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## Plenary session 2

### The Role of the Private Sector in Development Effectiveness: Common Components for Success in Future Partnerships

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## Synopsis

This paper argues that successful partnerships between the public and private sectors for effective development and associated dialogue processes are diverse, organic and often context-specific. There are thus specific lessons to be learnt from specific contexts. However, there are also some common components of success that can be identified from past experiences to ensure that future partnerships are focused on mutually beneficial outcomes and designed to achieve positive social and economic outcomes for poor people.

This paper reviews recent evidence, focusing on a sample of case study examples from a range of regions and countries. These case studies are not comprehensive but have been selected to highlight some of the key principles and lessons that GPEDC members can take away and apply to future initiatives to engage the private sector in achieving positive developmental outcomes.

The paper also includes a reference section of suggested further reading and links to some of the many websites which contain further case study material and various tools and frameworks which can be used when designing, implementing, monitoring or evaluating private–public partnerships for development.

## Acknowledgements

This report was authored by Alan Harding and Dan Coppard. Alan Harding is an independent development economist. He is a former Senior Economic Advisor at the UK's Department for International Development (DFID) and was previously a Research Officer at the Centre for the Study of African Economies (CSAE) at the University of Oxford. Dan Coppard is the Director of Research, Analysis and Evidence at Development Initiatives and member of the Global Partnership for Effective Development Cooperation (GPEDC) Advisory Group.

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This report is based upon analysis of a number of individual case studies of public–private partnerships for development drawing on published reports and other written material related to these. Time constraints meant that it was not possible to verify our findings related to every example directly with the relevant institutions involved. Hence, please note that the findings and conclusions reached are thus the responsibility of the authors and do not reflect the views of actual stakeholders in those partnerships.

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## Acronyms and abbreviations

ABCDE	Annual Bank Conference on Development Economics
BIAC	Business and Industry Advisory Committee (to OECD)
BPA	Business Partnership Action
CAADP	Comprehensive Africa Agriculture Development Programme
CIPE	Center for International Private Enterprise
CSO	Civil society organisation
CSR	Corporate social responsibility
CTA	Confederation of Mozambican Business Associations
DAC	Development Assistance Committee (of OECD)
DCED	Donor Committee on Enterprise Development
DFID	Department for International Development (UK Government)
DRR	Disaster risk reduction
EITI	Extractive Industries Transparency Initiative
EPPCF	Ethiopia Public Private Consultative Forum
FDI	Foreign direct investment
GAVI	Global Alliance for Vaccines and Immunisation
GDA	Global Development Alliance
GPEDC	Global Partnership for Effective Development Cooperation
GPI	Global Partnership Initiative
HLF	High Level Forum
IATI	International Aid Transparency Initiative
IFC	International Finance Corporation (part of World Bank Group)
ILO	International Labour Organisation
ITUC	International Trade Union Confederation
JVWF	Jordan Valley Water Forum
LOI	Letter of Intent
MOU	Memorandum of Understanding
MDGs	Millennium Development Goals
NGO	Non-governmental organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
P4P	Partnerships for Prosperity
PAF	Performance assessment framework
PARPA	Plan for the Reduction of Absolute Poverty (Mozambique)
PIDG	Private Infrastructure Development Group
PPD	Public–private dialogue
PPP	Public–private partnership
PSD	Private sector development
RBC	Responsible business conduct
SDGs	Sustainable Development Goals
TPI	The Partnering Initiative
USAID	US Agency for International Development
WADA	Water and Development Alliance

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## Executive summary

### Objectives

The main objective of this paper is to provide a synthesis of lessons learnt from country-level experiences on specific practical features of successful public–private partnerships for development. The paper is thus a contribution to broader discussions within the Global Partnership for Effective Development Cooperation (GPEDC) on the role of the private sector in development. It also aims to identify some areas where GPEDC could play a useful role in both: (a) recognising and sharing the significant progress on partnerships already being achieved in some countries and sectors; and (b) guiding and motivating other countries and sectors to improve their performance.

### The role of the private sector in development

The role of the private sector as a development actor is not well understood. The reality is that business can act as a ‘partner in development’ in a number of different ways (see [Table 1 at the end of Section 1](#) below for an overview of these). It is important to distinguish between ‘private sector development’, which can deliver a range of social benefits and other positive externalities resulting from private-sector-led economic growth, and ‘private sector engagement in development’ i.e. the many other ways business can engage in the development process.

Endogenous growth theories have long recognised the limitations to longer-term economic growth resulting from insufficient investments in human capital, poor-quality public infrastructure and services and overexploitation of natural resources. There is thus a clear need for businesses operating in developing countries to take a longer-term perspective and support, among other things, the enhancement of human capital and ensure they operate sustainably to avoid unnecessarily depleting natural capital.

Another key distinction here is between: (a) ‘public–private dialogue’ which is often a necessary but not sufficient element of the process of forming effective development partnerships; and (b) ‘public–private action’ which usually requires much more than just dialogue, including an in-country institutional platform, dedicated brokering and financial support.

The Fourth High-Level Forum on Aid Effectiveness of 2011 in Busan marked an important turning point in formally recognising the key contribution that the private sector and other non-official partners could make in addressing key developmental challenges, on the basis of shared goals and principles but differential commitments. This greater focus on understanding the potential contribution of the private sector as well as formalising how this contribution could best be realised was encapsulated by the establishment of the Building Block on public–private collaboration as one of ten Building Blocks for future collective action. (This Building Block subsequently developed into the Partnerships for Prosperity initiative, with additional Global Partnership Initiatives on public–private cooperation now active<sup>1</sup>).

The role of the private sector as an increasingly important source of financing for development was also more recently recognised at the UN’s Financing for Development Conference held in Addis Ababa in July 2015. The key contribution of the private sector to the implementation across all the new Sustainable Development Goals (SDGs) has also been formally acknowledged, particularly in reference to Goal 1 on ending poverty, Goal 7 on energy, Goal 8 on economic growth and Goal 9 on infrastructure. In addition, Goal 17, seeks among other things, to “*Encourage and promote effective public, public–private and civil society partnerships, building on the experience and resourcing strategies of partnerships.*”

This report uses the term ‘public–private partnerships for development’ to refer to the many types of partnerships intended to engage the private sector (often with other partners) in dialogue and

actions that have an explicitly developmental objective, i.e. they go beyond discussions about private sector development and into engaging the private sector as a partner in national and international efforts to achieve developmental goals and objectives.

## ***GPEDC approach to public–private collaboration***

One of the main outputs from the 2011 Busan High Level Forum was a joint statement from representatives of the public and private sectors on ‘Expanding and Enhancing Public and Private Co-operation for Broad-Based, Inclusive and Sustainable Growth’. This recognises five shared principles to maximise the benefit of coordination and collaboration to support development, which are:

1. **Inclusive dialogue:** Sustaining productive country-level dialogues between private sector institutions and development stakeholders
2. **Consultation and collective action:** Involvement of the private sector in finding solutions to development challenges. Consultation with the private sector in the elaboration of national and sector plans
3. **Sustainability:** Aid/development activities with private sector involvement, should scale up development impact in a sustainable manner and align with local priorities and capacities, “comply with relevant national laws and respect applicable international norms”
4. **Transparency:** Policies which are predictable and designed and implemented in a transparent way: greater transparency of public–private cooperation including Public–Private Partnerships, strengthening ongoing transparency and accountability initiatives in sectors which are critical to developing countries’ economies. A predictable institutional environment, including effective and transparent procurement systems
5. **Accountability for results:** Monitoring, reporting and evaluation of development results, measuring impact, sharing lessons learned

This report uses these five principles to structure the selection and analysis of a sample of country case studies for this report, within five corresponding ‘action areas’. In each dimension the paper identifies ‘common components of success’ based on a review of these experiences.

## ***Case study overview***

[Section 2](#) of the report presents an overview of a sample of 14 country case studies designed to illustrate the wide range of different types of partnerships with the private sector that currently exist, with a focus on developmental objectives. Limitations of time and space have meant that: (a) the number of case studies reviewed is restricted; and (b) the analysis has been primarily based on a desk review of available published material. The authors wish to clarify that the analysis and findings presented here are their own and do not necessarily reflect those of the sponsors or stakeholders of the individual initiatives.

Some of the emerging lessons are likely to be context specific, while others will be more generalisable. This paper aims to provide insights into some common components of success in building effective partnerships in each of the five action areas. Further work will be required to validate some of these initial findings and also to confirm whether they are consistent with other experiences in other country contexts.

Table 2 in [section 2](#) presents an overview of how the case studies relate to the five main action areas for public–private partnerships for development identified by GPEDC, and also shows their regional distribution. The case studies are designed to help delegates at the 2nd Busan Global Partnership Forum to consider the questions posed by GPEDC on the role of the private sector in effective development partnerships.

- What does an effective public–private partnership for development look like in practice?

- How can a shared agenda between public and private actors be put into action?
- What are the challenges which might be faced and how can these be overcome?
- How do we collectively define success and what are the challenges we face?

## *Common components of success*

This paper argues that successful partnerships between the public and private sectors for effective development and associated dialogue processes are diverse, organic and often context-specific. There are thus specific lessons to be learnt from specific contexts. However, it is also believed that there are some common components of success that can be identified from past experiences to ensure that future partnerships are focused on mutually beneficial outcomes and designed to achieve positive social and economic outcomes for poor people. These common components of success include the following.

1. **Establishing an in-country institutional platform for inclusive cross-sector dialogue and partnerships is one of the most effective ways to ensure that these partnerships contribute effectively to meeting the development priorities of the country.** Such platforms can add value by ensuring local ownership, greater coordination and a focus on national priorities. Businesses and business associations of all types and sizes should be able to participate. An example covered in this paper is Mozambique's Private Sector Conferences and associated institutional architecture. (Please see [Annex 1](#) for a further example: the Zambian Business in Development Forum (ZBIDF)). The Ethiopia Public Private Consultative Forum (EPPCF) and the Private Sector Forums in Viet Nam and Cambodia are also good examples of coordinated dialogue processes that are beginning to yield useful results.
2. **Identifying areas of common interest between public and private sector actors is essential to ensuring that partnerships deliver shared value – that is, that they are mutually beneficial and sustainable in the longer term.** Understanding the goals and objectives of each stakeholder in the process is an important first step in identifying where such areas of common interest may lie. This needs to be combined with a clear understanding of the 'comparative advantages' that public and private sector actors bring to finding solutions to developmental challenges.
3. **Engaging the private sector 'upstream' in the elaboration of national and sectoral plans is good practice in terms of developing a sense of shared ownership of challenges and potential solutions.** This can then be complemented by identification of specific areas of 'downstream' collaboration – in the form of joint initiatives, programmes and projects with an associated results framework to be able to monitor performance and progress and hence develop a sense of mutual accountability.
4. **Aligning national and local plans for future private sector engagement with the new global SDGs should now become a priority for GPEDC members.** The fact that many developing countries will now be considering the implications of the SDGs for their own short- and medium-term national planning and budgeting processes provides an excellent opportunity to embrace a new level of multi-stakeholder engagement (through dialogue and partnership) to define what resources will be required over the 2015–30 period and what each stakeholder can bring to the table.
5. **Establishing a national database of companies willing to engage in development-related programmes and activities could be a useful component of a national strategy for effective engagement of the private sector as a development partner.** This seems to be happening already in many humanitarian assistance and disaster response programmes, such as those in Japan following the 2011 earthquake and West Africa in response to the Ebola crisis, often coordinated by UN agencies. However, national governments could learn from these experiences

in order to harness the skills, resources and capacities of business more systematically to address a wider range of developmental challenges.

6. **Associated with this, building pre-commitment mechanisms into partnerships may be a useful way to ensure that dialogue is transformed into effective action and additional investment.** For example, see the experiences of The Vaccine Alliance (GAVI), the Private Infrastructure Development Group (PIDG) and also the National Alliance for Food Security and Nutrition in the use of Letters of Intent and other non-binding commitments to galvanise new investments and collective action. A key issue here will be the extent to which companies will be willing to enter into arrangements which are legally binding, due to the reputational issues involved. Developing guidance on a suite of legal and quasi-legal instruments, based on best practice examples and existing contracts, could be a useful contribution for GPEDC to make.
7. **Establishing systems of independent monitoring and verification of the results of developmental partnerships and joint initiatives as part of the accountability process can ensure that they remain focused on meeting the needs of the poorest and most vulnerable groups in society.** Such systems should also take account of the unequal power relationships that arise in situations where resources and capacity of different partners are highly asymmetric. Some good examples of how to arrange such independent verification can be seen in some of the 'payments by results' pilot programmes being implemented in some developing countries.
8. **Involving civil society and local NGOs in both dialogue and partnerships, whether at national, regional or local levels, is important in understanding and addressing the needs of the poor and engaging effectively with disadvantaged communities.** In many developing countries there is increasing evidence that poor people have a greater understanding of their needs and how to meet them than is often assumed by external experts. However, levels of trust in government agencies, international aid agencies and large companies are often very low and this acts as a barrier to effective implementation. Involving local institutions (e.g. community groups, cooperatives and religious institutions) that are trusted by the target communities is thus essential to the ultimate success and sustainability of many types of development programmes, including public–private partnerships.
9. **An important cross-cutting theme in virtually all of the public–private partnerships reviewed here is the importance of transparency and willingness to share data and other analytical information.** This is the foundation of any partnership – openness, trust and willingness to be held accountable. Further work is clearly required on how standards such as the International Aid Transparency Initiative (IATI) can be extended to private sector actors, bearing in mind issues of commercial confidentiality and intellectual property rights. International experience with Freedom of Information (FoI) legislation and other legal commitments may be applicable here. An explicit focus on 'mutual accountability' through joint performance assessment frameworks (PAFs) may also be a useful element of future partnerships.
10. **Lastly, it is important to ensure that any new international partnerships established to address cross-country (or global) development challenges have a clear, defined mandate which meets a clearly defined need or 'gap in the market' in order to prevent duplication of effort and the appearance of further gaps and overlaps in the international system for delivering on the SDGs.** GAVI (The Vaccine Alliance) provides a good example of an organisation that has a clearly defined international mandate, sufficient resources to implement at scale and ability to complement (and not compete with) national-level initiatives in the area of vaccine research, distribution and delivery – working with and through national health systems.

## **Conclusions and next steps**

Based upon the preliminary analysis and findings in this paper on the common components of success in establishing effective public–private partnerships for development, it is suggested that



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GPEDC should commission further work to review the experiences of different types of partnerships more systematically (e.g. through a survey of GPEDC members) to validate these initial findings.

GPEDC can also play a key role in supporting in-country partnership action using the range of resources and experience of its members. For example, one of the main conclusions is that establishing in-country institutional platforms to promote cross-sectoral dialogue and partnerships is a key element of a successful strategy. Organisations such as The Partnering Initiative (with its Partnering Alliance), the Business and Industry Advisory Committee (BIAC) and the Center for International Private Enterprise (CIPE) can support the process of designing and establishing such platforms in countries, regions or cities where there is a desire and willingness to do so.

Development agencies and bilateral donors can also be encouraged to look carefully at how they can practically support, both financially and technically, the establishment of the in-country 'infrastructure' that will be required to enable more effective collaboration. There are several models already in existence of how this can be done and what resources are required.

This paper suggests a number of steps that could now be taken by GPEDC in order to both galvanise and provide effective support to further action in this area at country level.

- Commission further analytical work to validate initial findings based, for example, on a wider review of case studies or a survey of practitioners engaged in these sorts of programmes, and modify accordingly. Also assemble a database of relevant 'good practice' examples and initiatives as a source of reference.
- In parallel, undertake a more in-depth review of a selected number of existing public-private consultation processes in order to understand how these have contributed to strategic prioritisation and development planning in the past or how they could do so more effectively in future. This review should look carefully at the scope for strengthening existing in-country platforms and institutional mechanisms in order to support cross-sectoral public-private partnerships for development, rather than necessarily creating new institutional arrangements.
- This analysis should also take account of and support the further development and operationalisation of Indicator 3 on the quality of in-country public-private dialogue (PPD) processes in the GPEDC Monitoring Framework for development effectiveness.
- The findings from this further analytical work can then be brought together into a draft set of 'GPEDC Good Practice Principles' in each of the five dimensions of effective public-private partnerships for development, possibly for submission to the second High Level Meeting of the GPEDC in Kenya in 2016.
- Subsequently, undertake a public consultation exercise (over say a 12-month period) encouraging discussion of the draft principles at relevant events taking place (e.g. meetings of company CEOs and other key stakeholders), including civil society in the consultation process too. Where possible, link this consultation exercise to country-level discussions about implementation of the new SDGs. Refine the set of good practice principles based on results of this consultation process.
- Present the resulting 'Action Agenda for Effective Public-Private Partnerships in Support of the SDGs' to a future GPEDC High Level Meeting for discussion and formal endorsement. Note that any GPEDC Action Agenda in this area should take full account of work being undertaken by the UN and G20 on building an inclusive business framework in support of implementation of the SDGs.
- Meantime, invite several countries to pilot implementation of the Action Agenda in order to test its relevance, effectiveness and value added, and monitor the results.

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## 1. Introduction

### 1.1 Objectives of this paper

The main objective of this paper is to provide a synthesis of lessons learnt from country-level experiences on specific practical features of successful public–private dialogue and partnerships for development. The paper is thus a contribution to broader discussions within the Global Partnership for Effective Development Cooperation (GPEDC) on the role of the private sector in development. It also aims to identify some areas where GPEDC could play a useful role in both: (a) recognising and sharing the significant progress on partnerships already being achieved in some countries and sectors; and (b) guiding and motivating other countries and sectors to improve their performance.

To achieve its principal objective, this paper therefore:

- briefly reviews recent developments in discussions about public–private dialogue and partnerships for development
- clarifies definitions about types of development partnerships involving the private sector and maps the multiple interfaces of the public and private sectors
- recognises the diversity of private sector actors, both national and international, and the challenges and opportunities this brings
- collates information and links to further information and resources for forum participants
- based on a review of case studies, identifies some common components of success and hence suggested ‘best practice’ principles for partnership and associated dialogue
- highlights possible future work streams that GPEDC could pursue – in order to turn analysis into further action.

### 1.2 Rationale for focus on the private sector and its role in development

It has long been recognised that the private sector has a critical role in the process of economic and social development and that effective coordination and cooperation between the state and private sectors is one of the keys to success. For example, at the World Bank’s Annual Conference on Development Economics (ABCDE) back in 1990, a distinguished panel involving Amartya Sen, Nicholas Stern, Joseph Stiglitz and Stanley Fischer debated the subject of ‘Development Strategies: The Roles of the State and the Private Sector’.<sup>2</sup>

In his contribution to the debate, Nobel Laureate Professor Amartya Sen observed that one of the biggest challenges facing developing countries was how to finance the provision of public goods, such as infrastructure, education and health care. He noted that in China economic reforms introduced in the 1970s had led to a dramatic increase in agricultural production and other types of economic activity but no further increases in life expectancy. This he attributed to a considerable decline in public health services during the reform period, arguing that privatisation had worked well in stimulating agricultural production but not so well in ensuring continuing access to quality health care, particularly in rural areas. He noted that: “Perhaps better coordination between the public and private sectors could have made a difference”.

Twenty-five years after that debate, this paper is about new approaches to achieving such better coordination between the public and private sectors. The focus here is on recent experiences with different types of public–private partnerships and associated dialogue which have an explicitly developmental objective.

The debate on the respective roles of the state and private sector also illustrates the importance of distinguishing between ‘private sector development’, which can deliver a range of social benefits and

other positive externalities resulting from private-sector-led economic growth, and ‘private sector engagement in development’ – the many other ways in which business can engage in the development process. Endogenous growth theories<sup>3</sup> have long recognised the limitations to longer-term economic growth resulting from insufficient investments in human capital, poor-quality public infrastructure and services and overexploitation of natural resources. There is thus a clear need for businesses operating in developing countries to take a longer-term perspective and support, among other things, the enhancement of human capital, while ensuring they operate sustainably to avoid unnecessary depletion of natural capital.

Another key distinction here is between: (a) ‘public–private dialogue’ which is often a necessary but not sufficient element of the process of forming effective development partnerships; and (b) ‘public–private action’ which usually requires much more than just dialogue, including an in-country institutional platform, dedicated brokering and financial support.

In this report the term ‘public–private partnerships for development’ is used to refer to both types of partnership. This includes alliances intended to engage the private sector (often with other partners) in dialogue and also actions which have an explicitly developmental objective. These go beyond discussions about private sector development and into engaging the private sector as a partner in national and international efforts to achieve developmental goals and objectives.

## Busan and beyond

More recent interest in the role of the private sector as a development partner has been catalysed by the series of high-level inter-governmental discussions on aid and development effectiveness held since the Millennium Development Goals (MDGs) were agreed in 2000. This includes the series of High-Level Forums on Aid Effectiveness in Paris (March 2005), Accra (September 2008) and Busan (November 2011).

In particular, the Fourth High-Level Forum of 2011 in Busan<sup>4</sup> marked an important turning point in formally recognising the key contribution that the private sector and other non-official partners could make in addressing key developmental challenges, on the basis of shared goals and principles but differential commitments:

*“At Busan, we now all form an integral part of a new and more inclusive development agenda, in which these actors participate on the basis of common goals, shared principles and differential commitments. On this same basis, we welcome the inclusion of civil society, the private sector and other actors”* (Busan Partnership Agreement, 2011).

This greater focus on understanding the potential contribution of the private sector as well as formalising how this contribution could best be realised was encapsulated by the establishment of the Building Block on public–private collaboration in mid-2011 as one of ten Busan Building Blocks for future collective action (this work is currently ongoing via the Partnerships for Prosperity Initiative, alongside additional GPIs on public-private cooperation). The initial concept note for the Building Block highlights that “effective development cooperation requires acknowledging the potential contributions – and the limitations – of the private sector as a development actor”. The intention of establishing the GPI was explicitly not to duplicate existing work being undertaken in building partnerships or developing shared standards for conduct at country level but rather to support this process by exploring three potential innovations:

- sustaining productive country-level dialogues between private sector institutions and development stakeholders
- using development cooperation instruments as a catalyst to leverage greater investment in areas that advance country-led development objectives

- identifying a forward-looking framework to support innovation in areas where private sector market development can transform the practice of development cooperation.

Subsequently, this Building Block formed a key input to the establishment of the Partnerships for Prosperity (P4P) multi-stakeholder platform in October 2013. The P4P secretariat is hosted by the International Finance Corporation (part of the World Bank Group) and aims to leverage the role of the private sector to support poverty reduction and sustainable development. P4P expanded on the mandate of the Building Block, advocating a more far-reaching role for the private sector, as well as expanding its membership to include a greater level of actual business representation.

The role of the private sector as an increasingly important source of financing for development was also more recently recognised at the International Conference on Financing for Development held in Addis Ababa in July 2015. The Addis Ababa Action Agenda<sup>5</sup> discusses in some depth the key role of domestic and international private finance and business in providing financial and other resources to address a wide range of development-related challenges:

*“Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation. We acknowledge the diversity of the private sector, ranging from micro-enterprises to cooperatives to multinationals. We call on all businesses to apply their creativity and innovation to solving sustainable development challenges.”*

It is thus now generally accepted that the private sector is a key partner in enabling countries to achieve many of the new global Sustainable Development Goals (SDGs) for the 2015–30 period recently adopted in New York. This is recognised in the outcome document of the UN Summit which calls for a revitalised Global Partnership for Sustainable Development to ensure their implementation. It is also explicitly included in the goals themselves, where Goal 17.17 is to “Encourage and promote effective public, public–private and civil society partnerships, building on the experience and resourcing strategies of partnerships”.

Clearly, the private sector will play a key determining role in enabling the achievement of a significant number of the other SDGs, including SDG1 on ending poverty, SDG7 on energy, SDG8 on economic growth and employment and SDG9 on infrastructure, amongst others. Related to this, the Business and Industry Advisory Committee to OECD (BIAC) has set out an agenda for business post-2015 linked to GPEDC principles in its (2014) paper ‘Private Sector Perspectives on Private Financing for Development’, which also discusses the financing challenges and the essential role to be played by the private sector in meeting the SDGs.<sup>6</sup>

## **An area of new opportunity**

It is clear that many governments and other institutions, including NGOs, working in developing countries are now actively seeking to build more effective public–private partnerships and more inclusive public–private dialogue. For example, both UNICEF and UNHCR have dedicated teams that work on building partnerships with the private sector in their countries of operation and Oxfam has a Private Sector Advocacy department which advises other NGOs on how to build better links.

In a recent blog for GPEDC, Goodall Gondwe, Minister of Finance, Economic Planning and Development of Malawi (and current GPEDC co-chair) wrote:

*“Undeniably, development partnerships going beyond the traditional donor-recipient relationship will become increasingly important in the coming years. We will need to work with businesses, civil society, foundations, development partner governments from the South, and many more. Such partnerships will provide an immense opportunity to direct more resources to eradicating extreme poverty and promoting sustainable development – but their diversity also raises new challenges of coordination for developing countries. For*

*us to take full advantage of these partnerships, we need to promote good practice so that these resources are deployed in support of our development priorities.”*

It is impossible to quantify in monetary terms all of the ways in which private companies contribute to development, partly due to lack of comprehensive data but also because some of these contributions, for example due to scientific or technological innovations, are essentially unquantifiable. It is important however to note that foreign direct investment (FDI) and other private financial flows from developed to developing countries dwarfs official development assistance (ODA).<sup>7</sup>

Despite this, the notion that foreign and domestic companies can be development actors remains poorly understood and not as well accepted as it possibly should be if developing countries are to capitalise on this resource in the hopes of achieving the Sustainable Development Goals by 2030. Identifying ways to sensibly use a proportion of ODA to leverage different types of private and public financing for development-related projects and investments, such as in the form of blended finance or Development Impact Bonds, is therefore a priority.

Partly in response to the Busan agenda, many more bilateral development agencies are also rapidly increasing their engagement with the private sector.<sup>8</sup> Systematic engagement between official development agencies and private sector companies (both multinational and domestic) is thus no longer the preserve of specialised agencies, such as the International Finance Corporation (IFC). For example, USAID’s pioneering approach to establishing Global Development Alliances (GDAs) with leading corporations is a model that should be carefully examined by other countries.<sup>9</sup>

Policy debates about the role of the private sector as a partner in growth and development have also been an important feature of recent World Economic Forum events held in Africa (Cape Town, South Africa, May 2013)<sup>10</sup> and Asia (Nay Pyi Taw, Myanmar, June 2013).<sup>11</sup> Key issues discussed have been the challenges of regional integration, the need for better cross-border infrastructure, building national resilience to natural disasters and climate change and tackling rising inequality and youth unemployment.

The International Business Forum in Addis Ababa and the SDG Business Forum<sup>12</sup> in New York both attracted unprecedented levels of participation from business representatives, financial institutions and investors. Discussions demonstrated that the debate has moved on and that increasingly heads of state and ministers from developing countries are seeking to engage with business as partners in the development process. One of the keys to capitalising on this interest, in order to turn consultation into tangible outcomes, will be to reach a better shared understanding of the relative risks and returns to greater private sector collaboration in achieving development outcomes in different contexts.

## Some key challenges

An increasing number of players brings more opportunities but also greater challenges, given the diversity and complexity of the global networks now being formed. The effective ‘globalisation’ of public–private partnerships for development is creating challenges to ensure that: (a) developing countries are able to manage and benefit sustainably from such approaches; and (b) that a lack of coherence in the system does not generate significant overlaps and gaps in coverage.

The role and behaviour of large (and sometimes small) private companies in developing countries is an issue that is often of concern to other local development partners. Large multinational corporations in particular are often the object of considerable local scrutiny, suspicion and criticism. Some of this is justified when corporations do not meet appropriate legal, regulatory, ethical and environmental standards of behaviour. Concerns include: (a) that the poorest do not have sufficient say in the implementation of public–private partnerships providing goods and services on which they depend; (b) that public resources are used to leverage private investments when they are not

needed; (c) that the rights of workers, indigenous communities and women are not protected; and (d) that environmental concerns including pollution are not addressed. In return, private companies often have legitimate concerns about how they are treated by public agencies, including concerns about unequal application of laws and regulations and rent-seeking behaviour by public officials.

Many contributors to previous GPEDC discussions have emphasised the importance of responsible business conduct (RBC) as being at the core of being able to develop future partnerships for development. The UN Global Compact's ten principles<sup>13</sup> set a useful framework for a responsible approach to doing business in developing countries. The *OECD Guidelines for Multinational Enterprises*<sup>14</sup> provide a widely accepted framework setting out the standards of operations and transparency that are expected of large corporations, who play increasingly important and sometimes dominant role in many small developing countries, due to the relative power that their contacts, assets and resources can give them.

Dr Cheryl Freeman, World Vision Senior Director for Advocacy, has recently written about the need to address imbalances of power in cross-sector partnerships.<sup>15</sup> She highlights that imbalances of power exist between organisations in all partnerships and at all levels, including those between donor governments and developing countries. However, when an imbalance exists, it is often the poor that are disadvantaged:

*“Being fit to partner requires each organisation to be conscious of their level of influence and particular expertise – and to recognise the value that others bring to the table. This is the starting point from which an agreement can be entered into that allows for a more even distribution of influence; and ultimately a partnership that is greater than the sum of its parts.”*

There is also the need to recognise that the private sector is not homogenous and will have a range of sometimes diverging interests relating to key elements of economic policy and the priorities they will put on different types of public services and investments. Typically, companies engaged in the production of non-traded goods and services will have very different agendas from those engaged in either importable or exportable sectors of the economy, for example regarding trade liberalisation and protection of domestic markets. Evidence from the Ease of Doing Business surveys<sup>16</sup> conducted by the World Bank commonly shows that it is small and medium-sized domestic companies that are most affected by a poor business-operating environment, including unnecessary red tape and rent-seeking behaviour by public sector regulatory bodies – since they are ‘too big to hide but too small to fight’.

Hence, when engaging in dialogue processes and associated partnerships to address constraints to private sector development, there is a need to recognise that it is most commonly a combination of both market failures and government failures that are responsible for sub-optimal economic and social development outcomes in many sectors and countries.

### **1.3 Overview of recent GPEDC discussions on the role of the private sector in effective development cooperation**

One of the main outputs from the 2011 Busan High-Level Forum (HLF) was a joint statement from representatives of the public and private sectors on ‘Expanding and Enhancing Public and Private Cooperation for Broad-Based, Inclusive and Sustainable Growth’.<sup>17</sup> This recognises five shared principles to maximise the benefit of coordination and collaboration to support development, which are:

1. **Inclusive dialogue:** Sustaining productive country-level dialogues between private sector institutions and development stakeholders

2. **Consultation and collective action:** Involvement of the private sector in finding solutions to development challenges. Consultation with the private sector in the elaboration of national and sector plans
3. **Sustainability:** Aid/development activities with private sector involvement, should scale up development impact in a sustainable manner and align with local priorities and capacities, “comply with relevant national laws and respect applicable international norms”
4. **Transparency:** Policies which are predictable and designed and implemented in a transparent way: greater transparency of public–private cooperation including Public–Private Partnerships, strengthening ongoing transparency and accountability initiatives in sectors which are critical to developing countries’ economies. A predictable institutional environment, including effective and transparent procurement systems
5. **Accountability for results:** Monitoring, reporting and evaluation of development results, measuring impact, sharing lessons learned

This report uses these five principles to structure the selection and analysis of a sample of country case studies for this report, within five corresponding ‘action areas’. In each of these action areas the paper identifies ‘common components of success’ based upon a review of these experiences.

Significant work has already been done by GPEDC members on the development of a framework for countries, regions or cities wishing to engage the private sector more systematically in the development process. In particular, please see the Roadmap developed by The Partnering Initiative for GPEDC and supported by UKAid.<sup>18</sup> Entitled *Unleashing the Power of Business*, this contains practical advice and guidance on systematically scaling up the engagement of business as a partner in development, based around five essential areas of action:

- (i) Build trust and understanding across sectors.
- (ii) Open and inclusive planning of development priorities.
- (iii) Create in-country platforms for partnership.
- (iv) Maintain partnership effectiveness internally and measure results.
- (v) Build institutional capacity for partnering.

The first GPEDC High-Level Meeting in Mexico in April 2014 included extensive discussions on business as a partner in development, with sessions organised by P4P. This has resulted in a series of ongoing work streams focusing on: (a) partner-country hubs for public–private collaboration, led by The Partnering Initiative and supported by the Netherlands and Sweden; (b) building the evidence base, led by BMZ and IADB; and (c) public–private cooperation mapping led by OECD and DCED.

GPEDC has also included an indicator on the quality of country-level public–private dialogue (PPD) as one of ten indicators in its overall Monitoring Framework for development effectiveness: ‘Indicator 3: Engagement and contribution of the private sector to development’. Further work on the design of this indicator is currently being undertaken in order to ensure that the relevant features of effective PPD processes are measured in a way that allows for valid cross-country comparison. Dimensions to be assessed include:

- existence of institutionalised mechanisms or formalised structures to facilitate dialogue
- representativeness of private sector actors engaged in the dialogue
- some basic indications on the outcomes of the dialogue (e.g. number of reform proposals and reforms enacted).

Despite the useful work undertaken to date, various commentators who have participated in recent meetings have noted that there is still a need to clarify the mandate and exact role that GPEDC will play in promoting more effective private–public cooperation. There needs to be demonstrable value added and useful outputs and outcomes to these discussions if key partners from both public and private sectors are going to continue to engage. It is also important to recognise that many of the

initiatives currently being developed in this area (see [Annex 1](#) for examples) are being implemented independently of GPEDC.

GPEDC's comparative advantage in this area will need to be further clarified but a key question to be addressed is whether this goes beyond the currently defined area of monitoring public–private dialogue processes and into other areas where there are already significant initiatives underway. For example, such initiatives include those being taken forward by members of the Partnerships for Prosperity (P4P) platform under their current work programme.

This paper's preliminary conclusion is that GPEDC's primary role may be to ensure a consistent focus on the application of more general principles for effective development cooperation to the wide range of different types of development partnerships involving the private sector that are now emerging. This can be achieved by first seeking to reach a shared understanding among the many different public and private sector stakeholders of what represents 'good practice' in this area, recognising existing good practice and supporting its wider dissemination and then potentially monitoring some aspects of implementation at country level, with the agreement of participating countries.

Such a role may provide a basis for identifying some of the potential areas where GPEDC could play a supporting role in both: (a) recognising and sharing the significant progress already being achieved in some countries and sectors; and (b) guiding and motivating other countries and sectors to improve their performance. However, further consultation is required here, given that this is a rapidly developing area, with many new ideas and initiatives emerging, for example from the Addis FFD and SDG conferences as well as the regional World Economic Forums.

## **1.4 Typology of development partnerships involving the private sector**

It is important at the outset to clarify definitions of types of development partnerships involving the private sector by mapping, in summary, the multiple interfaces of the public and private sectors. As the Business and Industry Advisory Committee (BIAC) of the OECD has noted, many businesses understand public–private partnerships to be contractual PPPs, while many in the development community understand them to be a broader concept including strategic alliances and other relationships.<sup>19</sup>

The reality is that business can act as a 'partner in development' in a variety of ways. Table 1, from a recent report by The Partnering Initiative (TPI), helps to clarify the range of ways in which businesses can either directly or indirectly contribute to wider developmental processes and objectives through their activities in developing countries. The table shows just some of the multiple roles that business plays in development. They can play these – and other – roles in complex and overlapping ways. For example, the same company might be simultaneously working on developing an inclusive business model as well as enhancing its supply-chain sustainability.<sup>20</sup>

The diversity of potential roles for the private sector also means that there will be diversity in the types of partnerships that may be required. The challenge then is to design these partnerships in a way that maximises their contribution to effective development – by following some basic good practice principles and also learning from previous experiences. The diversity of potential roles that the private sector can play also serves to highlight that, in many countries, there is going to be a need to strengthen existing mechanisms and platforms for consultation and collaboration in order to ensure effective coordination and sequencing.



**Table 1: Multiple roles for business as a development partner**

<b>Business role as a development partner</b>	<b>Effect on development</b>	<b>Which companies?</b>	<b>Role of cross-sector partnerships</b>
<b>1. Business doing business (in a responsible and sustainable manner)</b>	Creates and sustains livelihoods; reduces poverty; generates taxes; delivers essential products and services efficiently and affordably; catalyses technological innovation; reduces reliance on imports and/or brings in essential foreign currency through exports	All	Donors, development banks and governments working with business to improve competitiveness and the business environment, support economic growth / private sector development, and run responsible business initiatives
<b>2. Innovative finance Financing mechanisms to mobilise private sector capital in tackling social problems e.g. impact bonds to reduce malaria in Mozambique</b>	Provides funding for development programmes, potentially with the cost borne by government / donors only where there is proven impact	Investors and financial institutions	Investors provide investment capital, with NGOs often delivering the social programmes, and governments / donors providing the return on investment where the social programmes are successful
<b>3. Regulated public–private partnerships Companies make an upfront investment to deliver public infrastructure or services, to be repaid with profit over time by government or user fees, e.g. Gautrain, South Africa</b>	Building essential public infrastructure / services	Limited business sectors: e.g. construction, energy, water supply, health services	Regulated PPPs are a specific, regulated financial core business arrangement. Increasingly they are including civil society partners to advise the projects and ensure the development benefits are realised
<b>4. International commercial investment in developing countries e.g. investment in building a new / expanding an extractive industry, or developing a major manufacturing or agriculture capability</b>	Economic growth leading to improved livelihoods and poverty reduction (where done responsibly and sustainably – as above)	Any company developing manufacturing or other supply base or extraction business	Donors providing loan guarantees or underwriting risk; governments creating supportive tax incentives; development banks supporting complementary infrastructure development

<p><b>5. Companies deliberately targeting the underprivileged as suppliers / employees / distributors (inclusive business 1)</b> e.g. Coca-Cola's engagement of underprivileged people as distributor through the village entrepreneur model</p>	<p>Improved human opportunities and livelihoods for the underprivileged</p>	<p>Companies with operations or suppliers in a country</p>	<p>Donors providing funding or technical support to new inclusive business opportunities; NGOs and governments building capacity of potential employees and other relevant stakeholders</p>
<p><b>6. Companies / social entrepreneurs providing pro-poor products and services (inclusive business 2)</b> e.g. micro-banking, low-cost access to water, solar powered lights</p>	<p>Technological innovation and market-based approaches that can contribute to any development goal</p>	<p>Companies with existing markets or those wishing to create new markets</p>	<p>NGOs providing technical advice, access to communities, support; donors providing funding through challenge funds etc</p>
<p><b>7. Value chain sustainability / market transformation</b> e.g. SABMiller investing in the sustainability of its value chain to produce beer with locally-sourced sorghum in Uganda</p>	<p>Improved human, economic and environmental prosperity</p>	<p>Companies involved in the specific value chain</p>	<p>This sort of approach will often require a wide range of partners acting collectively, for example with capacity-building support from NGOs, technical support from government / development agencies, government tax and regulation, loans from development banks, other companies up and down the supply chain</p>
<p><b>8. Strategic social / infrastructure / environmental investment: supporting the fabric of the society in which it operates to ensure its own long-term sustainability</b> e.g. partnerships to build skills in the manufacturing industry in Zambia</p>	<p>Any development or environmental issue which also affects business, from access to skills to anti-corruption, from access to energy to equitable use of natural resources.</p>	<p>Companies that operate in or source from a particular country and have a long-term interest</p>	<p>Most interventions of this kind require partnering with NGOs, communities or government, and often with other companies for collective action on issues affecting multiple businesses</p>
<p><b>9. Philanthropy – building reputation as a good corporate citizen / license to operate</b> e.g. companies giving money or in-kind contribution to local schools or humanitarian disaster appeals</p>	<p>Any development issue. Potentially local giving with direct benefits to local communities or global giving distributed more widely.</p>	<p>Any</p>	<p>Philanthropy usually delivered through NGO partners</p>

Source: Prescott and Stibbe (2015)

The case studies presented in [Section 2](#) of this report include examples of partnerships that illustrate a number of the private sector roles covered in [Table 1](#). They include examples of inclusive business

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models that deliberately target the poor, market transformations and supply-chain sustainability, as well as specific initiatives which involve the private sector in strategic partnerships to increase investment in a range of public goods and services, including infrastructure, health and education provision.

However, it is impossible in a report of this size to cover all of the many ways in which the private sector contributes to the development process, whether through investment, job creation, financing of public investment or provision of essential goods and services to those at the bottom of the pyramid. This paper has, therefore, focused specifically on the area of public–private partnerships for development and associated dialogue processes – seeking to identify some common elements of the apparent success of a number of specific country examples.

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## 2. Experiences at country level in building private sector partnerships

### 2.1 Introduction

The following sections present an overview of a sample of 14 country case studies designed to illustrate the wide range of different types of partnerships with the private sector that currently exist with a focus on developmental objectives. Limitations of time and space mean that: (a) the number of case studies reviewed is restricted; and (b) the analysis has been primarily based on a desk review of available published material. The authors wish to clarify that the analysis and findings presented here are their own and do not necessarily reflect those of the sponsors or stakeholders of the individual initiatives.

The case studies have been selected to illustrate each of the five action areas identified by GPEDC in the Joint Statement to the Fourth High Level Forum on Aid Effectiveness in 2011: inclusive dialogue, consultation and collective action, sustainability, transparency and accountability for results. Two or three case studies that seem to particularly illustrate each of these aspects of effective partnerships have thus been identified. In reviewing these cases, a focus primarily on these aspects has been chosen, even though there may be other more general lessons that could be learnt from each. A broad balance of regional coverage has also been achieved, as demonstrated in [Table 2](#).

It is fully recognised that some of the emerging lessons are likely to be context specific, while others will be more generalisable. The report is aiming to provide insights into some common components of success in building effective partnerships in each of the five action areas. Further work will be required to validate some of these initial findings and also to confirm whether they are consistent with other experiences in other country contexts. While recognising that the process of selection of case studies is not scientific in any way and findings are thus indicative and preliminary and not definitive, it is believed that they illustrate some of the key features of successful partnerships in this area.



Table 2: Case study overview

Key action areas/ regions	1. Inclusive dialogue	2. Consultation and collective action	3. Sustainability	4. Transparency	5. Accountability for results
Global		<b>Case study 4</b> Global Alliance for Vaccines and Immunisation (GAVI)	<b>Case study 7</b> Heineken/ Netherlands partnership for local sourcing	<b>Case study 10</b> Open Contracting Partnership – Land transparency	<b>Case study 13</b> PIDG Results Monitoring System
Africa	<b>Case study 1</b> Ethiopia public–private Dialogue (EPPCF)	<b>Case study 5</b> Mozambique Private Sector Conferences 1995–2014		<b>Case study 11</b> Improving Ebola Response through Mobile Data (Geopoll)	<b>Case study 14</b> New Alliance for Food Security and Nutrition (with CAADP)
Asia	<b>Case study 2</b> Viet Nam/ Cambodia inclusive dialogue (IFC)	<b>Case study 6</b> Role of Japanese companies in disaster risk reduction (UNISDR)	<b>Case study 8</b> Roshan Telecoms mobile banking in Afghanistan		
Other	<b>Case study 3</b> Jordan Valley Water Forum (JVWF)		<b>Case study 9</b> USAID/ Coca Cola Water Management Programme in Bolivia	<b>Case study 12</b> Extractive Industries Transparency Initiative (EITI) in Peru	



## 2.2 Key action area 1: Inclusive dialogue

### **INCLUSIVE DIALOGUE: Sustaining productive country-level dialogues between private sector institutions and development stakeholders**

Experience shows that while it is important to establish effective public–private dialogue processes it is also crucial to sustain dialogue platforms and to ensure that the resulting shared agenda is then put into action. The case studies below aim to provide insight with regard to how this can be done in practice, by considering a range of different public–private dialogue forums which have actually achieved tangible results on the ground.

It is important at the outset to be clear that there are a range of different types of public–private dialogue (PPD) processes, not all of which are considered here. More traditional forms of PPD were focused mainly on government consulting business about the business-enabling environment, and also in some cases (e.g. Malaysia, Mozambique) government consulting business and all stakeholders on overall national development plans.

As the World Bank noted,<sup>21</sup> interest in the positive economic, social and political benefits of systematic dialogue between government and a range of stakeholders, including the private sector, really started in East Asia in the 1980s due to the success of the so-called East Asian Tigers. A variety of institutions and practices in East Asia grew up to foster cooperation between business and government – and among businesses. One of these was the deliberation council. A deliberation council is a consultative committee of businesspeople, government officials, journalists, labour representatives and academics – a formal channel of communication for private sector representatives and government officials to develop a consensus on the policies that govern an industry or sector. Through repeated interactions among participants, informal exchanges also occur and become even more important. The formal procedures then tend to focus more on the initiation and the completion of the consultative process.

Four of the five successful East Asian countries that have used deliberation councils (Japan, Korea, Singapore and Thailand) were heavily influenced by the Confucian tradition. The exception was Malaysia. There, deliberation councils, introduced in the early 1980s, were effective in reducing bureaucratic red tape and facilitating administrative procedures important to business. The Budget Dialogue Group and the Malaysian Business Council were created in 1991 to address more complex issues, such as trade policies.

These more traditional approaches that have now been adopted in many countries are different in character from a range of new dialogue mechanisms that are now emerging which are more about public–private action i.e. platforms for partnership. These examples clearly demonstrate that while dialogue is necessary it is not sufficient. Some of these new types of dialogue and partnership arrangements are also covered in other sections of the country case study analysis.<sup>22</sup> In this section the paper reviews a small number of the very many recent examples of inclusive public–private dialogue processes taking place in Africa and Asia.

#### **Case study 1: The Ethiopia Public Private Consultative Forum (EPPCF)**

This forum was established in 2010 with technical support from the International Finance Corporation (IFC). It is a successful example of how to institutionalise effective public–private dialogue (PPD) at the national and sub-national levels, even when the starting situation is one of relatively low levels of trust between public and private actors

- There was consultative, output-based dialogue to address fundamental concerns before the formal establishment of the EPPCF.
- The dialogue process started in 2010, based on a shared vision of the need for PPD.

- The formal set-up of the Forum (through a memorandum of understanding) included a clear outline of the structure, roles and responsibilities of both public and private sectors.
- A research-driven process of agenda setting ensures that dialogue is based on facts and evidence.
- There are specific benefits for both private and public stakeholders.

### **Case study 2: Private sector forums in Viet Nam, Cambodia and Lao DPR**

The International Finance Corporation (IFC) has undertaken an interesting comparative impact assessment of effective ways of strengthening public–private consultation mechanisms based on experiences of PPD processes in Viet Nam, Cambodia and Lao DPR. The assessment method is based on the PPD Toolkit developed by PublicPrivateDialogue.org.

Main features include:

- PPDs function at both central and regional levels
- donors facilitate the PPD process and provide some technical assistance
- PPD forums aim to be neutral, participatory, non-political platforms
- many forum discussions are held in public to increase transparency and accountability
- the involvement of ‘champions’ (both institutional and from business organisations), which has been a key factor in the success of this approach
- good marketing and communications, which have been crucial in increasing private sector participation.

Further, PPD forums can be effective post-conflict tools to build the necessary trust to encourage participation of the private sector in development and to provide expanded opportunities for conflict-afflicted populations.

### **Case Study 3: The Jordan Valley Water Forum (JVWF)**

This forum was established in 2012 with initial support from the World Bank Institute (WBI). It is a successful example of how to establish an inclusive multi-stakeholder engagement process to ensure sustainable resource management in a specific sector.

The JVWF is a coordinated process, which replaced informal ad hoc public–private engagements.

- The World Bank Institute’s Private Sector Engagement for Good Governance (PSSG) programme helped to establish the JVWF in June 2012.
- The forum relies on collective action by farmers throughout the Jordan Valley to produce realistic proposals and recommendations on principal water-resource issues. The public sector then commits to review and consider these proposals.
- Jordan Valley farmers and Water Usage Associations commit to participate actively in the JVWF process.
- Discussions on most realistic and priority solutions to water-sector issues are transparent and inclusive.
- Stakeholders meet twice a year on agreed priorities and to discuss progress since the previous forum.

## Common components of success

### *(a) Establishing effective PPD processes*

With regard to establishing effective public–private dialogue processes, the cases under review seem to suggest the following as elements of success.

- **Identifying fundamental concerns and addressing them before the formal establishment of the PPD forum.** This allows the development of stronger foundations for effective interactions within the formal PPD process. Case study 1 on Ethiopia demonstrates that one way of doing this is to hold a series of formal meetings and set specific targets to be achieved by the different stakeholders in between these meetings. Taking small, concrete steps can gradually build trust and reduce mutual suspicion.
- **Ensuring that the PPD structure as well as the roles and responsibilities of all stakeholders involved are clearly outlined from the outset.** One way of doing this is to specify these details in a formal agreement such as a memorandum of understanding (MOU), as in the EPPCF case. The JVWF (Case study 3) also relies on different stakeholders playing specific roles: the private sector (local farmers) identifies specific issues and proposes solutions/recommendations; the public sector reviews proposals. Both sectors engage in discussions to determine the most realistic and priority solutions to take forward; and, finally, donors align technical assistance with the solutions identified through the JVWF process.

### *(b) Sustaining effective PPD processes*

Once PPDs are established, a key challenge is being able to sustain them in order to maximise their effectiveness over time. Based on the cases reviewed in this section, there are several key aspects to consider in order to increase the likelihood of sustaining effective processes.

- **Basing dialogue sessions on evidence-based analysis of the issues.** On one hand this ensures that discussions are focused and constructive; on the other it increases the perceived independence of the forums thus potentially improving attendance as well as the legitimacy of the process. In addition, it can also reduce government questioning of the ability of the private sector to form objective positions on specific issues. The preparation of position papers by the private sector, as seen in the Cambodian case, is one way of doing this; another is to set the PPD forums' agenda via a research-driven approach led by the forum's secretariat as in the case of the EPPCF. The EPPCF Secretariat continuously engages with the private sector to identify pressing issues that need government input and then researches/analyses them and produces studies which are then validated by the private sector before PPD sessions.
- **Ensuring that the dialogue process is transparent can increase the perceived independence of the forums and help deal with vested interests.** One way of ensuring this is to make the sessions public or at least to ensure that a record of the discussions is published. For example, in Cambodia, the Government–Private Sector Forum (G–PSF) sessions are broadcast live. In Mozambique ([Section 2.3](#)), the proceedings of each of the Private Sector Conferences was published in book form (in both English and Portuguese) and widely disseminated throughout the business and donor communities.
- **Ensuring that all key stakeholders are involved in the dialogue process – from both public and private sectors but particularly from government.** One of challenges of turning dialogue into action is ensuring that there is sufficient buy-in from all relevant public agencies affecting the business operating environment so that agreed reforms are actually implemented in a timely manner. If key institutions are excluded from the dialogue process, there is a risk that they will block or delay progress on key measures agreed. In Cambodia for example, there are seven working groups which feed into the G–PSF process. They are organised by sector and each is co-



chaired by the relevant minister (on the government side) as well as a representative from the private sector. In this way the policy-makers responsible for each sector are directly involved in the process. Involving the Cabinet or Prime Minister's Office in key decisions may be necessary to ensure that internal policy coherence is achieved.

- **Identifying and involving 'champions' from both government and from business member organisations in the dialogue and associated reform processes.** The experience of specific public-private forums in Cambodia, Viet Nam and Lao PDR demonstrates the importance of having local business leaders and political leaders willing to publicly champion the PPD process. An impact assessment of these by the IFC suggested a link between the existence of such champions and working groups' outputs.
- **Showing concrete results through effective monitoring of outputs and outcomes is the best way to sustain dialogue processes.** In the case of the EPPCF the fact that the forum achieved tangible results at the national level has deepened the culture of dialogue across Ethiopia. This has improved effectiveness of public-private interactions and even encouraged the establishment of PPDs at sub-national level.
- **Good marketing and communications can increase participation in, as well as commitment to, PPD processes and sustain interest.** One of the recommendations arising from the IFC's impact assessment of PPDs in Cambodia, Viet Nam and Lao PDR is to develop structured communication strategies with key messages regarding for example PPD outputs and economic impacts and to target audiences within both private sector and government.

*(c) The role of development partners in supporting effective PPD*

All three cases above suggest that one area in which donors or development partners can play an important role is in ensuring that the dialogues result in actions ultimately aimed at improving development outcomes.

- **Needs-based technical assistance identified as part of the dialogue process can yield greater achievements and greater impact with regard to making the reform process more effective.** In the IFC's impact assessment of the public-private forums in Viet Nam, Cambodia and Lao PDR, one of the key challenges highlighted was the limited technical assistance received from donors when required (e.g. in preparing issues to present to government). Another problem was limited coordination between donors' private sector development programmes and the PPD processes.
- **Development partners can contribute to the implementation of priority actions identified through the PPD process by aligning their technical assistance with these.** On one side this strengthens local ownership of donor interventions, and on the other it contributes to ensuring sustainability of the PPD processes as stakeholders see that their discussions contribute to broader development actions at the country level.
- **The EPPCF case particularly demonstrates that, where the national-level structure is already strong, partners can then effectively support the creation of sub-national or local PPDs.** This can help to address specific issues at the sub-national level or in important business centres, such as major cities. In this particular case, the national-level forum, along with partners such as the Center for International Private Enterprise (CIPE), supported the creation of sub-national platforms in Ethiopia.

## 2.3 Key action area 2: Consultation and collective action

### **CONSULTATION AND COLLECTIVE ACTION: Involvement of the private sector in finding solutions to development challenges. Consultation with the private sector in the elaboration of national and sector plans**

As highlighted above, consultation between the public and private sectors is fruitless unless it leads to collective action and yields tangible and measurable results. This section thus focuses on identifying some of the distinguishing features of partnerships that have delivered results.

The case studies highlighted below all demonstrate the wide range of potential benefits of involving the private sector in finding solutions to development challenges at both national and international levels. Some key development challenges, including climate change, epidemics such as Ebola and many natural disasters, are cross-border and trans-national in nature.

There are clearly many other types of consultation involving governments, the private sector and citizens that are important to achieve better developmental outcomes but that there is not space to cover here. These include the important role for ‘social dialogue’ e.g. negotiation, consultation and exchange of information between employers, workers and governments which is not covered here. See however reports of the International Labour Organisation (ILO) and the International Trade Union Confederation (ITUC) for many examples of how such social dialogue can benefit the most vulnerable in society.<sup>23</sup>

One of the challenges will be to link future consultation and collective action more explicitly with the new SDG framework. All of case studies here and in other sections of the report highlight examples of where the private sector is already making contributions to addressing SDG issues. However, this will need to be more systematically thought through in future dialogue and partnerships formed at national, regional and city level. One of the recommendations of this report is to include a specific discussion on the role for public–private partnerships for development in the country-level discussions that will now be taking place on SDG implementation over the 2015–30 period.

In this section three case studies of processes of consultation that have led to different types of collective action to find solutions to some key development challenges are included.

#### **Case study 4: Establishment of the Global Alliance for Vaccines and Immunisation (GAVI)**

Now known as ‘Gavi, The Vaccine Alliance’, GAVI was established in 2000. It is a successful partnership to harness the scientific, technological and financial strengths of the private sector to address a critical global health challenge.

- GAVI is an international organisation - a global Vaccine Alliance, bringing together public and private sectors with the shared goal of creating equal access to new and underused vaccines for children living in the world’s poorest countries.
- GAVI was established in 2000 and is an ongoing initiative. It has developed a range of innovative funding and investment vehicles including the International Finance Facility for Immunisation (IFFIm) and the Advanced Market Commitment (AMC) to purchase vaccines at affordable prices on behalf of developing countries.
- Since 2000, GAVI has galvanised a wide range of partners to support the immunisation of an extra 288 million children in the world’s poorest countries. This ongoing effort has not only averted more than five million premature deaths but also given an opportunity to millions of children to grow up in good health.

- From its inception in 2000 to March 31 2015, GAVI has disbursed over US\$8 billion to over 70 countries. It has succeeded in attracting sufficient donor funding to enable it to play an important market-shaping role due to the scale of its operations.

### **Case study 5: Mozambique's private sector conferences, 1995–2013**

This is a successful public–private dialogue (PPD) process originally focused on business-environment issues. It has developed into a mature partnership addressing multiple developmental challenges, including infrastructure, trade and national development planning. The conferences have contributed to improving economic performance and stimulating investment.

- There have been a total of 13 private sector conferences between 1995 and 2013, supported by a number of donors including USAID, the World Bank, the EU and DFID.
- These conferences are now well established at the main national-level focal point for consultation on a range of key reform and investment issues and typically attract over 700 delegates.
- The national conferences are often preceded and complemented by other smaller conferences and events which take place at provincial levels, with findings and key issues feeding in to the national-level debate.
- Following the first three conferences, where the private sector was represented by a plethora of different business associations, many of which were poorly resourced, an initiative was taken by USAID to support the establishment of a new professionalised Confederation of Mozambican Business Associations (CTA) to act as the main interlocutor with government on business-environment reform issues.
- Starting with the fourth conference held in September 1998, the CTA was the prime organising body (whereas the first three were primarily donor-driven).
- The CTA also coordinates private sector activities, disseminates information and lobbies for greater change within the government.
- The Private Sector Unit within the Ministry of Industry, Trade and Tourism has been instrumental in following up on the recommendations of the conferences during the year. In carrying out this task, it works closely with the CTA. They currently have a standing weekly meeting.

### **Case study 6: Role of Japanese companies in disaster risk reduction**

Following the Great East Japan earthquake of 2011, this series of studies considers how companies with a range of technical and logistical skills can support communities in preparing for and responding to earthquakes and other natural disasters.

- The case studies focus on good practices and lessons learned by the private sector in relation to the 2011 earthquake.
- The selection of 14 case studies was compiled by the United Nations Office for Disaster Risk Reduction (UNISDR) in cooperation with Kokusai Kogyo, a member of the UNISDR Private Sector Advisory Group and one of several Japanese companies that responded to the disaster.
- Experience with a range of industries in Japan illustrates how the private sector can contribute to disaster resilience, recovery and reconstruction through the application of their core business strength(s), beyond the forms of contribution typically made under the name of corporate social responsibility.

- For example, Kokusai Kogyo, a Japanese engineering consultancy firm involved in community development projects realised that one of the key features of a disaster resilient community was a secure energy supply in times of emergency. Kokusai Kogyo addressed the twin problems of introducing new more costly technology and securing funding by forming a partnership with other private companies, demonstrating collective technological prowess, and successfully applying for subsidies through the partnership.
- The Glass Power Campaign by Asahi Glass Co., Ltd. (AGC), introduced in 2008, consists of a suite of activities aimed at promoting awareness of how glass can make an impact against disasters and various environmental problems on a global basis. Of these, AGC's disaster-resistant glass donation programme is a public-private partnership (PPP) to replace windowpanes installed at designated evacuation centres throughout Japan with laminated and disaster-resistant glass.

### Common components of success

- **It is important to have a clear mandate that is accepted and respected by all stakeholders (including the private sector) for any new global partnership.** GAVI has a clear mandate which is understood and respected by all of its many stakeholders. GAVI is thus able to broker deals between developed and developing countries which would not have been possible otherwise. In Zambia, the distinctive mandate and role of the Business in Development Facility (BIDF) ([Annex 1](#)), is gradually being recognised by both private and public sector actors as providing a useful platform for cross-sectoral dialogue and partnership.
- **Developing an explicit country-based strategy and in-country institutional platform involving the private sector is an advantage in finding solutions to development challenges.** As Mozambique's experience demonstrates, this is important in order to sustain dialogue in the medium-to-long term and provides an institutional platform on which to develop a range of cross-sectoral partnerships addressing multiple developmental issues. Establishment of the in-country infrastructure associated with the conferences has also been important for coordination of donor support. The reform roadmap developed by joint government, private sector and civil society working groups linked to the conferences has set the framework for external technical and financial assistance.
- **There are clear advantages of involving the private sector in the elaboration of national and sectoral plans – in terms of consultation but also implementation and monitoring and impact evaluation.** Mozambique provides a good example of how a dialogue process and associated structures (e.g. working groups) can develop into an effective platform for discussing a much wider range of economic and social development challenges. For example, CTA has provided important inputs to national planning processes such as the Mozambican Action Plan for the Reduction of Absolute Poverty (PARPA II) 2006–09. In the case of GAVI, both public and private sector partners have been involved in all aspects of developing national strategies for child immunisation and monitoring their implementation.
- **In order to turn consultation into collective action, it is usually important to have a focal point for dialogue within both the government and the private sector.** In the Mozambican case these roles were played by the Private Sector Unit within the Ministry of Industry, Trade and Tourism and the Confederation of Mozambican Business Associations (CTA).
- **The private sector can make diverse contributions, focusing on the skills, resources and expertise that companies can deploy.** The analysis of the role of Japanese companies in disaster risk reduction (DRR) activities demonstrates clearly that fostering partnerships with the private sector has had shared value for all partners in the sense that the companies involved have

benefited directly from a closer engagement with the communities affected. Some companies have also used their partnership experience to develop a range of new products and services specifically to meet the DRR needs of their clients, including local authorities and other public bodies.

- **There are potential direct benefits of companies engaging their management, employees and customers in developmental activities including through public awareness and marketing campaigns.** In the case of the response to the Japanese earthquake, because of its direct relationship with customers and suppliers – and all other individuals in between – the private sector proved able to influence communities to adopt more disaster resilient-thinking in a way that official bodies sometimes cannot achieve.

## 2.4 Key action area 3: Sustainability

**SUSTAINABILITY: Aid/development activities with private sector involvement should scale up development impact in a sustainable manner and align with local priorities and capacities, “comply with relevant national laws and respect applicable international norms”**

This section examines examples where companies have formed partnerships with development agencies or a range of local partners in order to address development challenges through sustainable business-related solutions. All of the case studies highlight the importance of aligning any intervention with the specific interests and capacities of the stakeholders involved. The challenge of bringing together businesspeople, government officials and NGO staff is that their initial approaches to any specific development problem are likely to be significantly different. Experience shows that it takes time to build mutual understanding, a common language and trust to enable fruitful and productive partnerships to flourish.

An area of increasing interest is business models which explicitly consider the needs of poor people. For example, the International Finance Corporation (IFC) has become one of the leading investors in businesses that offer goods, services and job opportunities to low-income communities. IFC calls these ‘inclusive business models’; they are commercially viable and replicable business models that include low-income consumers, retailers, suppliers or distributors in core operations. Since 2005, IFC has committed over US\$12.5 billion and worked with over 450 inclusive businesses in over 90 countries.<sup>24</sup>

However, specific PPP projects and investments do not always work well in all circumstances. For example, if the basic principles of aligning investments with local priorities and capacities are not followed, this can result in ‘unsustainable’ interventions that do not meet the needs of local people. The development literature is littered with examples of ‘white elephant’ projects that did not succeed, including many examples where attempts to transfer technologies, products or business models between countries proved to be unsustainable due to different cultural norms or socio-economic conditions. As the European Centre for Development Policy Management (ECDPM) has pointed out in its discussion paper *De-coding Public–Private Partnerships for Development*,<sup>25</sup> there is a need to better address a number of systemic challenges in public–private cooperation, including how to use scarce public funding to leverage private finance for development.

For example, Oxfam has recently highlighted the example of a health sector PPP in Lesotho (the Queen Mamohato Memorial Hospital opened in 2011 and contracted to a South African private health care company) that by 2013 was absorbing 51% of the total health budget of Lesotho.<sup>26</sup> In 2014, Danida suspended its Business Partnerships Programme after an independent evaluation concluded that, despite making some contributions to technology transfer and leveraging Danish companies to invest in developing countries, “the effect on job creation and sustainable growth in developing countries has not been sufficient”.<sup>27</sup>

These examples and many others highlight the importance of carefully considering a wide range of economic, fiscal, social, political, environmental and cultural aspects of the specific contexts in which specific public–private partnerships for development will be implemented. Undertaking a full range of appraisals at the feasibility stage of the process is one of the technical methods that can be used to achieve this, based upon the wide experience of leading development agencies and NGOs in this area.

### **Case study 7: Heineken’s partnership with the Netherlands government and EUROCORD in Ethiopia**

This is a good example of a bilateral donor, major corporation and NGOs working together to improve local sourcing of products and develop local value chains, also promoting sustainable development and becoming a ‘Partner for Growth’.

- This partnership involves Heineken, the Government of the Netherlands, the European Cooperative for Rural Development (EUROCORD), which is the Project Executing Agency, and governments and smallholder farmers in the countries in which Heineken operates.
- The Ethiopia project also involves two government institutes, local farmers and cooperatives, working through the Community Revenue Enhancement through Technology Extension (CREATE) programme.
- The main objectives are to: (a) share expertise and collaborate with local governments to help local farmers improve their agricultural practices, which in turn improves the quality of the produce, supply quantities and the end-to-end process; (b) improve the income of smallholder farmers by improving access to markets, inputs, credits and information; and (c) promote private sector approaches that are environmentally friendly, socially just and economically sustainable.
- The Partnership in Ethiopia is based on an MOU signed between Heineken, the Netherlands Government and the Ethiopian Government. The Netherlands government co-finances the project and underwrites its objectives.
- The CREATE Programme in Ethiopia focuses on working with local farmers to increase the local production of malt barley for brewing beer. The annual malt barley demand by the existing breweries in Ethiopia is higher than the supply capacity of the Assela malting plant; there is thus a 60% deficit of malt barley for local breweries, which is currently met through imports.

### **Case study 8: Roshan Telecom’s provision of mobile financial services in Afghanistan**

A good example of how new inclusive business models which explicitly consider the needs of those at the ‘bottom of the pyramid’ can be scaled up into commercially viable enterprises delivering essential services to the poor.

- Since its launch in 2003, Roshan has become Afghanistan’s leading mobile telecommunications provider with over six million mobile telephony subscribers.
- Roshan directly employs over 1,130 people – 96% are Afghan nationals and 18% of the total are women.
- Approximately 95% of Afghanistan’s population is ‘unbanked’. Decades of conflict have had a negative impact on the formal financial system and resulted in a low level of trust of formal banking. Furthermore, low bank penetration has meant that accessing banks was difficult for most Afghans. Roshan saw that mobile phones had the potential to deliver financial and value-added services to Afghan citizens through its existing platform and network of agents around the country.

- Roshan engages low-income people through its core business in two key ways: as customers and as distributors. On the customer side, Roshan offers mobile telephony to 6 million subscribers. It also offers other value-added services such as mobile payments, remittances and agri-commodity prices.
- Modelled after Vodafone's M-Pesa service, Roshan's M-Paisa product was launched in 2008 as Afghanistan's first mobile financial service and now has 1.2 million registered customers. Core features of M-Paisa's value proposition are security, 24-hr accessibility, and ease of use. Roshan also educates customers to increase familiarity and create confidence in the service.
- A strong distribution network is essential to reach people scattered across difficult terrain. Roshan has developed an agent network by building relationships with 33,000 small entrepreneurs that sell basic necessities to sign-up mobile subscribers, sell airtime and offer value-added services.

### Case study 9: USAID and Coca-Cola's water programme in Bolivia

This was a country-level initiative under the Water and Development Alliance (WADA) which is a global partnership between USAID and Coca-Cola established in 2005 to improve water resource management and expand access to improved drinking water and sanitation services for poor and marginalised people in developing countries.

- The project was implemented in the Tarija Region of Bolivia between 2006 and 2008.
- The partnership involved EMBOL (the local Coca-Cola bottler) working with two local NGOs.
- The main objectives were to promote improved watershed and water resources management in and around the city of Tarija and to support an existing water resource management forum (PROAGUA) with the view of strengthening dialogue and engagement on water management alternatives.
- The initiative included a public awareness campaign and training of members of local NGOs
- The EMBOL Water Resource Management Programme increased private industry participation in improving land use and providing ongoing investments in watershed protection in the Tarija Region. The Programme also promoted the adoption of cleaner production measures in three industries.
- The programme resulted in hydrologic and hydro-geological data and analyses for the overall Tarija area. EMBOL shared this with a local NGO and other stakeholders in order to inform decision-making about sustainable water resources management.

### Common components of success

- **Aligning development partnerships with the interests of different partners can deliver shared value.** Companies are more likely to be willing to commit their financial and human resources to partnerships in areas where they perceive a business-related benefit to their engagement. This is of course necessary in order to justify an ongoing commitment of resources to boards of directors and shareholders. For example, sourcing locally benefits Heineken in that it eliminates import duties, secures a sustainable supply of raw materials and reduces the company's transport-related environmental footprint; hence, there is a clear commercial interest in the success and sustainability of the initiative.
- **The effectiveness of such initiatives may be increased if they contribute to achieving an internal goal or objective already established by the company.** This was clearly the case in the examples of the large global development partnerships established by Heineken and Coca-Cola

where the companies had committed themselves to broad strategic goals which aligned with local development needs. For example, Heineken has an internal goal to source at least 60% of its raw materials from within the African continent by 2020 – hence projects such as CREATE in Ethiopia contribute to achieving this goal.

- **Key to successful inclusive business models is understanding the needs of those at the lower end of the income distribution and developing goods and services which explicitly meet those needs.** This is where working in partnership with local NGOs and research institutes in the design of effective interventions is essential as they will have insights into the developmental needs of communities and existing networks that can prove vital. For example, in Afghanistan, where 95% of the population is unbanked, Roshan Telecoms engages low-income people through its core business in two key ways: as customers and as distributors. On the customer side, Roshan offers mobile telephony to 6 million subscribers. It also offers other value-added services such as mobile payments, remittances and agro-commodity prices.
- **It is important to share information between the public sector, private companies and NGOs in order to address sustainable development issues.** All parties are likely to have access to information that will be more useful if shared through partnerships. For example, in Bolivia Coca-Cola's implementation of the Water Resource Management Programme resulted in hydrologic and hydro-geological data and analyses for the overall Tarija area. EMBOL (the local Coca-Cola bottler) shared this with PROMETA (a local NGO) and other stakeholders in order to inform decision-making about sustainable water resources management.
- **Large corporations can have important 'demonstration effects' through their commitments to projects that build shared value.** This has significant spill-over benefits to society in terms of their ability to influence their suppliers, other local producers and their consumer base. For example, in Bolivia having a recognised company like Coca-Cola lead by example in implementing specific recommendations on sustainable management of resources increased the likelihood of others following suit (i.e. importance of the 'demonstration effect' in addressing environmental challenges).
- **Prior supply agreements between a manufacturing firm and local suppliers of raw materials (e.g. in the agricultural sector) can be fundamental to the success of supply chain initiatives.** In Ethiopia, commitment by Heineken to buy from local farmers provides the necessary security for local farmers to make investments to buy better seeds and fertilisers that are needed to improve their yield. Farmers were also able to take on loans to make the necessary upfront investments (from local micro-finance institutions).

## 2.5 Key action area 4: Transparency

**TRANSPARENCY: Policies which are predictable and designed and implemented in a transparent way: greater transparency of public–private cooperation including Public–Private Partnerships, strengthening ongoing transparency and accountability initiatives in sectors which are critical to developing countries' economies. A predictable institutional environment, including effective and transparent procurement systems**

This section focuses on a range of partnerships and initiatives that have improving transparency as their explicit objective. This does not mean that transparency is not an important, and in fact essential, feature of other types of partnership too.

While it is easy to agree that 'transparency is a good thing' in all development-related programmes and partnerships, the reality is that there are sometimes important barriers to transparency that need to be overcome – or at least explicitly addressed in the design of the partnership. Issues of



commercial and official confidentiality, intellectual property rights and uneven commitment of different partners to full disclosure of information will need to be considered. Establishing clear rules and procedures for access to and publication of data and other information is thus important in all new partnerships.

For example, the International Aid Transparency Initiative (IATI) has been working on establishing standards in the area of aid transparency since it was established in 2008 at the Third High Level Forum on Aid Effectiveness in Accra. IATI is a voluntary, multi-stakeholder initiative that seeks to improve the transparency of aid, development and humanitarian resources in order to increase their effectiveness in tackling poverty. IATI brings together donor and recipient countries, civil society organisations and other experts in aid information who are committed to working together to increase the transparency and openness of aid.

The IATI Standard consists of a format and framework for publishing data on development cooperation activities, intended to be used by all organisations in development, including government donors, private sector organisations and national and international NGOs. It was designed in close consultation with key users of development cooperation data in developing countries, to ensure its relevance and utility for a variety of different data users. Organisations implement IATI by publishing their aid information in IATI's agreed electronic format (XML) – usually on their website – before linking it to the IATI Registry. The Registry acts as an online catalogue and index of links to all of the raw data published to the IATI Standard.

There are currently over 300 organisations publishing aid-related data in conformity with the IATI Standard, including a few private companies.<sup>28</sup> However, further work is currently being undertaken to expand the IATI process to cover a greater range of private companies that are either directly or more indirectly engaged in aid and development programmes. For example, in the UK, IATI compliance is an obligation for DFID sub-contractors only from January 2016 and as yet does not apply to recipient-country-based contractors.

Another factor to consider is that many of the existing international transparency initiatives, including those featured as case studies below, are still at a relatively early stage in their development and hence reaching firm conclusions about their likely effectiveness and impact is difficult. A recent study by the Transparency and Accountability Initiative (TAI)<sup>29</sup> reviewed experiences with five well known multi-stakeholder transparency initiatives: the Extractive Industries Transparency Initiative (EITI), the Construction Sector Transparency Initiative (CoST), the Open Government Partnership (OGP), the Global Initiative for Fiscal Transparency (GIFT) and the Open Contracting Partnership (OCP). It found that several of these initiatives were still too early in their development to be able to identify real impact.

For each of the three initiatives where studies of national-level outcomes are available (EITI, CoST and OGP), there is clear evidence that efforts to improve transparency are bearing fruit in at least in some participating countries. However, national-level stakeholders warned that the information being disclosed is often too technical to be comprehensible by citizens without additional analysis and explanation. Some countries are also experimenting with new venues for public participation, although there is little evidence that these spaces have the depth or leverage necessary (as yet) to allow civil society organisations to advance their priorities. There is also little evidence that improvements in transparency and participation have produced tangible increases in government accountability. The TAI report concludes that, at this stage, evidence for the broader impact of public-governance-oriented multi-stakeholder initiatives is weak or non-existent.

### **Case study 10: Open Contracting Partnership – transparency in land transactions**

The Open Contracting Partnership is an initiative and community of practice to promote 'disclosure and participation' in all aspects of public procurement and contracting. The partnership is also

working specifically in key economic sectors such as agriculture, access to land, infrastructure and construction to promote similar approaches to contracting. It is a global partnership of public agencies, companies, NGOs and academic institutions. Its online Community of Practice involves individuals and institutions and the World Bank and other donors support some programmes.

The Open Contracting Partnership aims to provide a platform for those already dedicated to improving land governance outcomes to advance the Open Contracting agenda in the land sector – beginning with transfers of publicly held land to investors. It thus complements ongoing efforts to promote improved land governance and responsible investment in agriculture by providing tools and examples of best practices from around the world.

The OCP aims to promote:

- open and transparent processes for the public divestiture of land
- inventories of publicly held lands suitable for investment and/or allocated to investors
- increased and ongoing consultation and participation of affected stakeholders in these contractual processes, from planning to completion of the contractual obligations
- increased disclosure of all contractual documentation related to these transactions, from planning to completion of the contractual obligations
- building the capacity of stakeholders to produce, understand and use this information, in order to maximise the effectiveness of the disclosure and participation
- more open and inclusive decision-making about land-based investments in support of development.

### **Case study 11: Improving Ebola response through the use of mobile data**

This case study shows how new technology and data-based approaches developed by the private sector can be used to improve the efficiency and effectiveness of response of humanitarian agencies and public health officials to a crisis.

The partnership was developed in Sierra Leone, Liberia and Guinea in response to the 2014 Ebola crisis.

- The main partners were GeoPoll and Keystone Accountability, two companies involved in mobile data analysis and opinion surveys, and the World Food Programme (WFP).
- Technology and data were used together to fight the Ebola crisis – for example, using mapping data to track the spread of disease or enabling people to report Ebola-related issues through mobile phones.
- GeoPoll also undertakes remote mobile phone surveys that can be used to help target aid distribution and inform on-the-ground workers of citizen perceptions.
- The Ebola crisis in West Africa has brought together aid organisations, governments and private companies from all over the world, which are donating resources and expertise to fight the spread of the disease.
- One of the most difficult things for these organisations to access has been data. Access to reliable data is imperative in humanitarian situations, for tracking the spread of disease or disaster, helping on-the-ground workers to track awareness and perceptions of their response and assessing long-term impact after aid workers have left.
- With WFP, GeoPoll has been conducting monthly surveys on food security in Sierra Leone, Guinea and Liberia. Food insecurity is one of the biggest secondary risks of Ebola, as the disease has driven food prices up and made areas with high poverty rates even more dependent on outside aid.
- GeoPoll has also been working with Keystone Accountability's Ground Truth Solutions team to survey citizens throughout Sierra Leone on the perceptions of the Ebola response and attitudes toward checkpoints, quarantine and welcoming Ebola survivors back into

## Case study 12: The Extractive Industries Transparency Initiative (EITI) in Peru

EITI is a global initiative to strengthen revenue transparency in a complex and often volatile sector (due to commodity price fluctuations), to ensure that commercial exploitation of hydrocarbon and mineral resources makes a positive contribution to wider economic and social development objectives. The report focuses here on transparency and accountability aspects of EITI implementation using Peru as an example.

- EITI is a global initiative established in 2003 that is now at various stages of being implemented in 48 countries.
- The main partners involved are governments, oil and gas, mining and other extractive companies and civil society organisations in the countries of focus.
- Main objectives include: (a) promoting revenue transparency in the extractive industries (and thus curtailing misuse of resources); and (b) strengthening government and company systems, informing public debate and enhancing trust.
- EITI upholds an international standard but is implemented nationally, adapting to local circumstances (e.g. national legal frameworks).
- The initiative is not only about publishing facts and figures; it also provides a multi-stakeholder platform for dialogue on all issues related to the use of natural resources.
- Governments implement EITI voluntarily, but all companies operating in a country implementing EITI are required to disclose how much they pay to government.
- Countries implementing EITI disclose information on tax payments, licences, contracts, production and other key elements around resource extraction, which is disclosed regularly in annual reports.
- National multi-stakeholder groups oversee the EITI process at the country level; the EITI Board (which is formed by representatives from government, companies and civil society) has international oversight of EITI process.
- There is independent assessment of compliance: governments report on revenues; companies report on payments to government (taxes, royalties, etc.). An independent reconciler (selected by that national multi-stakeholder group) compiles and reconciles the two reporting streams in the EITI Report.

### EITI implementation and impact in Peru

- Peru was the first country in Latin America to adhere to EITI and will be hosting the EITI Global Conference in February 2016.
- EITI has been implemented in the Piura Region of Peru since 2014.
- Main partners include regional and municipal governments, extractive companies and civil society – including farmers, environmental organisations, universities and professional bodies.
- The key objectives are to allow citizens to verify that their local government is receiving what is due and to reduce diversion of funds away from sustainable development processes and fight corruption.
- In Peru, government income from natural resources is distributed to the regions via a complex system; there is a recognised need to ensure that local governments receive the amounts due.
- There is an institutionalised local multi-stakeholders group (EITI-Piura) with a supporting/coordinating unit within the Department of Planning and Budget of the regional government.
- A multi-annual action plan was developed for 2014–2016 by EITI-Piura and the multi-stakeholder group meets regularly.

### Common components of success

- **It is important for all stakeholders to see some benefit from participating in the initiative in order to secure commitment (if voluntary).** Companies see value in EITI because it creates a

more broadly supportive and secure operating environment and a level playing field in which all companies are required to disclose the same information. It also increases visibility of corporate contributions to development. Governments can demonstrate commitment to reform and anti-corruption and also benefit from improved tax collection processes and enhanced trust in a volatile sector, which in turn may encourage increased FDI. Civil society benefits from increased and reliable information and a platform on which they can hold government and companies to account.

- **Having an independent verification process is key to the effectiveness of the initiative.** Both companies and government under EITI disclose relevant information but compilation and reconciliation of this is done by an independent actor – thus guaranteeing the validity and reliability of the process and the resulting reports. This also helps in addressing issues of commercial confidentiality as companies are not expected to share detailed information directly with their competitors and companies can be assured of equal treatment when it comes to publication of the results.
- **Collected data must be effectively shared among key audiences in order to ensure the link between greater transparency and improved developmental outcomes.** The EITI national multi-stakeholder groups conduct outreaches to spread awareness and facilitate dialogue on EITI data and process, as well as ensuring that the reports are available online and that their availability is publicised. In Trinidad and Tobago a youth arm was created within the national EITI structure to increase awareness around EITI and appreciation of the importance of transparency and accountability in the extractive industries. More interest and understanding leads to more debate, increased accountability and better development outcomes.
- **It is not enough to increase the amount of information available to the public; making it understandable for local stakeholders is just as important.** For example, EITI's requirement states that: "The multi-stakeholder group must ensure that the EITI Report is comprehensible, actively promoted, publicly accessible and contributes to public debate".
- **There is added value of tailoring information campaigns to different audiences in different contexts.** For example, in Peru information tools were created with a specific focus on regional implementation of EITI and they were targeted at university students in the Piura region in order to raise their awareness on EITI given the importance of their region's role in the extractive industries sector.
- **Investment is necessary to build national capacities to use data effectively.** For example, the Open Contracting Partnership has highlighted the need for better training of lawyers in relevant aspects of contract law to ensure that consultation processes in granting land concessions are respected and that transparency requirements are followed.
- **There can be a potential challenge around the ownership of data collected which clearly has a commercial value.** Ideally, such data would be shared freely with all agencies involved in crisis response situations such as the Ebola crisis. The data is a public good but someone has to pay for the costs of collecting it. This highlights the importance of prior agreements on sharing resources and partnering for more effective development. In West Africa, both Keystone and GeoPoll have made Ebola-related data publicly available on their websites so that other organisations can take advantage of the findings.
- **The availability of high-quality and real-time data on outcomes and citizen perceptions of progress is also an important component of assessing the results of various interventions.** This can contribute to a 'managing for results' approach to humanitarian assistance. For example, GeoPoll has been working with Keystone Accountability's Ground Truth Solutions team to survey

citizens throughout Sierra Leone on the perceptions of the Ebola response and attitudes toward checkpoints, quarantine and welcoming Ebola survivors back into communities.

## 2.6 Key action area 5: Accountability for results

### **ACCOUNTABILITY FOR RESULTS: Monitoring, reporting and evaluation of development results, measuring impact, sharing lessons learned**

This section focuses on the importance of mutual accountability between private and public sector stakeholders for achieving development results and highlights some of the approaches being adopted in existing public–private partnerships to results-based management of programmes.

What is mutual accountability in this context? Mutual accountability was one of the five key principles of aid effectiveness<sup>30</sup> that were established in the Paris Declaration of 2005, although this was concerned mainly with the mutual accountability of aid donors and recipient governments. According to [aideffectiveness.org](http://aideffectiveness.org),<sup>31</sup> mutual accountability is perhaps the most controversial of the Paris principles, and the most difficult to put into practice. It suggests that, in a true development partnership, there are commitments on both sides of the relationship, and both donors and partner countries should be accountable to each other (‘mutual’ accountability) for meeting those commitments. However, there are also many other accountability relationships involved in the development process that need to be taken into account, including to parliaments and citizens.

The Accra Agenda for Action (AAA) agreed at the Third High Level Forum on Aid Effectiveness (HLF-3) in 2008 noted the limited progress on establishing effective mutual accountability mechanisms. It also placed a stronger emphasis on transparency and accountability towards citizens in both donor and partner countries, the role of parliaments and civil society, and also broadened the agenda through calling for accountability for development results.

A 2011 study by Oxford Policy Management<sup>32</sup> of progress on mutual accountability since Accra concluded that only a minority of countries had made significant progress in establishing effective and comprehensive annual review processes to support mutual accountability, though those that have reviews have seen greater improvements in donor performance than those that have not. They highlighted several issues that needed to be addressed, including:

- the need for aid-recipient governments to be prepared to take a stronger lead in establishing mutual accountability mechanisms if any significant progress is to be achieved, particularly to counterbalance the intensifying demands from their domestic constituency on bilateral donors
- the importance of strengthening and building on initiatives on aid transparency, which is one of the few areas where significant progress has been made
- the need to build an explicit focus on performance targets for individual aid providers, and to maintain a focus on ensuring specific aid effectiveness commitments are met
- the potential role for collective and regional action
- the need to recognise the political (rather than narrowly technical) nature of accountability
- the need to ensure that donor support for domestic accountability and related capacity development itself follows Paris-Accra principles, including harmonisation and alignment.

The essential idea promoted by the Paris Declaration is of a partnership in which reciprocal commitments create for the first time the possibility of mutual accountability. Similar concepts can thus be applied to an analysis of ‘mutual accountability’ in the context of public–private partnerships for development. In the area of development, it is also important that the ultimate beneficiaries of these interventions – the citizens of developing countries – are able to hold governments, businesses

and donor agencies accountable for their actions, which is where a focus on transparency and effective monitoring of results is essential.

The use of results frameworks by official development agencies and other organisations has become common in recent years as a way to ensure more effective accountability for the use of their funds and results they achieve.<sup>33</sup> It could be argued that this accountability has mainly been of donor agencies to their own domestic stakeholders, including parliaments and public, in order to justify continued public spending on aid. However, it is important in future that results frameworks are also designed to provide meaningful information to users in developing countries on the actual impact of the development programmes funded.

### **Case study 13: The Private Infrastructure Development Group (PIDG) – results monitoring**

This is a partnership between donors, governments and the private sector to channel both public and private investment into enhanced infrastructure provision in Low Income Countries (LICs). It has a strong focus on accountability for results.

- The Private Infrastructure Development Group (PIDG) mobilises private sector investment to assist developing countries in providing infrastructure vital to boosting their economic growth and combating poverty.
- The PIDG facilities and programmes operate in the poorer developing countries; only those countries included in the lower-income categories of the DAC's List of Overseas Development Assistance recipients are eligible for PIDG support.
- PIDG has developed a comprehensive results monitoring framework to assess the development impact of projects supported by PIDG companies and facilities through a range of carefully chosen indicators.
- From 2002 to the end of 2013, the Private Infrastructure Development Group has: (i) committed funds of US\$2.03 billion to infrastructure projects and technical support in 54 developing countries; (ii) made investments of US\$1.01 billion in projects in fragile and post-conflict states, representing 49.6% of all PIDG's commitments, and mobilised US\$13.34 billion of private sector and development finance institution (DFI) investments; and (iii) mobilised US\$15.24 billion of private sector and DFI investments for projects located in DAC Least Developed and Other Low Income countries.
- In 2007 the PIDG Programme Management Unit streamlined the results monitoring and evaluation framework. This measures the developmental impacts of all PIDG-supported projects. These include: increases in private sector investment; additional number of people served; improved quality of service; employment effects; and fiscal impacts. The framework also evaluates how each project aligns with the national development plan of the target country.
- PIDG has undertaken to report information in an IATI-compliant format to the IATI Registry in order to provide transparency on PIDG activities and funding. The information being published focuses on the flow of funding between the PIDG Members and the PIDG Trust and the PIDG Trust and the Facilities, as well as aggregate results monitoring information.

### **Case study 14: The New Alliance for Food Security and Nutrition**

This is an example of the use of pre-commitments or Letters of Intent to galvanise enhanced investment in agriculture and food security, accompanied by country-level monitoring arrangements.

- The Alliance is being implemented in ten African countries: Ethiopia, Ghana, Tanzania, Benin, Burkina Faso, Côte d'Ivoire, Malawi, Mozambique, Nigeria and Senegal.

- It covers the period 2012–2022 and involves governments, the private sector, civil society, donors and research institutes.
- There has been strong commitment from all stakeholders from the start. Agricultural transformation and growth is in the interest of both public and private sector: of the 70% of the world's poor who live in rural areas, a majority rely on agriculture for their livelihoods.
- The partnership contributes to achieving goals already set out in an existing declaration (the Malabo Declaration) as well as those of the Comprehensive Africa Agriculture Development Programme (CAADP).
- The Alliance is multi-country but commitment and activities are identified at the country level and responsibility for oversight and implementation rests with African governments at the country level.
- Private sector companies commit through Letters of Intent (LOIs) to pursue investments in African agriculture and food security through models that maximise benefits to smallholders.
- Summaries of signed LOIs are publicly available within the New Alliance Cooperation Frameworks.
- Cooperation Frameworks outline stakeholders' policy and investment commitments and support the priorities of each country's National Agriculture and Food Security Investment Plan.
- There are regular (annual) reporting requirements on progress against commitments by all stakeholders.
- New Alliance commitments are increasingly incorporated in Agriculture Joint Sector Reviews (the CAADP mutual accountability process).
- A Leadership Council, consisting of high-level representatives from all stakeholders, monitors, supports and advances progress and meets regularly (with one official meeting per year).

### Common components of success

- **It is important for investment-related partnerships to focus on monitoring the developmental impacts of investments made (e.g. in infrastructure) in order to be able to justify donor support and effective subsidy of these investments.** For example, the Private Infrastructure Development Group (PIDG) has developed a comprehensive results monitoring framework to assess the development impact of projects supported by PIDG companies and facilities through a range of carefully chosen indicators.
- **The most comprehensive results frameworks also evaluate how individual projects or programmes are aligned with the national development plan (or sectoral plans) of the country concerned.** For example, PIDG's approach measures the developmental impacts of all PIDG-supported projects. These include: increases in private sector investment; additional number of people served; improved quality of service; employment effects; and fiscal impacts. The framework also evaluates how each project aligns with the national development plan of the target country.
- **Focus on continuous learning and regular upgrading of monitoring systems ensures these are compliant with latest standards.** For example, PIDG has recently revised its monitoring system and undertaken to report information in an IATI-compliant format to the IATI Registry in order to provide transparency on PIDG activities and funding. The information being published focuses on the flow of funding between the PIDG Members and the PIDG Trust and the PIDG Trust and the Facilities, as well as aggregate results monitoring information. It is likely that many results

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frameworks will also require adjustment to focus specifically on contributions that are being made to achievement of the new SDGs.

- **Best practice is for individual countries/governments to lead dialogue on new partnerships and initiatives and monitor implementation in their territory.** For example, although the New Alliance for Food Security and Nutrition is a regional initiative, commitments and activities are identified and carried out at the country level. This allows for greater ownership, relevance and legitimacy.
- **Officialising stakeholders' commitments increases the likelihood of commitments being met, thus increasing the level of accountability to governments and other partners in developing countries.** Under the New Alliance for Food Security and Nutrition, the private sector signs letters of intent (LOIs) regarding their proposed new investments and other contributions to supporting agricultural development in Africa. Summaries of these are publicly available in the New Alliance Cooperation Frameworks. To date 180 African and international companies have signed LOIs to invest \$8 billion in African agriculture: in 2013, US\$1.1 billion was realised. Also, private investments have created nearly 37,000 jobs.
- **Country-led, regular reporting processes increase accountability and contribute to ensuring that commitments are met.** Under the New Alliance approach to accountability, the structure, process and responsibility for tracking progress against individual commitments are country-specific. However all countries follow general guidance which includes at least annual reviews of progress. Annual reviews are expected to provide platforms to share and discuss progress as well as challenges in meeting commitments and to identify key priorities for action. In-country lead groups that meet regularly but are also multi-stakeholder and inter-ministerial appear to be more effective at tracking implementation since they are better able to address cross-cutting issues, which can otherwise slow down progress.
- **Active participation in the dialogue process from civil society and local organisations can further strengthen accountability.** This can help to ensure that, where necessary, public policy changes are effectively advocated for. In Tanzania, the Partnership Accountability Committee, which is chaired by the Prime Minister's Office, was established in January 2013 to help track the progress of partnership activities such as the New Alliance. This group includes representatives from the Ministry of Agriculture, Food Security and Cooperatives, civil society, farmers' organisations, and development partners, as well as the Southern Agricultural Growth Corridor of Tanzania Centre Ltd., which represents the private sector. The group meets quarterly and has provided an effective high-level forum for identifying priority actions and advancing progress.



## 3. Conclusions and the way forward

### 3.1 Summary of key lessons and conclusions from the country case studies

In this section the paper attempts to pull together a set of core lessons and conclusions based on the case studies discussed above in relation to the five main ‘action areas’ identified by the Joint Statement to the Fourth High-Level Forum on Aid Effectiveness in 2011. These are indicative rather than comprehensive and different stakeholders may of course wish to draw different conclusions from the same examples. The paper particularly identifies lessons that are potentially generalisable from the specific country contexts in which the selected case studies are situated. However, this is a matter of judgement rather than being based on a more systematic review of evidence. These lessons and conclusions are hence included here as a contribution to further debate.

This paper has demonstrated that successful partnerships between the public and private sector for effective development and associated dialogue processes are diverse, organic and often context-specific. There are thus specific lessons to be learnt from specific contexts. However, it is also believed that there are some common components of success that can be identified from past experiences to ensure that future partnerships are focused on mutually beneficial outcomes and designed to achieve positive social and economic outcomes for poor people. Here, ten common components of success are listed.

1. **Establishing an in-country institutional platform for inclusive cross-sector dialogue and partnerships is one of the most effective ways to ensure that these partnerships contribute effectively to meeting the development priorities of the country.** Such platforms can add value by ensuring local ownership, greater coordination and a focus on national priorities. Businesses and business associations of all types and sizes should be able to participate. An example covered in this paper is Mozambique’s Private Sector Conferences and associated institutional architecture. (Please also see [Annex 1](#) for a further example: the Zambian Business in Development Forum (ZBIDF)). The Ethiopia Public Private Consultative Forum (EPPCF) and the Private Sector Forums in Viet Nam and Cambodia are also good examples of coordinated dialogue processes that are beginning to yield useful results.
2. **Identifying areas of common interest between public and private sector actors is essential to ensuring that partnerships deliver shared value in that they are mutually beneficial and sustainable in the longer term.** Understanding the goals and objectives of each stakeholder in the process is an important first step in identifying where such areas of common interest may lie. This needs to be combined with a clear understanding of the ‘comparative advantages’ that public and private sector actors bring to finding solutions to developmental challenges.
3. **Engaging the private sector ‘upstream’ in the elaboration of national and sectoral plans is good practice in terms of developing a sense of shared ownership of challenges and potential solutions.** This can then be complemented by identification of specific areas of ‘downstream’ collaboration – in the form of joint initiatives, programmes and projects with an associated results framework to be able to monitor performance and progress and hence develop a sense of mutual accountability.
4. **Aligning national and local plans for future private sector engagement with the new global SDGs should now become a priority for GPEDC members.** The fact that many developing countries will now be considering the implications of the SDGs for their own short- and medium-term national planning and budgeting processes provides an excellent opportunity to embrace a new level of multi-stakeholder engagement (through dialogue and partnership) to define what

resources will be required over the 2015–30 period and what each stakeholder can bring to the table.

5. **Establishing a national database of companies willing to engage in development-related programmes and activities could be a useful component of a national strategy for effective engagement of the private sector as a development partner.** This seems to be happening already in many humanitarian assistance and disaster response programmes, such as those in Japan following the 2011 earthquake and West Africa in response to the Ebola crisis, often coordinated by UN agencies. However, national governments could learn from these experiences in order to harness the skills, resources and capacities of business more systematically to address a wider range of developmental challenges.
6. **Associated with this, building pre-commitment mechanisms into partnerships may be a useful way to ensure that dialogue is transformed into effective action and additional investment.** For example, see the experiences of GAVI, PIDG and also the National Alliance for Food Security and Nutrition in the use of Letters of Intent and other non-binding commitments to galvanise new investments and collective action. A key issue here will be the extent to which companies will be willing to enter into arrangements which are legally binding, due to the reputational issues involved. Developing guidance on a suite of legal and quasi-legal instruments, based on best practice examples and existing contracts, could be a useful contribution for GPEDC to make.
7. **Establishing systems of independent monitoring and verification of the results of developmental partnerships and joint initiatives as part of the accountability process can ensure that they remain focused on meeting the needs of the poorest and most vulnerable groups in society.** Such systems should also take account of the unequal power relationships that arise in situations where resources and capacity of different partners are highly asymmetric. Some good examples of how to arrange such independent verification can be seen in some of the ‘payments by results’ pilot programmes being implemented in some developing countries.<sup>34</sup>
8. **Involve civil society and local NGOs in both dialogue and partnerships, whether at national, regional or local levels, if you really want to understand and address the needs of the poor and be able to engage effectively with disadvantaged communities.** In many developing countries there is increasing evidence that poor people have a greater understanding of their needs and how to meet them than is often assumed by external experts (for example, see the work of Abhijit Bannerjee and Esther Duflo at the MIT Poverty Lab).<sup>35</sup> However, levels of trust in government agencies, international aid agencies and large companies are often very low and this acts as a barrier to effective implementation. Involving local institutions (e.g. community groups, cooperatives and religious institutions) that are trusted by the target communities is thus essential to the ultimate success and sustainability of many types of development programmes, including public–private partnerships.
9. **An important cross-cutting theme in virtually all of the public–private partnerships reviewed here is the importance of transparency and willingness to share data and other analytical information.** This is the foundation of any partnership – openness, trust and willingness to be held accountable. Further work is clearly required on how standards such as the International Aid Transparency Initiative (IATI) can be extended to private sector actors, bearing in mind issues of commercial confidentiality and intellectual property rights. International experience with Freedom of Information (FoI) legislation and other legal commitments may be applicable here. An explicit focus on ‘mutual accountability’ through joint performance assessment frameworks (PAFs) may also be a useful element of future partnerships.
10. **It is important to ensure that any new international partnerships established to address cross-country (or global) development challenges have a clear, defined mandate which meets a clearly defined need or ‘gap in the market’ in order to prevent duplication of effort and the**

**appearance of further gaps and overlaps in the international system for delivering on the SDGs.**

GAVI provides a good example of an organisation that has a clearly defined international mandate and sufficient resources to implement at scale. It is also able to complement (and not compete with) national-level initiatives in the area of vaccine research, distribution and delivery – working with and through national health systems.

Based upon the preliminary analysis and findings in this paper on the common components of success in establishing effective public–private partnerships for development, the GPEDC could commission further work to review the experiences of different types of partnerships more systematically (e.g. through a survey of GPEDC members) to validate these initial findings.

GPEDC can also play a key role in supporting actual in-country partnership action using the range of resources and experience that its members can bring to the table. For example, one of the main conclusions is that establishing in-country institutional platforms to promote cross-sectoral dialogue and partnerships is a key element of a successful strategy. Organisations such as The Partnering Initiative (with their Partnering Alliance), BIAC and CIPE can support the process of designing and establishing such platforms in countries, regions or cities which wish to do so.

The GPEDC could, therefore, invite all participating developing country governments to become much more systematic about how they approach working with the private sector and also invite some countries to commit to being ‘pilot countries’ for how to put some or all of the elements of the suggested framework into practice. There is potentially an opportunity for this given that many countries will be considering the challenges of implementing the new SDGs and hence may be more open to a discussion about the role of partnerships with the private sector (and other stakeholders) as part of that wider process.

Development agencies and bilateral donors can also be encouraged to look carefully at how they can practically support, both financially and technically, the establishment of the in-country ‘infrastructure’ that will be required to help realise more effective collaboration. There are several existing models showing how this can be done and what resources are required.

### ***3.2 Suggested way forward to develop a GPEDC approach to public–private collaboration***

There are multiple initiatives currently working to enhance the role of the private sector in achieving development outcomes. These incorporate institutions and actors both linked to and separate from the GPEDC, addressing a wide range of issues including, but not limited to, partnership and dialogue. There is, therefore, a need for the GPEDC to identify where exactly its comparative advantage lies and what role it should play in this process.

Based upon the analysis of key elements of success identified for each of the five dimensions of effective partnerships for development and the ‘common components of success’ drawn from these, this paper proposes a number of steps that could now be taken by GPEDC in order to both galvanise and provide effective support to further action in this area at country level:

- Commission further analytical work to validate initial findings based, for example, on a wider review of case studies or a survey of practitioners engaged in these sorts of programmes, and modify accordingly. Also assemble a database of relevant ‘good practice’ examples and initiatives as a source of reference.
- In parallel, undertake a more in-depth review of a selected number of existing public–private consultation processes in order to understand how these have contributed to strategic prioritisation and development planning in the past or how they could do so more effectively in future. This review should look carefully at the scope for strengthening existing in-country

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platforms and institutional mechanisms in order to support cross-sectoral public–private partnerships for development, rather than necessarily creating new institutional arrangements.

- This analysis should also take account of and support the further development and operationalisation of Indicator 3 on the quality of in-country public–private dialogue (PPD) processes in the GPEDC Monitoring Framework for development effectiveness.
- The findings from this further analytical work can then be brought together into a draft set of ‘GPEDC Good Practice Principles’ in each of the five dimensions of effective public–private partnerships for development, possibly for submission to the second High Level Meeting of the GPEDC in Kenya in 2016.
- Subsequently, undertake a public consultation exercise (over perhaps 12 months), encouraging discussion of the draft principles at relevant events taking place (e.g. meetings of company CEOs and other key stakeholders), including civil society in the consultation process too. Where possible, link this consultation exercise to country-level discussions about implementation of the new SDGs. Refine the set of good practice principles based on results of this consultation process.
- Present the resulting ‘Action Agenda for Effective Public–Private Partnerships in Support of the SDGs’ to a future GPEDC High Level Meeting for discussion and formal endorsement. It is noted that any GPEDC Action Agenda in this area should take full account of work being undertaken by the UN and G20 on building an inclusive business framework in support of implementation of the SDGs.
- In meantime, invite several countries to pilot implementation of the Action Agenda in order to test its relevance, effectiveness and value added and monitor the results.

## Annex 1. Institutional support for the design, implementation and monitoring of partnerships for development

This section highlights the work of some of the main institutions that are involved in promoting public–private partnerships for development and also gives examples of some of the tools and frameworks that are now available to assist in the design, implementation and monitoring of such partnerships. This list is undoubtedly not an exhaustive one but is provided as a reference point for GPEDC members who wish to explore the issues discussed in this paper in further detail or seek support for specific new partnership initiatives.

### *Business Partnership Action*

The Business Partnership Action (BPA) was formerly known as the Business in Development Facility. The BPA (Sweden, the Netherlands, UK, and The Partnering Initiative) is a global centre of excellence to develop the enabling infrastructure required to scale up public–private collaboration towards the Global Goals. It supports the creation of locally owned and run country-level platforms that systematically bring together government, business, donors, the UN and NGOs to demonstrate the alignment of interests, facilitate innovation and directly support ‘win–win’ partnerships to achieve sustainable development priorities. Building on the platforms it has created to date in Zambia and Colombia, over the next two years BPA aims to support, interconnect and learn from 4–6 new and existing platforms. In so doing, it will drive action on the ground, while prototyping, improving and codifying what aims to become a critical, scalable approach towards mainstreaming country-level public–private collaboration.

More information available at:

<http://thepartneringinitiative.org/global-impact/business-partnership-action/>

### *Zambia’s Business in Development Facility (BIDF) multi-stakeholder platform*

Supported by Business Partnership Action, the ZBIDF represents a useful model for building the kind of solid in-country platform for dialogue and partnership that is essential for longer-term transformational change in the relations between public and private sector agents.

*Zambia BIDF – experience since 2012*

- This represents a new approach to partnerships that has not been tried before in Zambia. The mission of ZBIDF is to support cross-sector partnerships that unleash the power of the private sector as a development partner.
- ZBIDF aims to develop in-country ‘infrastructure’ to facilitate partnerships between the public and private sectors across a broad range of sectors and policy issues – those affecting the ease of doing business and also engaging business in development.
- The platform brings together Zambian companies and government institutions and provides mentoring, training and support to enable long-term and sustainable partnerships to be formed.
- Mediating between competing interests and solving problems, ZIBDF can help to overcome barriers and build trust and confidence.
- Zambia held its first ‘Shared Value Summit’ in September 2015 to engage all stakeholders in the process. The Zambia Chamber of Commerce is leading on embedding development partnerships into its planning processes.

*Key Lessons learned*

- It is important to secure support for the concept of cross-sectoral partnerships in the relevant parts of government. There is a need to work with, for example, the Cabinet Office and not just line ministries responsible for specific economic sectors.
- Local actors should lead in defining their objectives and methods of implementation (i.e. the business plan) and only then seek donor support for specific elements of the business plan.
- There were early challenges in terms of defining/refining the concept and beginning to broker partnerships. It cannot be assumed that all parties will be able to understand the concept of cross-sector partnering; there is a need for local sensitisation and workshops and training in order to build knowledge and shared understanding among staff members involved in the BIDF platform and also their 'clients'.
- Initially there was some hesitation from targeted businesses to get involved as they did not understand the added value of ZBIDF beyond what they were currently doing through their own corporate social responsibility (CSR) programmes.
- It takes time, effort and commitment to build effective partnerships around transformative development goals, particularly to move beyond smaller 'pilot projects' to delivering innovative solutions to developmental challenges at scale.

More information available at: <http://zbidf.org/>

### ***The Partnering Initiative***

The Partnering Initiative (TPI) is an independent non-profit organisation dedicated to driving cross-sectoral collaboration for a sustainable future. TPI was founded based on the belief in the power of partnerships between business, government, NGOs and the UN to tackle the greatest development and business sustainability challenges.

In recent years, TPI has been working on various aspects of the development of the theory and practice of partnering by:

- supporting organisations from all sectors to partner effectively and strategically as well as directly supporting partnerships
- building capacity with training, tools and publications
- developing the infrastructure to scale up collaboration worldwide, including creating country-level partnership-catalysing platforms.

The Partnering Initiative has developed a comprehensive 'Roadmap to systematically scale up the engagement of business as a partner in development' for GPEDC and supports organisations wanting to implement elements of it. In addition to Business Partnership Action mentioned above, TPI is also developing two major new programmes of relevance to GPEDC: The Partnering Alliance, to create common best practice reference standards for public-private collaboration; and the Partnering Academy, to provide partnering capacity-building through online and in-person training in developing countries at scale through a cascading approach.

More information available at:

<http://thepartneringinitiative.org/>

<http://thepartneringinitiative.org/research-and-learning/the-tpi-partnering-roadmap/>

### ***Business and Industry Advisory Committee (BIAC) to the OECD***

BIAC is an officially recognised business voice to the OECD, conveying business perspectives and expertise to policy-makers on a broad range of global economic governance and policy issues. It engages in high-level OECD meetings, forums and discussions on leading matters that impact businesses globally. BIAC coordinates an international network of over 2,800 business experts

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meeting regularly with OECD governments and key leadership for consultations on governance and economic policy.

BIAC offers a business-oriented perspective on major policy decisions, peer reviews and key OECD policy instruments. It also engages in international advocacy through the formulation of policy positions and engagement with government officials in OECD member and non-member economies. BIAC also supports more than 30 policy groups communicating business perspectives to OECD committees, working parties, and governments. BIAC has been closely involved in the work of GPEDC and the Global Partnership Initiatives on public-private cooperation).

More information available at: <http://biac.org/>

### ***Center for International Private Enterprise (CIPE)***

The Center for International Private Enterprise (CIPE) is an affiliate of the US Chamber of Commerce founded in 1983 and works to strengthen democracy around the globe through private enterprise and market-oriented reform. The main objectives of CIPE are to:

- foster institutions necessary to establish and sustain market-oriented democracies
- increase private sector participation in the democratic process
- increase support for and understanding of the freedoms, rights and responsibilities essential to market-oriented democracies among government officials, businesspeople media and the public
- improve governance through transparency and accountability in the public and private sectors
- strengthen freedom of association and private, voluntary business organisation
- promote an entrepreneurial culture and understanding of how markets work
- expand access to information necessary for sound entrepreneurial and policy decisions.

CIPE's website contains resources on corporate governance, corporate social responsibility, legal and regulatory reform and combating corruption. It also contributes to research and analysis on public-private partnerships and the value that they can deliver to companies working in developing countries.

More information available at: <http://www.cipe.org/about>

### ***USAID Global Development Alliances (GDAs)***

USAID recognises that achieving sustainable solutions to global challenges requires collaboration across the public, private and philanthropic sectors. By engaging with the private sector in particular, USAID is seeking to build dynamic, mutually beneficial alliances with companies to foster economic growth, reduce poverty and improve business outcomes in developing countries.

USAID has a long track record of partnering with the business community. It works collaboratively with the private sector to improve the business environments of developing countries, mitigate risk and help companies find growth and investment opportunities in critical development sectors. Since 2001, it has built more than 1,600 alliances with 3,000 partners, spanning all regions and development priorities and leveraging more than \$19 billion in public and private resources.

USAID's main model for partnership with the private sector is the Global Development Alliances (GDAs). Their experience has concluded that the most impactful GDAs are structured in diverse ways but always:

- focus on 'shared value' priorities that align business goals with USAID development objectives
- are co-designed, co-funded and co-managed so that risks, responsibilities and rewards are shared

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- draw upon the core capabilities of each partner
  - employ cost-effective models that are scalable and sustainable
  - clearly outline roles, responsibilities and results, through agreements such as memoranda of understanding.

More information available at: <https://www.usaid.gov/gda/>

### ***The Donor Committee on Enterprise Development (DCED)***

The DCED is a donor forum knowledge repository for learning about the most effective ways of creating economic opportunities and jobs for the poor – based on practical experience in private sector development (PSD) as well as on domestic policy innovations worldwide.

The DCED Standard for Measuring Results is a framework that can be used to monitor the progress of private sector development programmes and contains a series of eight elements for articulating a results chain and then systematically monitoring the impact of implementation of a PSD reform programme. Over 100 projects in more than 50 countries are currently implementing the DCED Standard, in sectors ranging from value-chain development, to challenge funds, to business-environment reform. Some of this methodology may also be relevant to monitoring the impact of public-private partnerships and associated dialogue.

More information available at:

<http://enterprise-development.org/>

<http://enterprise-development.org/page/measuring-and-reporting-results>

### ***PublicPrivateDialogue.org***

The website of PublicPrivateDialogue.org is an online resource centre, established with support from several development agencies including the World Bank, OECD and DFID. It includes a wide variety of resources that demonstrate how governments, businesses, civil society and donors can use public-private dialogue (PPD) to promote private sector development, open governance and poverty reduction. The useful PPD Handbook covers a range of elements of good practice, including a suggested approach to monitoring and evaluation. PPD.org has also held a series of annual workshops since 2006 which have examined a range of issues concerning how to design effective dialogue processes to achieve a range of different developmental objectives. The 8th International Workshop on Public-Private Dialogue took place in Copenhagen, Denmark in March 2015 with a focus on 'Promoting Sustainable Global Value Chains through PPD'.

More information available at: <http://www.publicprivatedialogue.org/about/>



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## Case studies: sources of further information

### Case study 1: The Ethiopia Public Private Consultative Forum (EPPCF)

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### Case study 3: The Jordan Valley Water Forum (JVWF)

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### **Case study 4: Establishment of the Global Alliance for Vaccines and Immunisation (GAVI)**

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GAVI's evaluation studies. <http://www.gavi.org/results/evaluations>

### **Case study 5: Mozambique's private sector conferences 1995–2013**

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### **Case study 6: Role of Japanese companies in disaster risk reduction**

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### **Case study 8: Roshan Telecom's provision of mobile financial services in Afghanistan**

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### **Case study 10: Open Contracting Partnership – transparency in land transactions**

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## Case study 11: Improving Ebola response through use of mobile data

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## Case study 12: The Extractive Industries Transparency Initiative (EITI) in Peru

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## Case study 13: The Private Infrastructure Development Group (PIDG) – results monitoring

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Private Infrastructure Development Group (PIDG), *PIDG - IATI Reporting*. Available at: <http://www.pidg.org/news/pidg-iati-reporting>

## Case study 14: The New Alliance for Food Security and Nutrition

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## Notes

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<sup>1</sup> For a full list of GPEDC Global Partnership Initiatives, and information on the change in terminology from Building Blocks to GPIs see: 'Update on Global Partnership Initiatives' September 2015: [http://effectivecooperation.org/wordpress/wp-content/uploads/2015/08/Document-5-Update-on-GPI\\_August-2015rev1.pdf](http://effectivecooperation.org/wordpress/wp-content/uploads/2015/08/Document-5-Update-on-GPI_August-2015rev1.pdf)

<sup>2</sup> World Bank (1990).

<sup>3</sup> For a survey of main theoretical and empirical issues involved, see for example Aghion and Howitt (1997).

<sup>4</sup> While the Paris Declaration of 2005 (OECD-DAC, 2005) focused mostly on traditional development partners, the Accra Agenda for Action (2008) recognised: "Aid is about building partnerships for development. Such partnerships are most effective when they fully harness the energy, skills and experience of all development actors—bilateral and multilateral donors, global funds, CSOs, and the private sector. To support developing countries' efforts to build for the future, we resolve to create partnerships that will include all these actors."

<sup>5</sup> Addis Ababa Action Agenda of the Third International Conference on Financing for Development, Section B, paragraphs 35–48.

<sup>6</sup> See: <http://biac.org/wp-content/uploads/2014/10/14-10-07-FIN-BIAC-Paper-on-Private-Sector-Financing-for-Development.pdf>

<sup>7</sup> See for example Development Initiatives (2015).

<sup>8</sup> See the useful overview in DFID (2015).

<sup>9</sup> See work of USAID's Global Partnerships Division: [www.usaid.gov/GlobalDevLab](http://www.usaid.gov/GlobalDevLab)

<sup>10</sup> <http://www.weforum.org/events/world-economic-forum-africa>

<sup>11</sup> <http://www.weforum.org/events/world-economic-forum-east-asia>

<sup>12</sup> See <http://www.sdgbusinessforum.com/>

<sup>13</sup> <https://www.unglobalcompact.org/what-is-gc/mission/principles>

<sup>14</sup> <http://biac.org/wp-content/uploads/2015/06/FIN-15-06-GUIDELINES-BROCHURE.pdf>

<sup>15</sup> <http://devcooperation.org/author/devdebates/>

<sup>16</sup> See <http://www.doingbusiness.org/>

<sup>17</sup> <http://effectivecooperation.org/wordpress/wp-content/uploads/2014/04/JointDeclarationonexpandingandenhancingpublicprivatecooperation.pdf>

<sup>18</sup> Prescott and Stibbe (2015).

<sup>19</sup> See BIAC (2014b), and a useful discussion on the types of partnerships involving the private sector that can contribute to achieving and financing sustainable development in Bilal et al. (2014).

<sup>20</sup> See also a useful discussion on the types of partnerships involving the private sector that can contribute to achieving and financing sustainable development in Bilal et al (2014), "Decoding Public-Private Partnerships for Development", ECDPM Discussion Paper No. 161, April 2014.

<sup>21</sup> Campos and Page (1993).

<sup>22</sup> For further information and good practice in this area, see the website of PublicPrivateDialogue ([www.PublicPrivateDialogue.org](http://www.PublicPrivateDialogue.org)) an online resource centre that demonstrates how public–private dialogue (PPD) can be used to promote private sector development, open governance and poverty reduction.

<sup>23</sup> <http://www.ilo.org/global/about-the-ilo/decent-work-agenda/social-dialogue/lang--en/index.htm>

<sup>24</sup> See IFC's *Inclusive Business Models: Client Case Studies*, [http://www.ifc.org/wps/wcm/connect/3af114004cc75b599498b59ec86113d5/Pub\\_002\\_IFC\\_2011\\_Case%2BStudies.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/3af114004cc75b599498b59ec86113d5/Pub_002_IFC_2011_Case%2BStudies.pdf?MOD=AJPERES)

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<sup>25</sup> Bilal et al. (2014).

<sup>26</sup> Green (2014).

<sup>27</sup> <http://um.dk/en/danida-en/activities/business/partnerships/>

<sup>28</sup> See <http://www.iatiregistry.org/publisher>

<sup>29</sup> Brockmyer and Fox (2015).

<sup>30</sup> The Paris principles are alignment, harmonisation, managing for results, mutual accountability and ownership (OECD-DAC, 2005).

<sup>31</sup> <http://www.aideffectiveness.org/index.html>

<sup>32</sup> Jones and Picanyol (2011).

<sup>33</sup> For a recent review of experience see <http://www.oecd.org/development/evaluation/1886527.pdf>

<sup>34</sup> See Center for Global Development (CGD), <http://www.cgdev.org/initiative/cash-delivery-aid>, and DFID (2014) for suggested approaches to independent verification of results.

<sup>35</sup> See Banerjee and Duflo (2011).