



Strategising around CSO engagement on private sector in development

The Development Effectiveness Principles



Ownership of development priorities by developing countries

- Partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs.

Focus on results

- Development efforts must have a lasting impact on eradicating poverty and reducing inequality, and on enhancing developing countries' capacities, aligned with their own priorities

Inclusive Development partnerships

- Openness, trust, mutual respect and learning lie at the core of effective partnerships, recognising the different and complementary roles of all actors.

Transparency and accountability to each other

- Mutual accountability and accountability to the intended beneficiaries of development co-operation, as well as to respective citizens, organisations, constituents and shareholders, is critical to delivering results. Transparent practices form the basis for enhanced accountability.



Indicator 3 on the private sector:

- Corresponds to the principles of inclusive partnerships
- Move from **engagement and contribution of the private sector to development to quality of public-private dialogue.**

Public-private dialogue:

- Measures the quality of public-private dialogue through a multi-stakeholder process (involving governments, business and trade unions).
- Focuses on identifying whether the basic conditions for private-public dialogue are in place in the country.



Country ownership

- Prioritising the local private sector.
- Avoiding tied aid

Focus on results

- Looking at impact in terms of number of decent jobs created; respect for human rights; fight against climate change and contribution to the transition to a green economy; number of domestic enterprises created.

Inclusive Development partnerships

- inclusion of relevant socio-economic actors such as social partners in policy making.

Transparency and accountability to each other

- accessible fiscal reporting systems
- existence of complaint and grievance mechanisms, freedom of association, collective bargaining practices (in line with international labour standards and key responsible business conduct instruments)



Mapping Donors and DFIs engagement
with private sector:
findings and recommendations of the
of the research on Aligning Blended
Finance to Development Effectiveness



Purpose of the report:

The report explores how donor countries are engaging with the private sector in the context of development cooperation.



Increased interest by donors in the private sector, underpinned by the belief that supporting the private sector can benefit both developing and donor countries, however:

- DFIs are likely to channel **increasing amounts of ODA and development finance in support of the private sector** in the future.
- Currently, DFIs are **not well equipped to apply development effectiveness principles** in their support to developing countries:
 - Compliance with the principle of **ownership** is one of the biggest challenges identified in this report.
 - Regarding **results**, more impact could be achieved if the monitoring and standards frameworks covered the whole supply chain, were less reliant on self-reporting and reacted promptly in case of breaches.
- Many **DFIs fail** to provide many of the essential building blocks required **to ensure accountability** towards project stakeholders.

Summary of DFI's performance against selected aid effectiveness principles



DFI	Ownership			Development results		Mutual accountability	
	Preference for donor-country companies	Restrictions in access to dev. finance	Stakeholder participation	Performance standards	Monitoring	Transparency	Complaint mechanism
Bio Invest (Belgium)	Green	Green	Orange	Orange	Orange	Red	Red
CDC Group (UK)	Red	Green	Orange	Orange	Orange	Orange	Green
Cofides (Spain)	Red	Red	Red	Orange	Orange	Red	Red
DEG (Germany)	Red	Green	Red	Orange	Orange	Orange	Green
EIB (EU)	Green	Orange	Orange	Orange	Orange	Orange	Green
FMO (Netherlands)	Red	Orange	Orange	Green	Orange	Red	Green
IFC (World Bank)	Green	Orange	Orange	Orange	Orange	Green	Green
IFU (Denmark)	Red	Red	Red	Orange	Orange	Orange	Green
Norfund (Norway)	Red	Green	Red	Green	Orange	Orange	Red
Proparco (France)	Orange	Green	Red	Orange	Orange	Orange	Red
Swedfund (Sweden)	Green	Orange	Red	Green	Orange	Red	Red

Red=poor performance, orange=average performance or some good features, green= above average good performance
See section on methodology for more information



Ownership:

- Remove DFIs' preferences for supporting donor-country companies;
- Adopt policies and approaches to project selection that prioritise investments in companies, countries and activities with a higher development dividend;
- Create structured processes for stakeholder engagement both at donor-country and developing country levels;
- Demonstrate how projects align with and support developing-country development strategies, as well as to ensure the coherence of the projects with their development mandate and due diligence procedures;



Development results

- Review DFIs' procedures to ensure full implementation of due diligence by investors and include effective monitoring and complaints procedures (references to responsible business conduct tools);
- Maximise the amount of tax revenue captured by partner countries by adopting and implementing responsible tax policies that reduce the use of tax havens and intermediary jurisdictions;
- Reform the decision-making structures to formalise the participation of different stakeholders in donor and partner countries, including trade union representatives



Accountability:

- Extend the disclosure of project information to include at a minimum ex-ante project evaluations, environmental and social impact assessments and management plans, ex-post evaluations;
- Create an independent complaint mechanism, which is free and easily accessible for all pertinent stakeholders;

Group Work



- From what we have heard so far, what are the priority areas for CSOs engagement on private sector in development cooperation?
- From the areas identified: what should be our CSOs key messages when engaging the Private Sector in Development?
- D'après ce que nous avons entendu jusqu'à présent, quels sont les domaines prioritaires pour l'engagement des OSC auprès du secteur privé dans la coopération au développement?
- Parmi les domaines identifiés: quels devraient être les messages clés de nos OSC lors de leur engagement dans le développement du secteur privé?