

SUMMARY SIDE EVENT

Partnerships for Inclusive Business

Hosted by:

German Federal Ministry for Economic Cooperation and Development, Netherlands Ministry of Foreign Affairs, Global Compact, International Business Leaders Forum, Bertelsmann Stiftung, Partnerships Resource Centre and UNDP.

Date and Location:

30th November 2011; Side Event at the 4th High Level Forum on Aid Effectiveness, Busan, South Korea.

MODERATION

Darian Stibbe, Director, International Business Leaders Forum

OPENING SPEECH

Hans-Jürgen Beerfeltz, State Secretary, Federal Ministry for Economic Development and Cooperation, Germany (BMZ)

RECENT TRENDS IN PUBLIC PRIVATE PARTNERSHIPS FOR INCLUSIVE BUSINESS

Anna Peters, Program Manager Corporate Responsibility, Bertelsmann Foundation

Commentator: Rob van Tulder, Director Partnerships Resource Centre, Professor International Business-Society Management, Rotterdam School of Management, Erasmus University

FROM EXPERIENCE TO IMPACT – HOW TO PROMOTE PARTNERSHIPS FOR INCLUSIVE BUSINESS MORE EFFECTIVELY – DISCUSSION WITH THE PANEL AND THE AUDIENCE

Peter Bakker, President designate of the World Business Council for Sustainable Development and UN Ambassador Against Hunger

Daniel God, Founder and Managing Director of Omega Farms and Metrolux Flowers, Ethiopia

Sigrid Kaag, Assistant Secretary General and Assistant Administrator Bureau of External Relations and Advocacy, UNDP

Georg Kell, Executive Director, UN Global Compact

Vineet Rai, CEO, Aavishkaar, India

Nena Stoilkovic, Vice President, Business Advisory Services, IFC

CLOSING SPEECH AND WRAP UP

Ben Knapen, Netherlands Minister for European Affairs and International Cooperation

Meeting Summary

Over the last decade, many multilateral and bilateral donors have begun to support the development of inclusive business models: profitable core business activity that also tangibly expands opportunities for the poor and disadvantaged. These business models integrate people in poverty into value chains as suppliers, employees/distributors, or consumers (through pro-poor products) resulting in significant development benefits in addition to business benefits.

In order to discuss how to reach a far more ambitious scale of these private sector interventions in development, a side event titled 'Partnerships for Inclusive Business' was held at the 4th High Level Forum on Aid Effectiveness. The German Minister for Economic Cooperation and Development, Dirk Niebel, and the Netherlands Minister for European Affairs and International Cooperation, Ben Knapen, cordially invited to this side event.

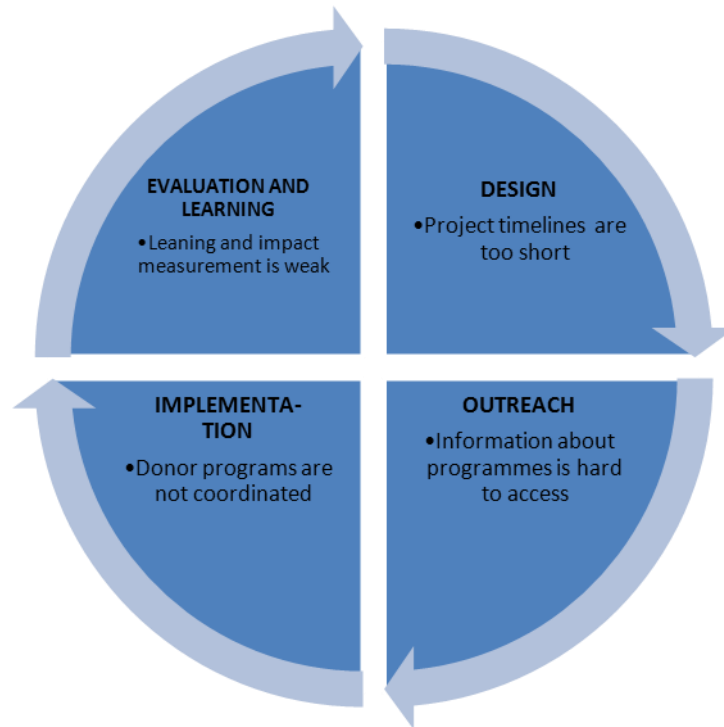
A distinguished panel of representatives from private sector, donor agencies and research institutions discussed together with 60 participants how governments, multilateral and bilateral donors most effectively inspire, promote and support inclusive business partnerships in order to have genuine, systemic impact on poverty reduction.

In his opening speech, Hans-Jürgen Beerfeltz, State Secretary of the Federal Ministry for Economic Cooperation and Development (Germany), highlighted that sustainable development and the private sector are integrated parts of development effectiveness. Based on the experience of more than 3000 partnerships with the private sector, the German government has undertaken several steps to engage more effectively with the private sector. Some examples include: a 'one-stop-shop' (developPPP) for companies which lowers the bureaucratic burdens to become engaged with the German government in PPPs; development scouts are sent to companies and the Chamber of Commerce to identify potentials for integrating CSR strategies in companies' core business; or a BoP dialogue for value chain up scaling in partner countries. The German state secretary highlighted the importance for developing a holistic approach to improve sustainable and inclusive development with the private sector as partner.



Hans-Jürgen Beerfeltz, State Secretary of the Federal Ministry for Economic Cooperation and Development of Germany

The discussion of the side event was informed by the study “Partners in Development – How can Donors Better Engage the Private Sector for Development in LDCs”¹ undertaken by Bertelsmann Foundation, UNDP and UNGC. The presentation by Anna Peters (Bertelsmann Foundation) highlighted several shortcomings of donor approaches such as:



Next to suggestions on how to improve donor approaches to engage the private sector, the study highlighted that there are certainly promising approaches in the field.

The Partnerships Resource Centre² also undertakes research related to business models for inclusive business and partnerships and their contribution to development effectiveness. Prof. Rob van Tulder

highlighted that for realizing inclusive growth advanced inclusive business models are required at corporate level. Most firms have however only recently started to actively search for inclusiveness at the strategic (core business) level. In this context, partnerships with non-market parties have become a vital prerequisite for the further development of inclusive business models.



The discussion panel

¹ http://www.bertelsmann-stiftung.de/cps/rde/xbcr/SID-E1386782-FE7C156/bst_engl/xcms_bst_dms_33924_33925_2.pdf

² <http://www.partnershipsresourcecentre.org/>

During the panel discussion the experts highlighted that the identified shortcomings are real challenges in the practice of public-private collaboration. During the panel discussion the following points have been highlighted how donors could more effectively inspire, promote and support inclusive business partnerships:

From donor perspective

- *Improve the investment climate.* Compelling advice to investments is required for enhancing social and financial sustainability.
- *Continue awareness rising.* Attract companies to invest in inclusive business models and identify potential business partners.
- *Prioritize.* Being selective through focusing on innovation. Be clear about the value proposition.
- *Coordination is required.* Aggregation of information is required, because there is an overflow on information which does not support decision-making. In addition, donors have to coordinate their activities with the private sector better.
- *Improve result measurement.* More sophisticated quantitative result measurement is required.
- *Support investments in fragile states.* Investing and fostering business opportunities in challenging context such as in fragile states.

From private sector perspective

- *Be open, clear and inclusive.* Donors need to be open for collaborating with the business sector. It remains a challenge for the business community to navigate and access donor programmes. Make it easier for businesses to understand programme requirements. This will also lower transaction costs of partnerships, in particular in the start-up phase.
- *Facilitate an enabling environment.* Support the enabling environment and institutional framework where businesses operate; this includes good governance and institutions at the local level.
- *Increase confidence in public-private partnerships.* Lessons learned of private and public sector need to be integrated in learning. This can be done by highlighting best practices. Building trust between public and private sector remains a challenge.
- *Transformational partnerships* are required for maximal impact.
- *Access to capital* is required for lower and middle segments of the sector.

Comments from the audience:

- *The role of CSOs* should not be forgotten in the discussion around inclusive business. CSOs are often recognized for their networks and their 'watchdog role'. From a CSO perspective, donor agencies should support and promote an enabling environment for working together with firms and CSOs.
 - *Importance of dialogue and active participation of private sector.* The target is to set up a dialogue between public and private sector but also at the level of the donors. This has to be done at the early stage of the policy design. At this moment the parties (donors, governments and private sector) often act apart and segregated, although all are aiming to achieve the same goal(s).
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The session was closed by Ben Knapen, Minister for European Affairs and International Cooperation of the Netherlands. He highlighted that PPPs for inclusive business are a key mechanism to address the development challenge. Development challenges can no longer be addressed by a single actor and combined resources and exchange need to be stimulated. Economic growth should work based on consensus where society at large builds long-term value. Developing inclusive business allows for fostering sustainable business and governments need to encourage business to invest in business models for inclusive business. This requires that donors rethink their traditional role. The Dutch government experiences of around 50 partnerships with the private sector (often including CSO involvement) has shown that PPPs offer untouched innovations. The role of the donor shifts towards facilitating and brokering. The Dutch government recognises these requirements and PPPs have been incorporated as cornerstone in Dutch development policy. Ben Knapen closed the side event by citing an African proverb: *"If you want to go quickly, go alone. If you want to go far, go together."*



Ben Knapen, Minister for European Affairs and International cooperation of the Netherlands