

Policy Forum on Development – Workshop with Private Sector

EU Thon Hotel, Rue de la Loi 75, Brussels, Friday, 3rd October 2014

Framing paper for discussions around

"A framework for structured dialogue and joint action with the private sector"

In the communication "A stronger role of the private sector in achieving inclusive and sustainable growth in developing countries" one of the "tool" proposed to implement and mainstream its approach to private sector development, and to harness the potential of the private sector as a partner in development cooperation is a "**framework for structured dialogue and joint action with the private sector**".¹

"Understanding the needs and constraints of a local private sector, and harnessing the potential of the European private sector to engage for development and with businesses in developing countries, requires spaces for private-public interaction and collaboration. At local level, the Commission, through EU Delegations, will encourage inclusive public-private policy dialogue by supporting the functioning of existing or new dialogue mechanisms such as national employment, labour or export councils, and by targeted capacity building of private sector representatives, including chambers of commerce, social partners, and organisations representing micro, small and medium-sized enterprises, female entrepreneurs, and firms and workers in the informal sector, to improve their contribution to such dialogue mechanisms. The Commission will, moreover, use its political dialogue with partner countries to try to increase willingness among governments and local authorities to engage in open discussions with private sector representatives.

At European and global level, the Commission will contribute to the development of a framework for dialogue and effective joint action with the private sector, preferably by reinforcing existing initiatives, including the recently established Policy Forum on Development (PFD)², and with a view to enhancing coordination among individual European platforms and programmes. More direct interaction with companies and their sectoral associations will also be sought through sector-level dialogue mechanisms to encourage more private sector engagement and market-based solutions in sustainable agriculture and agribusiness, sustainable energy, infrastructure and social sectors."

¹ Chapter 3 "the way forward: tools and modalities for making the private sector a partner in development cooperation" of the com(2014) 263 "a stronger role of the private sector in achieving inclusive and sustainable growth in developing countries"

² The PFD has been established by the Commission as a multi-stakeholder dialogue space where local authorities, CSOs and private sector representatives contribute to EU development policies and programmes.

During the consultation process for the preparation for the communication a specific issue proposed for discussion related to public private dialogue.

Participants from all stakeholder groups highly valued the use of platforms for public-private dialogue, particularly when specific to sectors or value chains. Numerous examples were given illustrating positive experiences of such platforms, from specific consultations leading to sector policy formulation, to regular dialogue processes where knowledge sharing had a positive structuring effect

Vocational training:	Upgrading of curricula, strengthening of capacities of local training providers is for the benefit of all actors in a sector.
Agriculture:	Supporting certification of producers, promoting improvements in productivity, ecosystem resilience and biodiversity.
Healthcare:	Creating and coordinating a network of private health care providers to deliver social services, at appropriate prices and to a broad population base.

Box 1 - Examples of concrete outputs of public-private platforms in thematic areas

for whole sectors. Specialised thematic platforms can also be setup at sub-national level.

The main recommendation from respondents was to use dialogue platforms that “make change happen” in sector practices, should it be at policy, regulation, or technical level. Platforms are valued provided that public and private participants are in the position to put their decisions into practice.

In particular, private-public policy dialogue should focus on:

- ✓ Setting targeted business environment reform and enterprise development priorities;
- ✓ Contributing to design and monitoring of enterprise development programs and inclusive and sustainable private sector development;
- ✓ Supporting innovation, technology transfer and upgrading, including for development of green industries and jobs;
- ✓ Improving linkages between industry and vocational, technical and tertiary education and training institutions to identify and reduce skills gaps;
- ✓ Eliminating regulatory and fiscal barriers that may challenge supply chain development in key/emerging sectors in a Partner country;
- ✓ Thematic areas (such as energy efficiency investments, sustainable agriculture, etc).

Related challenges lie on limiting the proliferation of platform formats and subsequent meetings, and ensuring legitimacy and transparency of consultation notably by using competent and confirmed representatives of the private sector.

Despite a clear preference for result-oriented platforms, participants indicated that higher-level public-private dialogue is also needed, at both national and international level. This, in order to intensify large-scale public-private action, accelerates global transitions by defining a broader “vision” for the future, and addressing complex challenges.

At national level, it was also mentioned that there is a strong lack of coordination between ODA donors. Indeed, support to the private sector is not structured through a "sector" lens as done with other thematic areas of donors, implying regular exchange of information and common objectives set locally.

Roundtable discussions (two breakout groups)

Purpose: The purpose of the two discussions is to gather the views of participants on a set of specific questions and possible recommendations regarding the way forward in relation to the process to structure the dialogue with the private sector. It should build on the interactions of the two previous sessions related to private sector development and catalysing private sector engagement for development in which potentialities and risks including measures to deal with these have been discussed.

Round table 1: Structured dialogue at global and sectoral level (agriculture and agribusiness, sustainable energy, infrastructure and social sectors)
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Facilitators: Bruce Byiers Policy Officer Economic Transformation & Trade Programme, ECDPM (tbc) and Regis Meritan, Head of Sector Agricultural Growth, DGDEVCO

Stakeholder's consultations have confirmed that there is a demand from a wide range of stakeholders to become engaged on sector specific platforms always if these are rather action oriented. As such the Commission is considering more direct interaction with the private sector through sector-level dialogue mechanisms to encourage more private sector engagement and market-based solutions in sustainable agriculture and agribusiness, sustainable energy, infrastructure and social sectors. In addition (action 11 of the communication) support should also be given for the replication and scaling-up of successful inclusive business models and innovative, market-based solutions to development problems by strengthening action-oriented private sector platforms and networks that facilitate knowledge sharing, partnerships and match-making between businesses and other actors.

There was also a strong message from stakeholders towards rather reinforcing existing initiatives rather than supporting new ones. As such the Policy Forum on Development (PFD) seems to be a good candidate among existing initiative which, in addition, may benefit from further interactions with the private sector.

The Policy Forum on Development (PFD): Conceived as a trust-building mechanism, the EU Policy Forum on Development (PFD) brings together Civil Society Organisations (CSOs) and Local Authorities (LAs) from the European Union and partner countries with European Union institutions and bodies. It offers its members a high-level space to discuss, consult and exchange information and experiences, with the ultimate goal of promoting policy dialogue and enhancing mutual understanding. In addition to the EU, all four key EU cooperation regions are represented: Africa; Asia and the Pacific; the European Neighbourhood Region; and Latin America and the Caribbean. The PFD pursues 3 key objectives:

1. Dialogue on cross-cutting issues directly related to the role of CSOs and LAs as relevant development actors in their own right.
2. Policy debate, consultation and exchange of information and experiences on key EU development policies and initiatives.
3. Regular follow-up of the Structured Dialogue's recommendations, providing a room for regular update and peer review by all actors.

Members of the PFD are key civil society organisations and local authorities, which include 42 regional networks, 6 global umbrella organisations and alliances and 13 European platforms. These organisational members sit together with the representatives of EU institutions, bodies and Member States to discuss new development policies, implementation

or programming of adopted policies, and synergies amongst European and international development policy. This is a place where essential debates on the development agenda are discussed in one place with actors who are, themselves, decision-makers. In this context, the importance of bringing in depth input from PFD members and their members' constituencies cannot be underestimated. It is fundamental to the spirit and outcomes of the PFD methodology.

Questions proposed for discussions:

Q 1: Which issues of common interest could be discussed between PFD members and Private sector actors (companies) and their sectorial associations? And which issues should be rather discussed in sectorial fora? Which articulations between the PFD and sectoral processes?

Q2: In these interactions which place for individual companies particularly committed and which place for sectorial associations? – and how should/could the interactions be organized?

Q3: Which could be the expected outcomes of these interactions? Also outcomes at local and regional level?

Q4: in this process what should be the next steps?

Round table 2: Structured dialogue at local and regional level

Facilitators: Octavi de la Varga Mas, Head of the Unit Europe and International strategy, at the Province of Barcelona and DEVCO Gabin Hamann, Head of Sector PSD DG DEVCO.

Dialogue is crucial in designing public policies. For government it is a way to be more transparent, effective and efficient. There is on the other side a growing demand/interest from private sectors actors from the entire spectrum (being small or large International Corporations) in being involved in economic policy making and in particular when it comes to be able to act in a business friendly environment. Development partners are also involved in fostering this type of dialogue.

Public private dialogue is not an end itself but rather a mean to contribute to economic development, job creations Benefits in relation to PPD have however not to be overestimated and risks should not be played down (under certain conditions it can lead to rent seeking ...).

Questions proposed for discussions:

Q1: Based on your experience, which are the "minimal conditions" for effective PPD at local and regional level?

Q2: How could donors better foster inclusive PPD at local and regional level? Which specific role for EU delegation? In general, is there a need for an increased EU harmonisation agenda in this private sector development area?

Q3: How could interactions at more global level (PFD) have a positive outcome on PPD at local and regional level (and vice versa (articulation between both)?

Q4: How to promote international CSR guidelines and principles at local and regional level?

Annex

Example of an existing sector specific multi stakeholder and dialogue dynamic at local and global level which have developmental impact:

Dialogue on **Forest Law Enforcement, Governance and Trade (FLEGT)** is primarily structured at national level, through the mechanisms of the Voluntary Partnership Agreements (VPAs) being negotiated and implemented by the EU and partner countries. These VPAs are characterized by a strong participation of stakeholders, including the private sector and civil society, which are commonly associated to the VPA negotiations and participate to the meetings of the Joint Implementation Committees that oversee the implementation of these agreements. The involvement of stakeholders in these processes is led by partner countries themselves. The EU encourages multi-stakeholders participation in the VPAs, through policy dialogue with partner countries, and by providing development cooperation assistance to these stakeholders, for example to support their coordination, the production of position papers, raise their awareness on legal timber trade etc. Besides the official VPA negotiation and implementation processes at national level, the EU facilitates international level dialogue, in particular through the annual "FLEGT week", or gathering of all FLEGT related EU funded projects. Stakeholders own initiatives also contribute strongly to dialogue on FLEGT. This includes for example business to business dialogue events organised by timber industry associations, regional forums (e.g. forest governance forums in Africa), networking between civil society organisations in VPA countries to share lessons on topics such as independent monitoring etc.