>Yes</td>
</tr>
</tbody>
</table>

42 See [http://aiddata.org/datasets](http://aiddata.org/datasets).
43 Review team came across to projects from Australia, Sweden, Switzerland and their implementing agencies during the literature review phase and as a result of suggestions from GPEDC members. These projects were included however a systematic review of the websites of these development partners was not conducted.
44 It is unclear from the project database of IsDB if projects can be categorized as PSE projects.
CARE Yes
Caritas Bangladesh No
Heed Bangladesh No
International Development Enterprise (iDE) Yes
Oxfam No

**United Nations agencies**

- International Fund for Agricultural Development (IFAD) Yes
- United Nations Development Programme Yes
- United Nations Population Fund (UNFPA) No
- United Nations International Children’s Emergency Fund (UNICEF) Yes
- United Nations Industrial Development Organization (UNIDO) Yes
- World Health Organization (WHO) No

**BRICS and other key southern partners**

- China-China Development Bank Yes
- Islamic Republic of Iran No
- Kuwait No
- Malaysia No
- Saudi Arabia No
- Turkey No
- United Arab Emirates No

**Interviews and workshop**

The report is informed by open-ended, semi-structured interviews and group discussions in person and by telephone with representatives from government (X), parliamentarians (X), bilateral development partner (DAC (X) and emerging economy (X)); multilateral development partners (X); bilateral development finance institution (X); civil society (X); the private sector (large (X) and SME (x)); business associations (X); trade unions (X); and research institutions (X). One interviewees responded to questions via email. Potential interviewees were put forward by the Government of Bangladesh and the GPEDC working group on PSE (a multi-stakeholder advisory group consisting of members of the Steering Committee). Interviewees were also identified through the literature review and project mapping exercise. Representatives from the following organisations were interviewed:

- Bangladesh Foreign Trade Institute
- Bangladesh Women Chamber of Commerce and Industry
- CARE Bangladesh
- Centre for Policy Dialogue
- Coastal Development Partnership
- GIZ (Germany)
- International Finance Corporation
- Member of Parliament
- Rahimafrooz Group (large domestic private sector)
- Swedish International Development Agency
- World Bank
- Additional interviews planned

In addition to the interviews, a one and a half days workshop was held on 4-5 February 2018. The workshop was structured in two segments – a caucus of private sector representatives only followed by multi-stakeholder setting for interactive dialogue. The following organisations were represented at the workshop. The workshop agenda is presented below.

- List representatives to follow.
- Workshop agenda to follow.

**Annex 2. Additional Data Analysis of Project Mapping**

This annex provides additional data from the project mapping exercise. It is meant to provide readers with greater detail on how the composition of PSE projects was examined. Table A2.1 provides an overview of type of private sector partners that different types of development partners work with. Each cell of the table presents the number of associated projects.

<table>
<thead>
<tr>
<th>Table A2.1. Private sector type by development partner types</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAC do-</td>
</tr>
</tbody>
</table>

45 The final draft will likely include information from interviews with representatives from trade unions, another CSO, parliamentarians, the government, the UN, CDC, FMO and the Asian Development Bank.
Figure A2.1 provides an overview of the modalities of PSE across projects examined. Table A.2.2 provides an overview of modalities of PSE according to different types of development partners. Each cell of the table presents the number of associated projects.

**Figure A2.1 Projects by modality of private sector engagement**

- 2%, 5 projects
- 2%, 5 projects
- 3%, 8 projects
- 20%, 52 projects
- 71%, 189 projects

**Table A2.2: Modalities by development partner types**

<table>
<thead>
<tr>
<th>Modalities</th>
<th>DAC donors and their implementing agencies</th>
<th>Bilateral DFIs</th>
<th>Multilateral DFIs</th>
<th>Philan- thropic institutions</th>
<th>NGOs</th>
<th>UN agencies</th>
<th>BRICS and other key southern partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large domestic</td>
<td>35</td>
<td>49</td>
<td>63</td>
<td>4</td>
<td>13</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Large transna-</td>
<td>21</td>
<td>6</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>tional SME domestic</td>
<td>28</td>
<td>7</td>
<td>8</td>
<td>3</td>
<td>13</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>SME transna-</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>tional Multiple PS type</td>
<td>21</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Not available</td>
<td>35</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Figure A2.2 shows modalities of projects with DAC donors and their implementing agencies as development partners. For each modality, the figure presents the number of associated projects.
Figure A2.2. Modalities of projects partnering with DAC donors and their implementing agencies

- Number of projects

<table>
<thead>
<tr>
<th>Capacity development</th>
<th>Finance</th>
<th>Knowledge sharing</th>
<th>Policy dialogue</th>
<th>Research</th>
<th>Technical assistance</th>
<th>Multiple modalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>23</td>
<td>65</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>9</td>
</tr>
</tbody>
</table>

Figure A2.3 shows modalities of projects with bilateral DFIs as development partners. For each modality, the figure presents the number of associated projects.

Figure A2.3. Modalities of projects partnering with bilateral DFIs

- Number of projects

<table>
<thead>
<tr>
<th>Capacity development</th>
<th>Finance</th>
<th>Knowledge sharing</th>
<th>Policy dialogue</th>
<th>Research</th>
<th>Technical assistance</th>
<th>Multiple modalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>51</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

Figure A2.4 shows modalities of projects with multilateral DFIs as development partners. For each modality, the figure presents the number of associated projects.
Figure A2.4. Modalities of projects partnering with multilateral DFIs

- Number of projects

Figure A2.5 shows modalities of projects with philanthropic institutions as development partners. For each modality, the figure presents the number of associated projects.

Figure A2.5. Modalities projects partnering with philanthropic institutions

- Number of projects

Figure A2.6 shows modalities of projects with NGOs as development partners. For each modality, the figure presents the number of associated projects.

Figure A2.6 shows modalities of projects with NGOs as development partners. For each modality, the figure presents the number of associated projects.
Figure A2.6. Modalities of projects partnering with NGOs

- Capacity development: 13
- Finance: 16
- Knowledge sharing: 1
- Policy dialogue: 2
- Research: 2
- Technical assistance: 0
- Multiple modalities: 5

Figure A2.7 shows modalities of projects with UN agencies as development partners. For each modality, the figure presents the number of associated projects.

Figure A2.7. Modalities of projects partnering with UN agencies

- Capacity development: 9
- Finance: 6
- Knowledge sharing: 0
- Policy dialogue: 2
- Research: 2
- Technical assistance: 0
- Multiple modalities: 9

Figure A2.8 shows modalities of projects with BRICS and other key southern partners as development partners. For each modality, the figure presents the number of associated projects.
Table A2.3 provides an overview of the types of financing for PSE projects supported by different types of development partners. Each cell of the table presents the number of associated projects.

<table>
<thead>
<tr>
<th>Table A2.3. Financing by development partner types</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAC donors and their implementing agencies</td>
</tr>
<tr>
<td>Debt financing</td>
</tr>
<tr>
<td>Equity and shares in collective investment vehicles</td>
</tr>
<tr>
<td>Grants</td>
</tr>
<tr>
<td>Guarantees and other unfunded liabilities</td>
</tr>
<tr>
<td>Multiple instruments</td>
</tr>
<tr>
<td>Not available</td>
</tr>
</tbody>
</table>

Table A2.4 presents the summary statistics for the project budget column of the mapping matrix. The average project budget is $35.73 million. The minimum and the maximum project budgets are $0 and $526.7 million, respectively. Standard deviation measures how dispersed the project budget information is. More specifically, it shows that the average difference between the budget of a selected project and the average project budget is $74.06 million. 25th, 50th and 75th percentiles show the order characteristics of the project budget data. More clearly, 25th, 50th and 75th indicate first project budgets greater than one quarter, half and three quarters of the data, respectively. The fact that standard deviation is higher and 50th percentile is lower than the average indicates that there are outliers (i.e., two high project budgets compared to average) in the project budget column of the mapping matrix. In fact, the majority of projects have budgets clustered only between $0.01 and $100 Million.

<table>
<thead>
<tr>
<th>Table A2.4. Summary statistic for project budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Standard deviation</td>
</tr>
<tr>
<td>Minimum</td>
</tr>
<tr>
<td>Maximum</td>
</tr>
<tr>
<td>25th percentile</td>
</tr>
<tr>
<td>50th percentile (Median)</td>
</tr>
<tr>
<td>75th percentile</td>
</tr>
</tbody>
</table>
Table A2.5 shows the number of projects by development partners and sectors. It allows a project to apply to several sectors and development partners (where applicable). Therefore, aggregate numbers provided in Figure 2 and Table A2.7 do not necessarily have to match with the numbers presented in Table A2.6.

<table>
<thead>
<tr>
<th>Table A2.5. Sector by development partner types</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAC donors and their implementing agencies</td>
</tr>
<tr>
<td>Agriculture</td>
</tr>
<tr>
<td>All sectors</td>
</tr>
<tr>
<td>Aquaculture</td>
</tr>
<tr>
<td>Communications</td>
</tr>
<tr>
<td>Construction</td>
</tr>
<tr>
<td>Democracy and governance</td>
</tr>
<tr>
<td>Economic growth</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Energy</td>
</tr>
<tr>
<td>Environment and climate change</td>
</tr>
<tr>
<td>Finance</td>
</tr>
<tr>
<td>Health</td>
</tr>
<tr>
<td>Infrastructure</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>Natural resource extraction</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Retail</td>
</tr>
<tr>
<td>Tourism</td>
</tr>
<tr>
<td>WASH</td>
</tr>
</tbody>
</table>

Table A2.6 provides further details on the activities supported by PSE projects in the top 5 sectors.

<table>
<thead>
<tr>
<th>Table A2.6. Main activities supported by PSE projects, top 5 sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
</tr>
<tr>
<td>Finance (75 projects)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Agriculture (45 projects)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Manufacturing (39 projects)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<sup>46</sup> Number varies from Table 2 as it applies only to projects for which the financial sector was the main sector. In other words, other projects in the mapping included efforts to improve on-lending to SMEs but did not have the financial sector as the main sector of focus.

<sup>47</sup> Of which 9 focus on trade and 3 on green investments.
<table>
<thead>
<tr>
<th>Category</th>
<th>Activity</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy (24 projects)</td>
<td>Establishing new businesses</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Knowledge transfer</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Organising workers</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Construction of new facilities</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Expansion of activities or upgrading</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Unclear or not available</td>
<td>4</td>
</tr>
<tr>
<td>Health (15 projects)</td>
<td>Development of healthcare services specifically for the poor or underserved areas such as slums</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Social marketing to raise awareness and improve access</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Technology transfer to improve service</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Development of health networks or franchises</td>
<td>2</td>
</tr>
</tbody>
</table>