The quality of public-private dialogue and private sector engagement in a COVID-19 world

Drivers of results and guiding questions for self-reflection for stakeholders to take action on Global Partnership monitoring results on the quality of public-private dialogue (Indicator 3)
How can reflection on your monitoring results help to translate evidence into action?

The monitoring exercise of the Global Partnership for Effective Development Co-operation (Global Partnership) provides evidence on progress in implementing effective development co-operation commitments; supports mutual accountability among all development partners; tracks country-level progress in implementing the four internationally-agreed effective development co-operation principles and informs the SDG processes.

As recognised in the 2020-2022 Global Partnership Work Programme, achieving the Sustainable Development Goals, amidst the COVID-19 crisis, will require a global response guided by effective co-operation and partnerships. Improving how we partner and work together and taking data-driven action on the basis of the monitoring evidence is vital to inform global recovery and to reach those most in need.

Several Global Partnership stakeholders have been reflecting and acting on their monitoring results. In order to strengthen and support these ongoing efforts, stakeholders have access to Tools to guide self-reflection and subsequent action on monitoring results most relevant to them. This self-reflection guide for stakeholders of Indicator 3 (quality of public-private dialogue) on the monitoring exercise is a key component of these tools. This guide also provides examples of how PPD has been a key part of the response to the COVID-19 crisis and illustrates the role effective public-private dialogue (PPD) can play as part of the toolbox of development actors to engage the private sector for sustainable development. Furthermore, to ensure that country-level action is informed by the most pressing issues concerning the effectiveness of development co-operation in individual country contexts, stakeholders can participate in the Action Dialogues (2021). These multi-stakeholder dialogues will be led by partner countries at the country-level in collaboration with their stakeholders and partners. The Action Dialogues aim to stimulate in-country reflection and dialogue on key effectiveness challenges and facilitate concrete action on monitoring evidence, and encourage behaviour change. Participation in previous monitoring rounds is not a pre-requisite for participation in these multi-stakeholder dialogue initiatives.

The reform of the monitoring exercise is currently underway. A new monitoring proposal will be submitted for endorsement at HLM3 in 2022. Action on results and multi-stakeholder dialogues during this reform will enable engaged stakeholders to inform how the future monitoring exercise could produce results that are more actionable.

Facilitating the use of monitoring results also provides an opportunity for renewed focus on the ‘unfinished business’ of the effectiveness agenda. Dedicated efforts to address monitoring evidence in a particular country or context may offer an updated perspective on which aspects remain most relevant.

What support from the Joint Support Team?

The Joint Support Team (JST) of the Global Partnership can provide support to stakeholders in using the Tools and in exploring the Country-level Action through Dialogues initiatives. All stakeholders are encouraged to approach the Joint Support Team Helpdesk Support for such assistance.

The JST can also assist with packaging monitoring results for consultations, multi-stakeholder and constituency-based dialogues, reports, international fora and events.

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Note: The term ‘unfinished business’ is generally used to refer to those indicators in the current monitoring framework which refer to commitments made prior to the 4th High Level Forum on Aid Effectiveness in 2011.
What action has already been taken on your results?

To facilitate peer learning and exchange of good practices across stakeholders and countries, the JST would appreciate notification of ongoing or planned efforts that reflect on and take action on monitoring results (e.g. past or planned workshops or dialogue events, commissioned reports on results, internal analysis and reflections, initiatives to disseminate results). This includes dialogue on monitoring results that takes place in formal structures, such as national high-level dialogues or donor co-ordination platforms. Please let us know by writing to us at monitoring@effectivecooperation.org.

1. Effective engagement between the public and private sectors

*Introducing Indicator 3: Measuring the quality of public-private dialogue*

**Box 1: Why is Public-Private Dialogue (PPD) important?**

The 2030 Agenda acknowledges the important role of a diverse private sector in the achievement of sustainable development and “calls on all businesses to apply their creativity and innovation to solving sustainable development challenges”. Maximising the private sector’s financial and non-financial contributions to sustainable development requires constructive engagement between the public and private sectors, as well as with civil society actors. Effective PPD is recognised as a precondition for enhanced collaboration between public and private actors.

Mindful of the importance of public-private dialogue (PPD), the Global Partnership’s monitoring exercise provides distinctive evidence of areas where PPD in partner countries work well and where it can be improved, with a view of assisting public and private sector actors to improve the quality of PPD in partner countries. The diversity of the private sector, shifting political dynamics around public-private collaboration at country level and constrained funds to organise private-public exchanges are some of the challenges for putting in place inclusive and effective dialogues between public and private sector representatives. This also relates to the need for long-term support to create an environment of mutual trust between parties, a willingness by them to engage in inclusive dialogue and to initiate policies and practices that lead to results based on the outcomes of such dialogues. This document provides guidance to public and private actors involved in private sector engagement at country level on the interpretation of 2018 monitoring results, so that actions contributing to higher quality PPD can be identified and implemented.

Specifically, this document:

1) Points out key features of Indicator 3 for stakeholders to better understand the evidence it produces;
2) Poses questions for self-reflection to foster mutual learning and improve policy and practice;
3) Provides examples of effective PPD at country level in different contexts;
4) Outlines how PPD can play an instrumental role as part of the toolbox development actors use to engage the private sector for sustainable development, including as part of the COVID-19 response; and
5) Highlights how a new normative framework for private sector partnerships at the country level, the Kampala Principles, can help improve and adapt private sector engagement through development co-operation to new realities, especially in the COVID-19 context, where innovative public-private dialogue is an important lever of change and action.
Towards effective private sector engagement through development co-operation

Private Sector Engagement (PSE) in development co-operation refers to a wide range of activities of development actors that aim to engage the diverse private sector in donor and partner countries for development results. PPD is one critical component within the broader umbrella of PSE modalities and takes shape in various forms, either through formal platforms or informal events, at national or subnational levels, country wide or sector-specific, permanent or temporary.

PPD considers specific “quality” benchmarks for dialogue between public and private sector actors to build trust, bridge gaps and lay the foundation for joint problem analysis and identification of policies and institutional reforms that contribute to a more conducive environment for private sector development. This is an essential ingredient to deliver the 2030 Agenda, which is people-centred and depends on a “whole of society” approach to sustainable development.

Dialogue for action

Readers of this document are encouraged to reflect on monitoring results specific to their own country context and to use the self-assessment questions to formulate actions based on emerging insights. Based on this, stakeholders can use current monitoring evidence to inform existing or foster new PPD initiatives, such as working groups, tailored platforms and national long-term plans on PPD, in order to deepen their analysis of monitoring results and use the findings to foster a common understanding of how to improve PPD in their own country context.

2. The quality of public-private dialogue: Drivers of change for self-reflection

Indicator 3: The quality of public-private dialogue: a consensus-oriented multi-stakeholder process

2.1 Context of public-private dialogue monitoring

The Busan commitments in 2011 marked an important turning point from the aid effectiveness agenda that was predominantly focused on the role of official development assistance (ODA) to one which centrally recognised other forms of co-operation more and the effectiveness of partnerships and actors associated with them. By measuring the quality of PPD in partner countries, the monitoring framework enables partners to jointly shape an operating environment in which effective PPD can help governments and the private sector improve their collaboration towards greater inclusive growth and sustainable development. Specifically, Indicator 3 of the monitoring framework helps partner country governments and their partners assess the quality of PPD in their country, by looking at the enablers for such dialogue: the inclusiveness and relevance of these processes, and their effectiveness towards creating more joint action.

2.2 Construction of Indicator 3

Indicator 3 is structured around two thematic modules, which are described below.

Module 1: Identifying recent public-private dialogue experiences and the issue-areas addressed

This module invites participants to identify thematic areas that have been addressed at the country level as part of PPD initiatives over the last three years. Examples of thematic areas include gender equality, industrialisation, innovation for entrepreneurship, domestic taxes and workplace safety. The purpose of this module is to provide a country-specific overview of recent PPD experiences, forming

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2 Such modalities can include: finance and other instruments such as guarantees, policy dialogue, technical assistance, capacity development, knowledge sharing and research.

3 Herzberg & Wright (2005), Competitiveness Partnerships: Building and Maintaining Public-Private Dialogue to Improve the Investment Climate.
the basis of module 2 (see below), which looks at the quality of those experiences.

**Module 2: Identifying the quality of recent public-private dialogue experiences**

Data collection on the quality elements that the indicator measures (see figure 1 below) is encouraged to take place through a multi-stakeholder dialogue at country level, and will include a representative from the participating national government, as well as a focal point from a large firm, a small or medium sized enterprise (SME) and from trade unions. The diversity of these representatives help ensure a rounded view of the quality of PPD in the country. Furthermore, it is a goal in itself to have diverse actors engage in a multi-stakeholder dialogue and jointly report on the quality of PPD, enabling simpler facilitation of such dialogues even after outside the monitoring exercise.

*Figure 1: Building blocks and quality elements*

<table>
<thead>
<tr>
<th>Building block</th>
<th>Quality element</th>
<th>Description</th>
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<tbody>
<tr>
<td>Enabling context</td>
<td>Mutual trust</td>
<td>The level of trust and willingness from the public and private sector to</td>
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<tr>
<td></td>
<td></td>
<td>engage with one another: When high, eagerness to engage is backed by high-level support and buy-in.</td>
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<tr>
<td></td>
<td>Readiness</td>
<td>The extent to which public and private actors are able and ready to engage with one another: When high, both sides have the capacity to engage and are internally co-ordinated, including by having so-called champions or established engagement mechanisms.</td>
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<tr>
<td>Meaningful dialogue</td>
<td>Relevance</td>
<td>The extent to which existing dialogue addresses issues of concern to both sides: When high, the dialogue agenda is mutually agreed.</td>
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<tr>
<td></td>
<td>Inclusiveness</td>
<td>The level of inclusiveness of participation in public-private dialogue: When high, dialogue engages all relevant actors from both sectors, including the full diversity of private sector stakeholders.</td>
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<tr>
<td>Effective engagement</td>
<td>Organisational</td>
<td>The extent to which existing public-private dialogue arrangements are organised to achieve results: When high, dialogue is structured, regular and geared towards achieving concrete results.</td>
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<td></td>
<td>effectiveness</td>
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<td></td>
<td>Joint action</td>
<td>The extent to which existing public-private dialogue initiatives increase collaboration: When high, joint action between public and private stakeholders increases.</td>
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Box 2: Relationship and connection between the different quality elements

Trust is a critical pre-condition, readiness, inclusiveness and relevance are associated with PPD that delivers better results and leads to joint action. The six assessed quality elements of PPD are mutually dependent. The data and results from the 2018 Monitoring Round indicate that for all stakeholders, trust is a critical pre-condition of an enabling context for effective dialogue. While higher levels of readiness to engage with one another, as well as inclusiveness and relevance of dialogue are also associated with PPD that delivers on better organizational effectiveness and joint action. However, these relationships vary considerably depending on the stakeholder group and as depicted by the width of the arrows in figure 2 below.

For **governments**, higher scores in readiness and inclusiveness are strongly related to better **outcomes** in terms of organizational effectiveness and joint action.

In the case of **large private sector enterprises**, **relevance is the predominant predictor** that can be positively associated to better outcomes.

For **SMEs**, high scores in readiness and inclusiveness predict high scores on organizational **effectiveness and joint action** much better than relevance.

**Relevance is the predominantly important factor for trade unions** while readiness and inclusiveness are very weak predictors of result variables.

*Figure 2: Relationship between quality elements for different stakeholders*

*Source: Authors based on 2018 GPEDC monitoring results*

*Note: Arrow-width corresponds proportionally to the degree to which any of the three enabling elements (relevance, readiness and inclusiveness) is associated*
2.3 Global findings: The quality of public-private dialogue

In the 2018 monitoring round, 47 of the 86 participating partner countries reported on Indicator 3. Figure 2 below illustrates the stakeholder composition across the countries that participated in assessing the quality of PPD. Only in 42 of those countries were the responses complemented by at least one private sector point of view.

![Figure 3: Number of stakeholders that participated in assessing the quality of public-private dialogue](image)

**Figure 3:** Number of stakeholders that participated in assessing the quality of public-private dialogue


Diverging views on the quality of PPD

Through the monitoring exercise the divergence in stakeholder views on PPD across the six quality elements measured in module 2 (as visualized in figure 1 above) emerged. As shown in Figure 4, the views of partner country governments and the private sector differ, with partner country governments rating the quality of PPD consistently higher across all criteria. There is consensus, however, among partner country governments and the private sector (large firms, small and medium-sized enterprises, and trade unions) that mutual trust and willingness to engage in policy dialogue exist. Furthermore, all stakeholders reported limited capacity to engage. The most significant divergence between views is on the inclusiveness of PPD. This signifies challenges in how governments are implementing and convening PPD.

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4 Across all six elements, governments rate PPD quality at an average score of 64, compared to an average score of 51 amongst the private sector.
Figure 4: Stakeholders view the quality of in-country public-private dialogue differently

2.4 How are PPD results reported in the Partner Country Data Tool? 
In the Partner Country Data Profile Tool, results of Indicator 3 are provided for the three building blocks and six quality elements: mutual trust, readiness, inclusiveness, relevance, organizational effectiveness and joint action, as visualized in Figure 1. Each of these quality elements’ results are clustered in one of the following four qualitative levels, reflecting levels of quality of PPD from lower to higher:

- Weak
- Emerging
- Consolidating
- Effective


The Partner Country [PC] Data Profile Tool generates an individual data profile on Indicator 3 results and allows for comparison with global averages. Additional information on private sector-related results of other indicators can also be provided on request, to inform dialogue at country level. These include: the assessment of whether partner country governments are engaging and consulting with national stakeholders when designing national development strategies, including with the private sector (Indicator 1b); the extent to which the private sector has been involved in mutual assessments for development co-operation (Indicator 7, 1a on private sector participation in development partners’ country strategies and whether private sector is implementing projects (Indicator 1b). Contact the Joint Support Team [monitoring@effectivecooperation.org] to receive a country-specific results profile which includes results on these sub-elements related to private sector of monitoring indicators beyond Indicator 3.
This rating can be found in the Partner Country Tool for each of the quality elements, provided by each stakeholder group. For instance, one can identify under which of the six quality elements presents the largest gaps in perception of PPD between stakeholders. This rating can be found for all countries that reported on Indicator 3.

In addition to the information included in the Partner Country Data Profile Tool and with a view to contextualizing the below questions, it is recommended to also consult the country’s final (Excel) monitoring data sheet for Indicator 3. There, one can find results for each quality element on areas where further attention will be needed. Furthermore, the comment section might also provide further information on priority areas for taking action to improve PPD quality.

**Questions for self-assessment**

Public and private actors at the country level are encouraged to use the below Indicator-related self-assessment questions, in conjunction with the above-mentioned online Partner Country Data Profile Tool, to reflect on country specific results and formulate actions on more effective PPD.

**Module 1: Focus/potential topics of public-private dialogue in the country**

1.1 How does PPD usually take place in your country – e.g. through formal platforms or informal events, at national or subnational level, country-wide or sector-specific, permanent/regularly or temporary/ad hoc?

1.2 How and by whom are the topics for PPD decided? Who usually invites or convenes a PPD? How does this influence the dynamics and the agenda setting?

1.3 Have there been topic areas, linked to SDGs for which public-private collaboration is critical, that have not been addressed in PPD in the country? If so, why, what are the hurdles and how could those be overcome?

1.4 Have results from the 2018 monitoring round on PPD been discussed on national or local dialogue platforms where private and public actors meet (including those hosted by partner country governments or the private sector itself)? If not, why not?

**Module 2: Quality of public-private dialogue**

The below are questions that reflect on each of the three building blocks and the related quality elements of PPD (compare figure 1 above). Areas where the Partner Country Data Profile Tool show a particularly stark difference between the quality assessment of different stakeholders, should be given priority. A comparison with the global results and trends (see section 2.3 above) can also provide useful insights – e.g. in which areas are the quality of PPD scored higher/lower in your country, compared with the global average/trend? What could be the reasons and/ success factors etc.

**Enabling context for public private dialogue**

2.1 Which stakeholder group reports (according to the data) the weakest level of trust and willingness to engage in effective PPD? What type of advocacy and outreach campaigns are needed to bring these stakeholders on board? What are concrete measures to improve the overall level of mutual

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6 Governments, large firms, SMEs and trade unions

7 Contact the Joint Support Team to request the Excel sheet: monitoring@effectivecooperation.org
trust across *all* stakeholders?

2.2 What are the most controversial issues or prevalent conflicts and dynamics that currently undermine trust? How can those be addressed and overcome? Is there a code of conduct, action plan, or conflict resolution mechanism in place? Is there a role for development partners to play in this (e.g. as broker or convener)?

2.3 In many instances the response to COVID-19 has brought together the public and private sector and heightened the need for effective PPD and coordination (see section 3 below). How can this situation be leveraged to build stronger ties between the two sectors and foster mutual trust in the long term – e.g. how can temporary engagement mechanisms be institutionalized and broadened beyond the direct and immediate response to the pandemic?

2.4 What is needed to strengthen the capacity and readiness of all public and private actors at all levels to engage in effective PPD? Where are the biggest gaps and how can they be addressed? What resources could be mobilized for capacity development? Is there a role for development partners in this?

**Broad-based, relevant public-private dialogue**

2.5 How can it be ensured that the agenda and topics for PPD are mutually agreed, addressing issues of concern to both the public and the private sector? What mechanisms are in place to identify and prioritize dialogue topics of mutual interest? Could stronger feedback loops improve these mechanisms and make them more responsive to new topics, especially in times of COVID-19, when the latter emerge and change more rapidly? What role could development partners play that support PPD at the country level?

2.6 How inclusive is the participation in PPD? What proactive measures could be taken to ensure that all relevant voices are heard and engaged, including from MSMEs who, as global monitoring data shows, often feel underrepresented or excluded? How do dialogue formats have to adjust to become more inclusive?

**Effective engagement and achieving results**

2.7 What is needed to ensure PPD is geared towards achieving concrete results and shaping public policies? Is PPD linked to actual policy decision points? Are the recommendations coming out of PPD of sufficient quality?

2.8 What concrete results and joint actions result from PPD in your country? Is there a mechanism to follow through on implementation of agreements reached through PPD? Are concrete results and joint action monitored? Are such assessments inclusive of all relevant stakeholders? Are the findings and lessons learned used in efforts to improve the quality of PPD?

2.9 What is needed to ensure that PPD in the country is structured and institutionalized in a way that is conducive to achieving results and increased joined collaboration? Is PPD directly linked to the national SDG agenda and the achievement of national priorities?
3. Effective public-private dialogue and private sector engagement: What is next and how can you engage?

Focusing on the quality of PPD is also very relevant in light of the economic consequences of the COVID-19 crisis. Private sector engagement will remain an important catalyst for sustainable and effective development co-operation at the country level throughout and after the crisis. This section provides examples of how PPD has been a key part of the response to the COVID-19 crisis and illustrates the role effective PPD can play as part of the toolbox of development actors to engage the private sector for sustainable development.

3.1. Public-private dialogue in times of COVID-19

Public-private dialogue has continued — and at times intensified — during the COVID-19 pandemic, mostly using virtual formats, as a means to respond to the crisis as well as to continue reforms to the business environment and accelerate economic recovery. This section provides examples of the role PPD plays today and how it adapts to changing demand and conditions.

3.1.1. Pandemic crisis response

The pandemic created strong incentives for dialogue to mitigate the impact of the virus and to mitigate the effects of controls on economic activity (see box 3). In various countries, stimulus packages, tax breaks, access to finance, and testing for COVID-19 have been the subject of dialogue.

Box 3: Examples of public private dialogue as part of countries’ COVID-19 response

The Kenya Private Sector Alliance set up a COVID-19 Action Platform made up of leaders of key elements of the private sector. The private sector met a section of the Cabinet Secretaries led by the National Treasury and presented an Economic Management Framework for COVID-19 Response. This Action Platform is an example of how PPD can be facilitated, ensuring both high inclusiveness of private and public sector actors and forging joint action between the parties involved.

In Kenya several agreed measures were later presented to the President during the 11th Presidential Roundtable where further directives were given for implementation across various arms of government. The President committed to working with the private sector to mitigate the impact of COVID-19 on businesses and the economy.

A provincial Advocacy Task Force in Nangarhar, Afghanistan, contacted the Director of the Customs Department regarding perishable goods stopped at the border from Pakistan into Afghanistan due to COVID. Private sector advocacy played a role in reopening two border crossings—at Torkham and Chaman. The reopening of the Torkham border in June facilitated the passage of 1,400 trucks daily and benefited over 10,000 Afghan businesses. This not only allowed critical supplies to make it into the country but helps to stabilize the price of food items and discourage hoarding. The contact between this Advocacy Task Force and the Customs Department in Afghanistan is a good example of how public and private actors can find solutions to emerging critical needs by engaging in dialogue.

The Georgian Farmers Association (GFA), alongside the Georgian Distribution Business Association (GDBA) and nine other associations, worked to ease government restrictions on when agricultural workers could travel to farms. GDBA also successfully advocated new measures to prevent price gouging on nine essential food products in supermarkets. This example shows how PPD can help limit the adverse effects of the virus on the economy, for the benefit of citizens, ensuring job security and limiting excessive price growth in times where many people are facing lower purchasing power.
Apart from responding to urgent needs in the crisis, dialogue has encouraged fundamental reforms and new sectors—especially digital solutions for recovery. Many reforms that were proposed before the onset of the pandemic are just as needed now (see box 4).

All of these country-specific examples highlight how PPD can lead to action for better outcomes and mitigate the impact of the virus during the COVID-19 crisis.

**Source:** Public-Private Dialogue during COVID-19, Kim Bettcher, Center for International Private Enterprise

### 3.1.2. Business environment reform and priorities for recovery

Apart from responding to urgent needs in the crisis, dialogue has encouraged fundamental reforms and new sectors—especially digital solutions for recovery. Many reforms that were proposed before the onset of the pandemic are just as needed now (see box 4).

#### Box 4. Examples of PPD related to business environment and economic reform

The **Egyptian** Junior Business Association (EJB) revived its National Business Agenda to address business resilience in the current crisis. It held a series of webinars: to ensure that implementation of Egypt’s new SME law benefits SMEs as intended; to address the legislative framework for digital transformation and digital infrastructure; and to address access to finance for SMEs. Long-term issues such as access to finance and digital transformation have become only more urgent because of the crisis.

In **Ethiopia**, the Young Entrepreneurs Forum (YEF) provides a platform to young business leaders to discuss economic policy with government representatives. Topics of the first meeting included: the impact of the digital transformation strategy (DTS) on agriculture, manufacturing, services and tourism sectors; the need to create a conducive environment for human-centered product development; and the benefit of a literacy campaign and educational curriculums around the DTS. Panellists also discussed the recent electronic transaction law related to digital finance services. Panellists included the Director for Programs at the Ministry of Information & Technology and the Principal of Payment System Oversight and Development at the National Bank of Ethiopia.

The **Gambian** Chamber of Commerce and Industry (GCCI) coordinated a meeting of the country’s National Business Council attended by the Vice President of the Gambia, several government ministers, and representatives from the Gambian business community. At the meeting, GCCI highlighted the private sector response to COVID-19 in the Gambia, including funds raised and medical facilities built. The meeting also covered the Gambia’s ongoing goals for economic reform and the next steps required to achieve them. The NBC was established in partnership with GCCI and the Center for International Private Enterprise (CIPE) in 2017 and meets regularly.

The **Iraq** Institute for Economic Reform (IIER) facilitated a virtual PPD session entitled “Maximizing Revenues through Taxes and Custom Tariffs.” The session included two members of the parliamentary financial committee, in addition to former heads of the customs and tax agencies, academics and civic activists. IIER presented proposed policy recommendations to improve the taxation and custom agencies in Iraq and invited feedback from participants. Among the policy recommendations were ideas to improve the business environment, increase tax and custom revenues, improve governance structures to reduce corruption and enhance collection capacity, and provide incentives for the informal sector to formalize.
3.1.3. Adaptations in dialogue
Across the board, PPD sessions have made use of different formats, including virtual and personal exchanges. The agenda setting has been characterised by increased flexibility to accommodate changing demands and new realities. Example: In Ukraine, businesses used all channels for communication, including an online conference using Zoom, personal connections with the authorities, and official mailing services to harness all avenues for facilitating dialogue.

As the business community has engaged in PPD in many countries, it has done so as part of its direct involvement in other measures to respond to the COVID-19 pandemic, notably humanitarian relief, information provision, and services to help businesses adapt. Example: Associations and companies have been distributing food, masks, protective equipment, and cleaning products on a significant scale.

Amid widespread uncertainty and disruption, surveys have also become increasingly common. Example: The Kenya National Chamber of Commerce and Industry (KNCCI) is surveying the impact of COVID-19 on SMEs.

Chambers of commerce and business associations in some cases have rapidly turned around COVID-19 response policy recommendations. Although negatively impacting themselves as business reels from simultaneous shocks to supply, demand, and health, associations have shown that they can provide value to business at this time. Quote: “Associations are made for times like these.” (Kateryna Glazkova, Executive Director, Union of Ukrainian Entrepreneurs).

Governments have continued to pass reforms that flow from past PPD. Example: On 20 July 2020, the Egyptian Parliament approved a draft law submitted by the Central Bank of Egypt, which incorporated recommendations on transition to a cashless economy, that had been developed by the Federation of Egyptian Industries and the Federation of Egyptian Banks.

3.2. Private Sector Engagement in a COVID-19 World
The COVID-19 pandemic calls for two types of response from development co-operation: helping to stop the spread of the virus, and mitigating the impact of the economic, social and health crises in partner countries, especially on the most vulnerable populations. Development partners have begun to respond by boosting their private sector engagement (PSE) programmes. By focusing on financing measures that scale efforts to ensure partner countries can design and implement support
programmes for local businesses, strengthen their resilience, support critical sectors, such as health care, and avoid disruption of ongoing investment climate reforms that can help cope with the impact of COVID-19 but also other future crises.\(^8\)

**Private sector engagement (PSE) is key for the COVID-19 response, but donor approaches differ.** PSE refers to a wide range of activities that aim to engage the private sector for development results, which involves the active participation of the private sector.\(^9\) This includes activities that can occur in any sector or area, through four approaches–private sector development, responsible business conduct, mobilisation of additional private finance for development and private sector partnerships. Donors also use a diverse set of PSE modalities and mechanisms, including finance, policy dialogue, but also advocacy, knowledge and information sharing, technical assistance and capacity building efforts.

**PPD remains at the heart of effective private sector engagement.** Many development partners invest in the relationships between public administrations and private sector platforms, by supporting effective and innovative dialogue structures in-country, as part of their PSE efforts. The quality of PPD continues to be considered relevant by many actors,\(^10\) and, as such, monitoring progress under Indicator 3 will be critical—with some room for improvement.

**To deliver results at country level together, all partners must align interests and agree on shared benefits.** Time and again, policy dialogue has shown the diverging views of governments, civil society and the private sector itself on their role in development. The GPEDC’s Nairobi High-Level Meeting in 2016 concluded that business and development co-operation must have shared benefit. Recognising the different incentives and motivations of the private sector and development co-operation actors and in anticipation of greater collaboration to deliver benefits for both. An alignment of interest can exist:

- Where investments in profitable entrepreneurial activity provide markets, employment, production inputs, services and goods, which improve the lives and livelihoods of those at the risk of being left furthest behind (through private sector development); and

- Where private sector entities are tasked with delivering key economic or social infrastructure or services providing both profits for entrepreneurs/investors and development benefits for citizens and society (‘global public goods’).

**Tracking progress against a varied set of PSE dimensions can be a powerful incentive for aligning interests and devising a shared agenda of public and private partners in development.** Consultations in 2018 have shown support for a broadened focus in the GPEDC monitoring on looking at progress against commitments made by stakeholders related to private sector engagement in the Nairobi Outcome Document. Questions related to the impact across value chains to compliance with environmental, social and governance standards and the impact of blended finance, among others. The Kampala Principles provide a selection of effectiveness issues for private sector partnerships that present a solid basis for further work on priority areas to inform the ongoing GPEDC monitoring reform. Special emphasis can be placed on the commitments of all stakeholders, including development partners, which were not part of the target group of Indicator 3 on the quality of public-private dialogue, where only governments, businesses and trade unions have responded.


\(^10\) See link for more information: https://www.effectivecooperation.org/system/files/2020-06/Online%20consultation%20key%20messages%20-%20one%20pager%20-%20FINAL.pdf
Donors’ responses to improve and adapt their private sector engagement must be underpinned by appropriate norms and standards, especially at country level, where new demands arise in the context of COVID-19:

✓ The Kampala Principles provide new normative guidance for private sector partnerships at the country level (see Annex 1). Building on GPEDC research conducted after the Nairobi High-Level Meeting to address some of the stakeholder concerns in 2017-2018,11 and extensive consultations and dialogue with all stakeholders, including a newly set-up Business Leaders Caucus, the Kampala Principles on Effective Private Sector Engagement in Development Co-operation have been launched at the GPEDC’s Senior Level Meeting in 2019. The Principles cover all modalities and mechanisms, are for voluntary use by all stakeholder groups, and focus specifically on country-level implementation of private sector partnerships. At a time when the role of the private sector in development remains critical to reach the SDGs, and greater common understanding of its diverse avenues and shared benefits with public actors is in flux, the Kampala Principles will be vital to ensure private sector partnerships are using international public resources in ways that maximise the development results for those most in need.

✓ The community of development partners engaged in unlocking private finance for sustainable development, including through Development Finance Institutions (DFI), DAC members’ ‘private sector arm’, is also governed by a range of international standards, including the OECD’s Blended Finance Principles and the UN guiding principles on business and human rights.

All interested public, private and civil society actors are invited to join the work of the Global Partnership in improving the effectiveness of private sector partnerships at the country level. For more information, please contact: info@effectivecooperation.org.

11 Research from over 900 PSE projects confirmed a general lack of engagement of partner country governments and stakeholders; explicit reference to target groups; lack of safeguards on the use of public resources; insufficient attention to concrete results and outcomes for the benefit of those furthest behind; and limited transparency, accountability and evaluation of PSE projects.
Annex 1: The Kampala Principles on effective private sector engagement in development co-operation

Based on inclusive consultations, the five principles provide new normative guidance for private sector partnerships. They:

- Build upon and complement the Busan principles for effective development co-operation
- Address key challenges and opportunities presented by PSE in development co-operation
- Recognise the heterogeneity and diversity of the private sector
- Are geared towards supporting national and global sustainable development priorities, including the 2030 Agenda and the spirit of helping those furthest behind
- Are suggested for voluntary use by the diverse range of development co-operation and private sector actors engaged in country-level partnerships


