



# Informal donor network on engaging the private sector for development

## Linking the domestic and international private sector agendas

### Summary

Brussels 1 March 2013

This note provides a brief overview of the main points discussed at the informal meeting of donors engaged with working with the international private sector, organised by ECDPM, held in Brussels on 21 February 2013.

The aim of the workshop was to provide an informal setting for open and frank discussions on the challenges facing donor organisations and others working with the international private sector.

The desired outcome of the meeting was to generate some shared knowledge on what other donors are doing, but also to raise issues that merit further discussion and/or research. By offering this informal setting, the aim was to complement and potentially feed into other on-going initiatives.

### Cross-cutting issues

Cutting across the discussions, three key issues ran through the discussions:

1. The need to be able to better identify and measure **development impact for**:
  - i) identifying how much ODA/non-ODA to use
  - ii) establishing partnerships
  - iii) defining how and with whom to engage
2. The need to better **understand the importance of the relative risks**, which can be in the form of:
  - i) commercial/financial and political risk
  - ii) absorbing costs in establishing partnerships/match-making
  - iii) donor reputation risk with their own voting public
3. The disparity across donors in philosophy and practice regarding:
  - i) How far to go in minimising the harm and maximising the development impact of *existing* investments,
  - ii) promoting **more** investments from the donor country's own private sector.

## Going Forward

Going forward, the following list of potential areas for further discussion and/or research was proposed, with a general focus on narrowing the scope of discussions:

1. A focus on the **EC role** in this agenda; its potential added value to MS operations; how to fulfil the Agenda for Change; or providing an EU-wide platform for engaging with the private sector (adding informally to planned work of the EU PS Experts Group)
2. A focus on identifying and measuring **additionality and impact** given that this was a common challenge across donors and remains at the core of all the discussions, while impact assessments are not being systematically carried out
3. A focus on the specifics of different **instruments and mechanisms**, such as challenge funds, how they work, the different underlying assumptions, criteria used, evidence on impacts, insights and experiences of using them etc
4. Issues of **institutional organisation** for working with the international private sector including the trends towards linking economic and development policy under one Ministry or cross-Ministry teams etc.
5. Issues around **governance structures** for multi-stakeholder partnerships, different models, challenges, ways of outsourcing or managing internally etc.
6. Looking at engaging the private sector for engaging in the **social sectors**
7. Looking at each of the **three themes** from this meeting, with one day for each – using non-ODA for engaging the private sector; how to balance/maximise the development impact from working with MNEs and/or SMEs; factors for successful multi-stakeholder partnerships.
8. **Lessons from DFIs** and other relevant actors (e.g. Fair trade) for donor engagement.

A number of participants suggested that this kind of forum should ideally link with the DCED, something that would need to be discussed and proposed by DCED members although the group at this informal group also included non-DCED members. The DCED report to be launched in April may serve as a good opportunity for this.

**Contacts:** Bruce Byiers ([bby@ecdpm.org](mailto:bby@ecdpm.org)), San Bilal ([sb@ecdpm.org](mailto:sb@ecdpm.org)) and Anna Rosengren ([ar@ecdpm.org](mailto:ar@ecdpm.org))

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