

Global Partnership Event: Reinvigorating Effectiveness for the 2030 Agenda
Paris, 11-12 September 2018

Background Note

Session V: Scaling up private sector engagement to deliver solutions on the ground

12 September 2018, 16:00-17:30

Session Objective

Scaling up effective private sector engagement through development co-operation is one of the strategic objectives of the Global Partnership for Effective Development Co-operation. Based on evidence from the country level and key issues identified through the Global Partnership's work stream on private sector engagement, this session presents initial findings, facilitates feedback and explores new perspectives from high-level professionals from the private sector and from the constituencies of the Global Partnership. The objective is to contribute to ongoing work on draft guidelines for effective private sector engagement through development co-operation – a key Global Partnership deliverable for the 2017-18 biennium. The session will discuss three key questions on private sector engagement arising from preliminary work on country case studies and offers an opportunity to exchange ideas and include inputs from the audience.

Background

The private sector – a vital driver of growth in its own right – increasingly perceives sustainability as a long-term business opportunity and engages more and more in a new generation of partnerships for sustainable development. With the SDGs requiring support from governments, civil society and private sector alike, multinational corporations, domestic firms, cooperatives, micro-, small- and medium-sized enterprises are all in the spotlight to help delivering development results and business profit at the same time.

Determination to engage the private sector is spurring a fundamental change in development co-operation. Traditional development co-operation providers including the OECD Development Assistance Committee, the EU and international financial institutions, are adapting their policies and practices to

scale up private sector engagement (PSE) through development co-operation¹. They are establishing new financing windows and building new capacities and skills to manage private sector engagement. They are also stepping up their use of non-financial modalities of private sector engagement such as policy dialogue, research and knowledge sharing to engage the private sector. South-South co-operation partners are increasingly using tools which include the private sector for delivering their development assistance in line with their overarching principles.

However, harnessing in full the opportunities presented by private sector engagement through development cooperation requires addressing underlying challenges and concerns raised by some partner country governments, development partners and civil society organizations. The main sources of debate relate to potentially diverting public resources for private motives, tying aid to the benefit of the private sector in provider countries and possible harmful effects of the private sector operations (e.g. on the environment). The private sector, in turn, raises concerns about being seen as financiers or merely as recipients of support, not as true contributing partners at eye level, and the challenges presented by cumbersome government procedures and practices.

At global, regional and sectoral level, initiatives promoting private sector engagement through development co-operation still place limited focus on effectiveness. The Global Partnership aims to review the main opportunities and concerns related to effective private sector engagement through development co-operation, cross-check them against evidence collected at the country level, and propose key topic areas where corrective measures are needed to harness the full potential of private sector engagement through development co-operation.

¹ Private sector engagement is defined as “An activity that aims to engage the private sector for development results, which involve the active participation of the private sector.” (<http://www.oecd.org/dac/peer-reviews/Inventory-1-Private-Sector-Engagement-Terminology-and-Typology.pdf>)