



## **Effective private sector engagement through development co-operation Statement by the Global Partnership Business Leaders Caucus**

16 January 2019, Paris

**We, the Business Leaders Caucus, are a diverse group eager to engage with the development co-operation community to dialogue together, learn from each other as well as test and implement new and innovative models for partnering.** We welcome the ambition of the Global Partnership for Effective Development Co-operation (GPEDC) to develop principles and guidelines for effective private sector engagement through development co-operation. The principles and guidelines focus on the challenges and opportunities of using development co-operation effectively for implementing partnerships with the private sector at country level to accelerate SDG implementation. We emphasise the importance of the multi-stakeholder effort needed to realise such partnerships, and welcome the distinct focus on country-level, as this is where change needs to happen to deliver on the SDGs.

**Job creation represents the driver of inclusive growth for sustainable development and socio-economic transformation.** Global job relocation, new technologies as well as homegrown, local business innovations present opportunities for pursuing new development models founded on inclusive and equitable growth. Supporting the bottom billion to move into the middle class represents a shared opportunity and common interest of the global community – for public and private actors alike. Successful public-private collaboration towards the 2030 Agenda for Sustainable Development requires concrete business opportunities and bankable projects, and must be underpinned by shared values and globally agreed environmental, social and governance standards. Gender and women's economic empowerment, youth entrepreneurship and employment, and education are vital for inclusive job creation. Multilateral mechanisms have an important role to foster and enable public-private collaboration.

**The private sector has a critical role in sustainable development – as major driver of productivity, innovation and inclusive growth.** Collaborative efforts by governments, development partners, civil society and the private sector are changing the lives of people all over the world for the better, including for those left furthest behind. Effective partnerships with the private sector are key in helping to realise the United Nations' 2030 Agenda for Sustainable Development and the Sustainable Development Goals.

We propose to reflect the following substantive priorities in the principles and guidelines:

### **BUILDING TRUST**

**PSE principles and guidelines must contribute to building trust and good relationships between public and private actors when implementing projects at country level.** Lack of trust hampers collaboration. We see this in many different contexts. Appropriate capacities, in particular from development partners, and truly inclusive public-private dialogue structures have proven effective in helping governments and companies to better understand each other's motives and constraints and the potential win-win opportunities presented by private sector engagement. Development partners,

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who often have existing relationships with a range of stakeholders at country level, can play brokering and matchmaking roles.

#### **ASSESSING AND SHARING RISKS**

**PSE principles and guidelines should provide guidance on how to share risks in line with project objectives and the contributions from partners.** Risks should be clearly defined from the perspectives of businesses and development partners respectively, and agreed to from the outset of projects to ensure that stakeholders understand the risk perception of their respective counterparts. They should be based on a clear business case for long-term sustainability for the private sector. Effective de-risking requires a clear understanding of the specific financial and operational risks for businesses that development partners are willing to compensate in order to reach underserved and marginalised people. PSE guidelines could include practical suggestions to jointly assess risk through processes that promote transparency and trust building, such as multi-stakeholder risk assessment roundtables at the national level. Finally, there is a role for technical assistance to strengthen local capacities to assess and manage risks, particularly during project design phases.

#### **INCLUSIVE DIALOGUE TO ARTICULATE NATIONAL PRIORITIES**

**National ownership is critical to translate the universal 2030 Agenda into locally owned and driven priorities. PSE principles and guidelines should stress the importance of using long-term development priorities by national governments to guide partnerships with the private sector from the beginning.** National priorities provide the necessary framework for all development activities at the country level. Governments and development partners should find ways to engage the private sector around national development priorities, in particular to help identify new business opportunities for sizable and bankable projects that are critical for developing countries to harness the benefits of global economic transformation.

**PSE principles and guidelines should reinforce inclusive, effective mechanisms for multi-stakeholder engagement on national priorities for private sector engagement and the role development partners can play.** Such mechanisms should incorporate social dialogue and the voice of women and youth to enable ownership of development at community level. Inclusive mechanisms can bolster trust, contribute to consensus building on national priorities, generate awareness of private sector engagement opportunities and promote collaboration across sectors more generally. There is room for countries to explore such mechanisms at national and sub-national levels, as well as bottom-up approaches and learning by doing at the community level, where relevant.

#### **GENERATING DATA AND MEASURING RESULTS**

**PSE principles and guidelines should promote jointly defined and measured sustainable development results, grounded in realistic time frames and the needs of each project partner.** Measuring results is a priority for the private sector; timely and disaggregated data and qualitative information is critical to incentivise and shape action. In private sector engagement, the challenge is agreeing on what to measure and the regularity of such measurement. The objectives of projects and their targets need to be realistic, specific, linked to the Sustainable Development Goals and measurable. It is important to share success stories, and integrate monitoring of private sector principles in the GPEDC monitoring framework.

#### **ESTABLISHING REALISTIC EXPECTATIONS FOR TARGETING POPULATIONS UNDERSERVED BY MARKETS**

**PSE principles and guidelines should be grounded in a recognition of the real opportunities and constraints private sector partners have to supporting the leave no one behind agenda, to forcefully support the spirit of the United Nations 2030 Agenda.** Efforts to work with marginalised groups should be informed by realistic expectations regarding where and how the private

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sector can most effectively contribute. Supporting women's economic empowerment and youth entrepreneurship merit dedicated effort to reap community benefits and foster sustainability. While leaving no one behind is an important strategy for governments, development partners and civil society, private partners contributions are sector, region and country specific, depending on opportunities presented by business models and priorities. A major ambition for effective private sector partnerships should be to support populations that are hard to reach or underserved by the market, and to grow their businesses for scale and sustainability. This includes, in particular, Micro-, Small- and Medium-Sized Enterprises (MSMEs) as primary employers and the base of sustainable value chains, as well as women entrepreneurs.

Members of the Global Partnership's Business Leaders Caucus are encouraged by the opportunities the Global Partnership provides for inclusive dialogue on how to reach the full potential of partnerships between the private sector and the development co-operation community to reach the SDGs. Its members hope that these considerations and recommendations will serve as useful inputs into the shaping of principles and guidelines for effective private sector engagement through development co-operation. Members stand ready to refine draft principles and guidelines, and work with the Global Partnership to promote the launch of the principles and guidelines at the Global Partnership's Senior Level Meeting in the margins of the UN High-Level Political Forum on Sustainable Development.

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### **About the Business Leaders Caucus**

This statement is endorsed by the members of the BLC, and also benefited from the contributions of associated members representing the Global Partnership Steering Committee, without representing their specific endorsement. The BLC is a senior-level advisory group that provides strategic advice and policy guidance to the Global Partnership on how the development co-operation community can more effectively work with the private sector for better country-level results. It is composed of 10 high-caliber business leaders from multi-national companies, large domestic firms and MSMEs from various regions and fields including in technology, energy and the financial sector. The Global Partnership is currently engaging these business leaders to seek advice on emerging principles and guidelines for effective private sector engagement through development co-operation.

### **Members**

- Mr. Iñigo **Albizuri**, Vice President of Communications and Public Affairs at Mondragon Corporation
- Mr. Paulo **Bellotti**, Founder, MOV Investment, Brazil
- HE Mr. Saber Hossain **Chowdhury**, Parliament Member for People's Republic of Bangladesh
- Ms. Helen **Hai**, Founder of Made in Africa Initiative
- Ms. Christiane **Laibach**, Member of KfW DEG Management Board
- Ms. Janet **Longmore**, Founder and CEO of Digital Opportunity Trust
- Ms. Carole **Kariuki**, CEO of the Kenya Private Sector Alliance
- Ms. Jasandra **Nyker**, CEO of BioTherm Energy
- Ms. Bing **Sibal-Limjoco**, President of Philippine Chamber of Commerce and Industry
- Mr. John **Simon**, Managing Partner of Total Impact Capital

### **Associated Members representing the Global Partnership Steering Committee**

- Mr. Andrew **Wilson**, Permanent Observer of the International Chamber of Commerce at the United Nations in New York
- Ms. Paola **Simonetti**, Deputy Director, International Trade Union Co-operation Network (ITUC)

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