



Thematic Session on Public-Private Co-operation for Broad-based, Inclusive, and Sustainable Growth

Fourth High-Level Forum on Aid Effectiveness
Busan, Republic of Korea- BEXCO Centre
29 November 2011

I. Objectives

This thematic session served as background information session to the Building Block on Public-Private Co-operation for Broad-based, Inclusive and Sustainable Growth. The objectives were to recognise the private sector as a key partner to development, to share significant experiences in structured and results-oriented public-private dialogue and co-operation and to promote more progress towards effective partnerships in view of reaching to the Millennium Development Goals and other development goals.

II. Moderator and panellists

Moderator: Rob Swartbol, Deputy Director-General for International Cooperation, Ministry of Foreign Affairs, the Netherlands.

Panellists:

Dirk Niebel, Minister, Germany

Johannes Merck, Otto Group, Cotton Made in Africa

Nena Stoiljkovic, International Finance Corporation

Douja Gharbi, Confederation of Citizen Enterprises, Tunisia

Kyung Wook Hur, Ambassador and Permanent Representative of Korea to the OECD

Joost Oorthuizen, CEO, Dutch Initiative for Sustainable Trade

Sylvia Wisniwski, Finance in Motion

Helen van Hoeven, Director, Market Transformation Initiative, WWF

Charlotte Petri Gornitzka, Director-General, SIDA

Onno Schellekens, Investment Fund for Health in Africa

Christian Merz, SAP

Bold Magvan, CEO of TenGer Financial Group

Rajiv Shah, US Agency for International Development

III. Key Issues Discussed

The thematic session addressed three main issues:

Promoting more effective public-private collaboration at the country level: In this first session, participants discussed how structured and transparent public-private dialogues can help improve the business environment through identifying and overcoming regulatory and policy barriers. To unlock the full potential of the private sector in developing countries, the donor community can play a role to support an attractive and predictable enabling business environment. This entails certain critical conditions such as peace and stability, rule of law, effective public governance, open markets for trade and investment, adequate infrastructure systems. Representatives from the public and the private sectors provided examples of effective country-level collaboration in support of sustainable



increase in cotton producers' incomes, policy frameworks that are inclusive and conducive to private sector development, improved access to finance and support to innovation for small entrepreneurs. Session two focused on catalytic partnerships. Participants discussed how to amplify the impact of development assistance by strategically using public sector aid to attract and leverage private funds. Aid remains essential, but it is clear that aid alone cannot ensure strong, sustainable and balanced growth in developing countries. The donor community should put due emphasis on the mobilisation of the foreign and domestic private sector and leverage non public sources of development finance to boost investment infrastructure, agriculture, and many other economic sectors. Participants to this session provided examples of successful partnerships that build on respective comparative advantages in the areas of sustainable trade, value chain for cocoa production, financing of small, medium and large enterprises and supporting sustainable commodities transformation in developing countries.

What are the most effective tools for accelerating innovation for inclusive development and where are the greatest opportunities for impact? Participants of session three discussed how development stakeholders can promote and channel innovation for sustainable development. Representatives from the public and the private sectors shared experiences, including progress and challenges, in piloting new models for risk sharing, creating challenge funds to support early innovation and progress against poverty and using technologic innovation to develop cost effective services to the poor.

IV. Main conclusions:

There is momentum to build on, and public and private actors should implement new ways of resolving development challenges through more effective co-operation. The donor community is looking for more strategic partnerships in order to scale up effective solutions and the private sector is also working increasingly with the donors. Yet, local private sector actors find it difficult to work with the donors; more information about their tools for supporting private sector development is needed.

Different types of collaboration between the public and the private sector are already being implemented in developing countries, using aid as a catalyst. Partners in development need to change the approach to aid and to public-private co-operation to overcome a series of myths:

- that low income countries cannot invest in their own development
- that Foreign Direct Investment will replace Official Development Assistance.
- that low-income countries and municipalities are unable to develop or keep local development markets and always need full support from finance institutions
- that donor policies cannot support innovation

The three themes discussed above offer opportunities for scaling up and replicating effective co-operation between the public and the private sector. The five principles embedded in the Joint Statement on expanding and enhancing public-private co-operation for broad-based, inclusive and sustainable growth provide a useful framework for willing public and private actors to move forward in this direction.