Implementing the Kampala Principles in Business Practices and Development Cooperation Multi-Stakeholder Partnerships

Kampala Principles Implementation Guidance Note for the Private Sector

One United Nations Plaza, NEW YORK, NY10017, USA

About UNDP:

UNDP is the leading United Nations organization fighting to end the injustice of poverty, inequality, and climate change. Working with our broad network of experts and partners in 170 countries, we help nations to build integrated, lasting solutions for people and planet. Learn more at undp.org or follow at @UNDP.

About Business Call to Action:

Launched at the United Nations in 2008, Business Call to Action (BCtA) is UNDP's global inclusive business platform advancing core business solutions for development. BCtA recognizes and advances inclusive businesses with a clear commitment to benefiting people in low and middle-income markets while advancing the Sustainable Development Goals. BCtA is supported by the Swedish International Development Cooperation Agency, the Dutch Ministry of Foreign Affairs, the Swiss Agency for Development and Cooperation and the Arab Gulf Programme for Development.

Cover photo: Supracafe

Contents

Acknowledgements

This guidance note was produced by the Business Call to Action (BCtA) in the context of a joint collaboration with the Global Partnership for Effective Development Cooperation (GPEDC) UNDP-OECD Joint Support Team.

We are also grateful for the invaluable contributions from the German Federal Ministry for Economic Cooperation and Development (BMZ), GPEDC, UNDP, OECD, Business Leaders Caucus (BLC), and BCtA member companies, as well as other contributing organisations who have participated in the Action Dialogues and Community of Practice sessions. We acknowledge the following individuals who took the time to share their experiences implementing the Kampala Principles for effective development co-operation multi-stakeholder partnerships and for contributing to the development of this report.

Agencia Española de Cooperación Internacional para el Desarrollo (AECID)

Vicente Ortega Cámara – *General Coordinator of the Spanish Cooperation in Colombia*

Agencia Presidencial de Cooperación Internacional (APC)

Viviana Manrique – *General Director*

Bavaria AB-InBev

Alejandra Escobar – *Director of Governance and Sustainability*

Bive

Daniela Castaño – *Former CEO*

Carvajal

Marcela Astudillo – *CEO*

Centre for International Private Enterprise (CIPE)

Kim Bettcher – *Director of Policy & Program Learning*

ClickMedix

Ting Shih – *Founder & CEO*

Confédération des Entreprises Citoyennes de Tunisie (CONECT)

Tarak Chérif – *President*

Crepes & Waffles

Marcela Arango – *Head of Sustainable Food Sourcing*

Délégation de l'Union Européenne en Tunisie

Marco Stella – *Chef de Section Développement Économique*

Digital Opportunity Trust

Janet Longmore – *CEO & Founder*

eKutir

Suvankar Mishra – *Co-founder & CIO*

Equator Kenya Ltd.

Almut van Casteren – *CEO & Co-founder*

Indonesia Global Compact Network (IGCN)

Yaya W. Junardy – *President*

Indonesian Chamber of Commerce & Industry

Maria Dian Nurani – *Vice Head of Social Responsibility Permanent Committee*

Institut arabe des chefs d'entreprises (IACE)

Majdi Hassen – *CEO*

MasterCard

Anand Menon – *Vice President*

Ministry for Economic Cooperation and Development (BMZ) – Germany

Sarah Neumann – *Senior Policy Officer*
Theres Klühs – *Senior Policy Officer*
Uta Böllhoff – *Former Director*

Ministry of International Co-operation – Egypt

Randa Hamza – *Assistant Minister*

Ministry of National Development Planning (BAPPENAS) – Indonesia

Priyanto Rohmatullah – *Coordinator of Global Development Cooperation*

OECD

Gregory De Paepe – *Policy Analyst*
Rafael Duque Figueira – *Policy Analyst*
Sebastian Meyer – *Junior Policy Analyst*
Thomas Boehler – *Policy Analyst*

Open Start-up Tunisia (OST)

Houda Ghozzi – *CEO & Co-founder*

Pacto Global Colombia

Mauricio López González – *Executive Director*

SAP

Emmanuel Lempert – *Vice President for France, Middle East and Africa, Global Government Affairs*
Michael Pittelkow – *Senior Government Affairs Specialist*

Trade Facilitation Office (TFO) – Canada

Steve Tipman – *President & CEO*

Transform Future Consulting

Roopali Mehra – *CEO & Founder*

Tunis Stock Exchange

Bilel Sahnoun – *CEO*

UNDP

Alejandro Pacheco – *Deputy Resident Representative*
Asma Khouja – *Team Leader Inclusive Growth and Human Development*
Chloe Guerrini – *Junior Coordinator*
Danya Wulandari Joedo – *ACHIEVE Project Assistant*
Dien Dewi – *SDG Academy, Project Associate*
Erika Damayanti – *SDG Academy Junior Project Clerk*
Eshan Gupta – *Inclusive Innovation Intern*
Eugena Song – *Deputy Resident Representative*
Gusnar Nurdin – *SDG Academy Project Associate*
Javier Ignacio – *Programme Specialist*
Jonas Deusch – *Former Programme Specialist*
Juan David Ordoñez – *Programme Advisor*
Lina Fernandez – *Private Sector Director*
Luciana Trindade de Aguiar – *Programme Manager*
Luisa Bernal – *Policy Specialist*
Manuel Simon – *Former Carlo Schmid Fellow*
Mariana Sarmento – *Junior Innovation Analyst*
Mery Cardena – *Communications Specialist*
Michael Salcor – *Communications Intern*
Norimasa Shimomura – *Resident Representative*
Pedro Cortez – *Inclusive Innovation Programme Analyst*
Sagita Adesywi – *Business and Human Rights Specialist*
Sara Faruqi – *Former Communications Specialist*
Sara Ferrer – *Resident Representative*
Silvia Rosero – *GPEDC Intern*
Siprianus Bate-Soro – *Assistant Resident Representative / Head of Democratic Governance and Poverty Reduction Unit*
Yuko Suzuki – *Policy Advisor*
Yuliasri Perdani – *Former SDG Academy Communications Assistant*
Yumna Rathore – *Communications Specialist*
Yoshinori Asada – *Policy Analyst*

WeCode Land

Wala Kamsi – *CEO*

YAKKUM Rehabilitation Centre

Rita Triharyani – *Head of Inclusive Training Center*

List of Abbreviations

BCtA	Business Call to Action
BLC	Business Leaders Caucus
BMZ	German Federal Ministry for Economic Cooperation and Development
BoP	Base-of-the-economic Pyramid
CoP	Community of Practice
GPEDC	Global Partnership for Effective Development Cooperation
JST	OECD-UNDP Joint Support Team
MSME	Micro, Small, and Medium Enterprises
Note	Guidance Note
OECD	Organisation for Economic Co-operation and Development
UNDP	United Nations Development Programme
Principles	Kampala Principles
PSE	Private Sector Engagement

Key Terms and Definitions

Please refer to page 45 to read the definitions of the key terms used throughout the Guidance Note.

Foreword

Dr. Ariane Hildebrandt
Director-General
Federal Ministry for Economic Cooperation and Development (BMZ) – Germany

Private sector actors play a crucial part in reaching the Sustainable Development Goals (SDGs). The merits of engaging the private sector are manifold: It contributes substantially to leveraging development projects by increasing their scale and impact and by providing additional finance. Shared technology, services and expertise help close innovation gaps and solve challenges that might otherwise prevent the SDGs from being achieved. When companies, business associations and chambers cooperate with their counterparts in partner countries, mutual learning effects materialize, thus transforming the private sector as a whole.

For more than a decade, the German Federal Ministry for Economic Cooperation and Development (BMZ) has been actively working with the private sector. Dedicated budget lines are just one indication of the importance assigned under German development cooperation to collaborating with the private sector. With more than 1,500 ongoing projects in 2021, BMZ mobilised more than half a billion euros in private capital for SDG implementation.

For example, the Agency for Business & Economic Development provides a central point of contact for companies interested in investing in developing and emerging countries. The Business Scouts for Development, seconded to (international) chambers of commerce and industry, and business associations constitute another important decentral advisory structure for companies interested in development cooperation.

Furthermore, multi-stakeholder initiatives such as the Strategic Partnership Technology in Africa, the Make-IT Alliance, or the matchmaking platform leverist.de support project initiation and project development. Lastly, the develoPPP Programme, Business Membership Organisation Partnerships (KVP) and other initiatives, focusing on innovative start-ups or sectors such as tourism or green hydrogen, support joint project implementation.

The importance of private sector engagement has always been reflected in BMZ's role in the Global Partnership for Effective Development Co-operation (GPEDC). In the course of coordinating the associated GPEDC Action Area, the so-called Kampala Principles have been developed and disseminated as a milestone deliverable. The Principles aim to unleash the potential of private sector engagement in development cooperation by safeguarding the effectiveness commitments made in the development community. The Principles comprise (1) inclusive country ownership, (2) results and targeted impact, (3) inclusive partnership, (4) transparency and accountability, and (5) leaving no one behind.

The Kampala Principles Guidance Note therefore translates these Principles into concrete action and contributes to implementing the effectiveness commitments where they matter. It is not just important to motivate private sector actors to engage in development cooperation; it is equally important to do it right. For this, the present Guidance Note offers valuable advice. It includes examples from companies already championing the Kampala Principles in their day-to-day business affairs. At the same time, it does not neglect challenges that arise when private sector actors engage with the development community. The Guidance Note provides first-hand recommendations for responding to these challenges. If you are looking for practical advice when it comes to effectively engaging in development cooperation as a private sector actor, this Guidance Note is a worthwhile read.

Marcos Neto
Director
UNDP Sustainable Finance Hub

It is becoming clear that financing the Sustainable Developing Goals (SDGs) is not happening at the pace that it needs to happen for the delivery of the 2030 Agenda for Sustainable Development. There is a systemic misalignment of both public and private finance. This misalignment is driven by a culture of short-termism, profit maximisation at all costs, and the complexity of accounting for simultaneous economic, social, and environmental return.

The pandemic has increased the annual SDG investment needs for developing countries to $4.2 trillion. For countries, the challenge is to put in place comprehensive risk-informed financing strategies for their national sustainable development strategies looking across all sources of finance, public and private, international and domestic. This calls for increased efforts to promote consistency and global coherence across initiatives, partners, and practices. Enabling and promoting the impact integrity of actual and realised investments is vital to enhance transparency, disclosure and assurance optimising private sector contribution to achieving the SDGs.

UNDP recognises the importance of improved impact management for shifting the current systems of decision-making towards investment with positive impact on people and the planet. UNDP supports public and private sectors to promote impact integrity and avoid impact washing - the practice of presenting one's business or investments as more socially or environmentally friendly than they are. It does so by tracking actual and realised investments through impact measurement and management (IMM) practices, channelling sustainable finance solutions and creating a deep positive impact on development priorities at scale. Most importantly, it helps organisations make better decisions to benefit their stakeholders and increase positive impact.

The Kampala Principles provide a platform for effective development co-operation between private and public sector actors in multi-stakeholder partnerships while fostering accountability, transparency, and trust. Impact Measurement and Management is critical to support the implementation of the Kampala Principles #2 – Results and Targeted Impact – and #4 – Transparency and Accountability. Integrating IMM into business operations and investment frameworks is strategic to managing risks and maximising impact. From a business perspective, it sets the mechanisms for managing risks, ensuring financial viability and generating long term value to society.

The Kampala Principles Community of Practice and country-level Action Dialogues highlighted the importance of realising sustainable development outcomes through mutual benefits. UNDP partners played a critical role not only in the mobilisation of country networks to participate in the Action Dialogues, but also in the dissemination of the implementation of the Kampala Principles at the country-level. By outlining the opportunities for businesses to implement the set of five Principles for effective development co-operation, this Guidance Note can help private sector actors to better engage in development co-operation multi-stakeholder partnerships. With this Guidance Note, we call upon businesses to effectively articulate private investments and business development with development co-operation initiatives in the areas where they are needed the most.

Luciana Trindade de Aguiar
Programme Manager
UNDP Business Call to Action

In the post-pandemic world, major challenges await society, including rising inequality, climate change, and the weakening of democracy, among others. In the last years, the devastating impact on the billions of poor and vulnerable people living in low- and medium-income countries have seen clear setbacks in the achievement of the SDGs.

Within the world of impact driven business models, inclusive business (IB) plays a special role. Companies that operate IB models have proven to be more agile and resilient in partnering with governments to deliver essential services to the most vulnerable communities, particularly in the context of Least Developed Countries (LDCs).

Business Call to Action (BCtA) accelerates progress towards the SDGs by recognising innovative inclusive business models that engage people at the BoP as consumers, producers, suppliers, distributors of goods and services, and employees. Over 287 companies ranging from multinational and national companies to small and medium enterprises operating in over 83 countries have responded to BCtA by committing to improve the lives and livelihoods of millions in developing countries through innovative market-based solutions. These BCtA member companies are market leaders that provide examples of successful, profitable, and scalable models for reaching poor communities and contributing to inclusive and sustainable development. BCtA is advancing the reach of IB models directly by facilitating their replication and adaptation in service of inclusive innovation and enhancing their capacity for measuring and managing impact.

Our collaboration with the Kampala Principles OECD-UNDP Joint Support Team highlighted the necessity to support enterprises' capabilities to effectively engage in development co-operation multi-stakeholder partnerships. In reinforcing inclusiveness and transparency as central tenants of effective development co-operation, businesses play a critical role in development co-operation multi-stakeholder partnerships. Multi-stakeholder partnerships are key to enhancing business performance, scalability and impact.

This Guidance Note (Note) was developed through an open process, enabled by a peer-to-peer learning space dedicated to discussing how businesses can further engage with each of the five mutually reinforcing Principles for effective development co-operation. Taking from the lessons learned and the best practices shared during the consultations, the Note aims to guide companies on how to implement the Kampala Principles in their business practices and multi-stakeholder partnerships, in the context of development co-operation.

At a Glance

Businesses are driven to engage in development co-operation by:

A CLEAR MATCH BETWEEN
BUSINESS AND **DEVELOPMENT** CASE

This alignment is driven by three strategies:

INCREASING
OPERATIONAL SCALE

LAUNCHING NEW,
REVENUE-GENERATING,
PRODUCTS OR SERVICES

LEVERAGING
NETWORK BENEFITS

Opportunities and recommendations for businesses:

Clear incentives	— Align the core business model with local development priorities. — Identify the sectors in which investments are profitable and provide markets, employment, production inputs, services or goods that improve the lives and livelihood of those furthest behind. — Participate in regular consultations organized by (sub-)national governments and development partners.
Commercial and impact alignment	— Invest in inclusive business models. — Gain in-depth understanding of what the target population describes as challenges. — Communicate the main bottlenecks and challenges to be addressed.
Enabling environment	— Advocate for a policy framework that is aligned with business priorities. — Engage with business representatives that can ensure representation in consultations. — Look for information that can help identify focal points and align core projects with national strategies.
Results reporting	— Adopt a standardize impact measurement and management framework. — Support data collection efforts in line with core activities. — Establish a dissemination plan amongst partners. — Ensure that project's outcomes are transparently accessible. — Translate key results into lessons learned.
Resources in uncertain contexts	— Leverage technical expertise and knowledge transfer. — Engage through business associations. — Identify, understand, and address the trade-offs among the different elements of sustainable development.
Risk sharing mechanisms	— Develop a common terminology on risk and return sharing. — Advocate for a joint risk assessment initiative that leads to the sharing of risks amongst all partners. — Ensure that business perspectives, including the identified constraints to investments are integrated into the projects' theory of change, analysis and M&E.

Figure 1. Summary of recommendations for businesses to implement the Kampala Principles

Introduction

Context

The Global Partnership for Effective Development Co-Operation (GPEDC), under the leadership and previous co-chairmanship of Germany, has developed and launched the Kampala Principles (KPs or Principles) on effective Private Sector Engagement (PSE) in development co-operation in 2019. The Principles emerged from the need to better integrate the private sector in development co-operation and leverage business solutions to tackle development challenges and help deliver the SDGs. This was achieved through an inclusive process and by leveraging a multi-stakeholder PSE Working Group (that UNDP/the Business Call to Action (BCtA) form part of) and a GPEDC Business Leaders Caucus (BLC), both led by Germany and supported by the OECD-UNDP Joint Support Team of the GPEDC. With a view to facilitate the country-level implementation of the Kampala Principles, especially among the private sector, there is a need to further unpack the Principles and identify the challenges, opportunities, and solutions of different stakeholders.

In 2022, Business Call to Action (BCtA) partnered with the OECD-UNDP Joint Support Team to co-organise a series of Action Dialogues in Tunisia, Colombia, and Indonesia, serving as a multiplier for the Kampala Principles and for innovative multi-stakeholder collaboration to foster effective private sector engagement in development co-operation. In parallel with the Action Dialogues, BCtA also launched the Kampala Principles Community of Practice (CoP) to support the uptake of the Kampala Principles in Colombia, Indonesia, and Tunisia, as well as within its own global network. **Overall, the three Action Dialogues and the four CoP sessions brought together approximately 540 participants**, including 211 (39,1%) private sector actors, 126 (23,3%) development agencies, 85 (15,7%) public sector actors, 70 (13,0%) civil society organisations and 48 (8,9%) union representatives. These participants represented more than 25 sectors, most prominently Development, Education, Consulting, Government, Agriculture, Energy/Chemical/Utilities, Financial Services, Consumer Products, Manufacturing and Advertising/Marketing/PR, across more than 39 countries, with strong representation from the regions of Asia Pacific (54%), South America (27%) and Africa & the Middle East (11%).

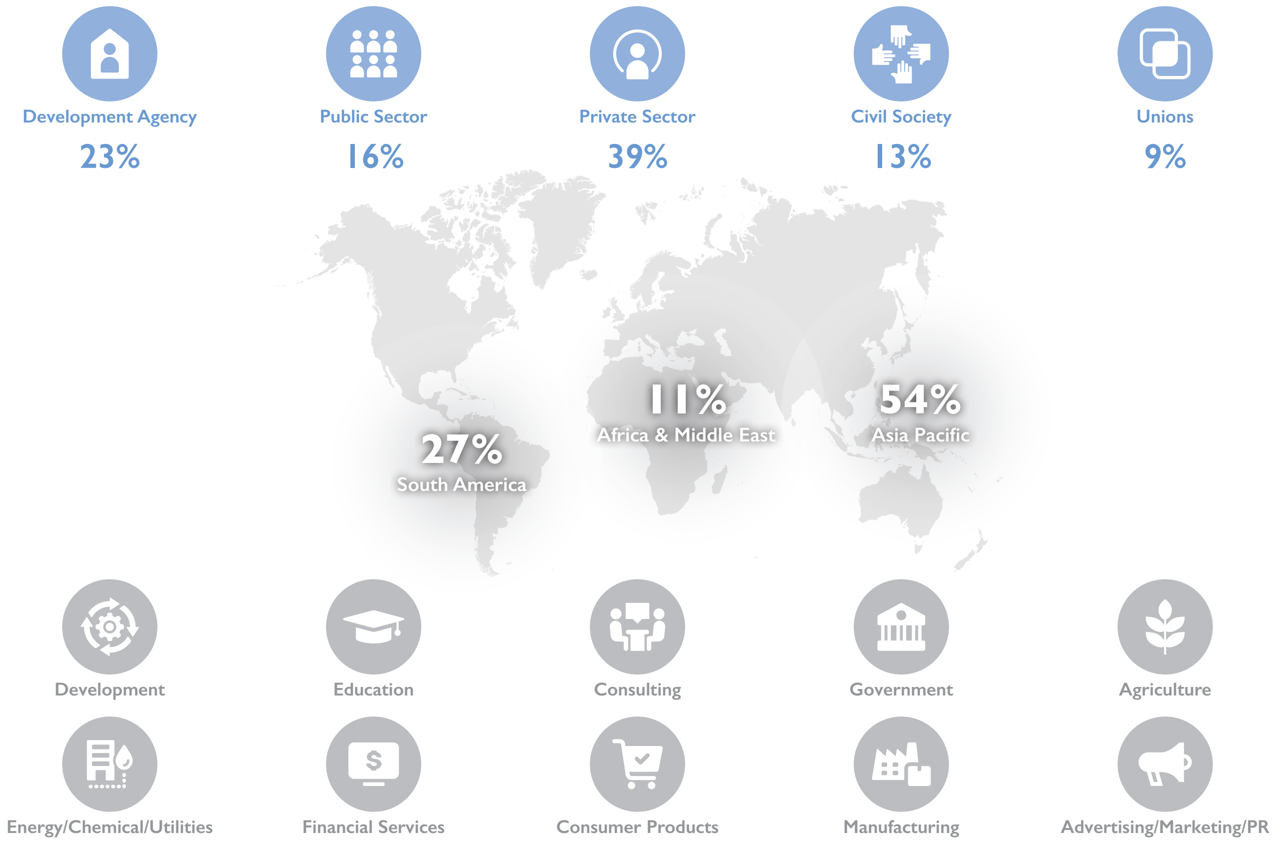

Figure 2. Sample Characterization

This Guidance Note (Note) is based on the key outputs and lessons shared from the case studies presented and the multi-stakeholder discussions hosted within the CoP sessions and the country level Action Dialogues. These case studies and the multi-stakeholder discussions-the basis for this Note, have also informed the development of the Kampala Principles toolkit, being developed by the PSE Working Group simultaneously.

Objectives

This Guidance Note aims to:

— **Contribute** to the Kampala Principles Assessment to develop indicators that monitor the implementation of the Kampala Principles, as part of the reform of the GPEDC monitoring framework.

— **Share** information on good practices for companies to apply the Kampala Principles in their partnerships based on successful and unsuccessful experiences shared during the consultations.

— **Suggest** actions that companies can consider or avoid to enhance the effectiveness of their engagement in development co-operation with multiple partners.

— **Support** the adoption of the Kampala Principles in business practices and multi-stakeholder partnerships, in the context of development co-operation.

Structure

The Guidance Note is structured according to the following sections. The following chapter, **The Kampala Principles**, will provide a brief introduction to the context, work, and objectives of the Kampala Principles for effective development co-operation. Next, the Guidance Note will **deep dive into each Kampala Principle**. For each Kampala Principle chapter, the Note starts by unpacking the Principle and its sub-principles, highlighting what each (sub-)Principle has to offer to the private sector. Based on the multi-stakeholder discussions hosted within the CoP sessions and the country level Action Dialogues, the Note summarises the implementation challenges and lessons learned, as well as the implementation opportunities and strategies brought to the discussion by participants and panellists. To conclude, the last chapter, **Recommendations**, provides an overview of suggested actions that companies can consider or avoid to enhance the effectiveness of their engagement with multiple partners in development co-operation, and in the implementation of the Kampala Principles in their business practices and multi-stakeholder partnerships.

Diversity and multiculturalism in the farming sector. © Adobe Stock

The Kampala Principles

The GPEDC is the primary multi-stakeholder vehicle for driving development effectiveness, to "maximise the effectiveness of all forms of co-operation for development for the shared benefits of people, planet, prosperity and peace" ("Welcome to the Global Partnership | Global Partnership for Effective Development Co-operation", 2022). It brings together governments, bilateral and multilateral organisations, civil society, the private sector and representatives from parliaments and trade unions among others, who are committed to strengthening the effectiveness of their partnerships for development. It supports practical implementation of effective development co-operation principles, promotes mutual accountability, and works to sustain political momentum for more effective co-operation and partnerships. Formally constituted in 2012, the Global Partnership is today led by four Co-chairs representing the main stakeholders involved in development co-operation, including governments and non-state actors. Its work is driven by a 25-member Steering Committee, reflecting the spirit of inclusive partnerships, and a 'whole-of-society' approach, which is required for achieving the 2030 Agenda. More information on leadership can be found here.

Private sector engagement (PSE) through development co-operation is a key enabler for the 2030 Agenda as it can leverage profitable solutions to development challenges, providing opportunities for private sector actors to engage in development co-operation multi-stakeholder partnerships. In the 2030 Agenda for Sustainable Development, UN Member States called upon "all businesses to apply their creativity and innovation to solving sustainable development challenges".

The Outcome Document of the last High-level Meeting of the GPEDC in 2016 in Nairobi called for "unleashing the potential of development co-operation to attract inclusive private investment [by setting] clear effectiveness commitments as the development community engages in partnerships between governments, civil society, and the business sector". In response to the commitments made in Nairobi and through an inclusive consultation process under the leadership of Germany, a multi-stakeholder Working Group and the Global Partnership for Effective Development Co-operation (GPEDC) Business Leaders Caucus (BLC) have developed the Kampala Principles on Effective Private Sector Engagement in Development Co-operation, which were launched at the GPEDC Senior Level Meeting in 2019.

Figure 3, illustrates the set of five mutually reinforcing Principles, jointly developed by and for partner countries and their development partners, the business community, civil society, trade unions and other actors. The main objective of these Principles is to enhance the effectiveness of development co-operation multi-stakeholder partnerships with the private sector, at the country level.

These Principles apply to the policy, programme, and project levels with a focus on partnerships and co-operation, wherever those directly involve at least one actor from the private sector. For instance, a development partner co-operating with a partner country on improving the overall enabling environment for the private sector to flourish, without directly involving private sector actors would be out of scope. Moreover, the Kampala Principles can be applied to different modalities of private sector engagement such as knowledge and information sharing, policy dialogue, technical assistance, capacity development, finance and others.

Principle 1
Inclusive Country Ownership
Stengthening co-ordination, alignment and capacity building at the country level

Principle 2
Results and Targeted Impact
Realising sustainable development outcomes through mutual benefits

Principle 3
Inclusive Partnership
Fostering trust through inclusive dialogue and consultation

Principle 4
Transparency and Accountability
Measuring and disseminating sustainable development results for learning and scaling up of successes

Principle 5
Leave No One Behind
Recognising, sharing and mitigating risks for all partners

Figure 3. The Kampala Principles

Forming multistakeholder and international business cooperation partnerships. © Adobe Stock

Kampala Principle 1
Inclusive Country Ownership

Government leadership, inclusive and co-ordinated processes, and capacity at national and local levels impact the long-term sustainability and effectiveness of private sector engagement (PSE) through development co-operation. Development co-operation can support the creation and implementation of policies for PSE through development at country level, facilitate PSE through development co-operation in ways that maximise participation by local businesses and build the capacity of all stakeholders to contribute.

(GPEDC, 2019)

The *strengthening of co-ordination, alignment, and capacity building at the country level* is summarised in three sub-principles, notably Kampala Principle 1.A, 1.B, and 1.C.

Figure 4. Inclusive Country Ownership Sub-Principles (GPEDC, 2019)

Sub-Principle 1.A: Define national PSE goals through an inclusive process

Articulate a policy framework that is explicit about the role expected of the private sector in delivering national and sectoral development priorities in line with the 2030 Agenda and the contributions of PSE through development co-operation, including how success will be measured. Such frameworks should set clear expectations regarding priorities and objectives for PSE through development co-operation at national level, including in key sectors and markets. They should be developed through an inclusive and equitable process that allows for dialogue (including social dialogue) up front with all relevant stakeholders, including those with more limited capacities such as micro, small, and medium-sized enterprises (MSMEs).

(GPEDC, 2019)

The importance of a national policy for working with the private sector in development cooperation relates to the opportunity to:

- Identify priority sectors where businesses can operate;
- Set results frameworks around which businesses can develop their projects;
- Ensure that the government is responsive to businesses and that public policies support a stronger business enabling environment;
- Provide opportunities for building stronger in-country presence and networking;
- Allow for the space where businesses can convey their priorities, concerns, and value creation.

Sub-Principle 1.B: Align and co-ordinate PSE through development co-operation with national priorities and strategies

Individual projects should be based on agreed objectives that are linked to national development priorities and the 2030 Agenda. Partners should align their efforts with the priorities identified in the plans and policies of national and sub-national governments, as well as through inclusive consultation. Co-ordination within and across stakeholder groups is equally important to ensure synergies among the work of different actors and alignment with national PSE priorities and the Sustainable Development Goals (SDGs).

(GPEDC, 2019)

The relevance of aligning international co-operation projects to the national development priorities of a country and the Sustainable Development Goals is associated with the need to share responsibility and accountability. Such efforts help improve the effectiveness, legitimacy, and impact of the project; thus, ensuring greater value for money.

Sub-Principle 1.C: Invest in capacities for PSE through development co-operation

There is a need for investment in the development of institutional capacities to effectively partner across different stakeholder groups. The development community should also support the efforts of stakeholder groups to strengthen their capacity to engage effectively in PSE through development co-operation. This includes through national and local-level policy making and resource allocation with a particular focus on commonly excluded or difficult to reach groups.

(GPEDC, 2019)

The value of investing in capacities for PSE through development co-operation is reflected on the opportunities to:

- Identify value-adding projects to engage in;
- Provide possibilities for scaling;
- Access to a range of stakeholders to enhance business contacts;
- Strengthen staff's skills, competencies, engagement, and retention;
- Understand terminology and meaningfully contribute to the local development agenda;
- Secure funding and participation in projects.

Implementation Challenges and Lessons Learned

This section summarises the challenges and lessons learned brought to the discussion by the country-level Action Dialogues and global Community of Practice participants and panellists when implementing the Kampala Principle #1 – Inclusive Country Ownership.

General awareness and involvement with national development plans and goals within the national private sector community is limited.

"If we were exclusively focused on our business priorities, it would be exceedingly difficult to get deeply involved with national development plans and goals. The way we managed to become aware of our national development priorities was through our business partners. At Crepes & Waffles, regeneration is at the core of our business. Moreover, we understand regeneration as an overly broad concept, including how people regenerate by building confidence through skills development, reconnecting with the environment, and creating strong networks that enable the value to flow and regenerate ecosystems. By partnering with local governments, local communities, civil society organisations, and development agencies to deliver our business model, natural connections with national development plans and goals emerged."

– Marcela Arango, Head of Sustainable Food Sourcing at Crepes & Waffles

Commercial and impact misalignment, as well as the requirement of large investments before results materialise were identified as the two key challenges preventing private sector actors from engaging with development co-operation multi-stakeholder partnerships. The lack of an enabling environment that fosters trust to realise these partnerships and lack of awareness of the partnership's focal points were also mentioned as challenges for businesses to engage in development co-operation multi-stakeholder partnerships. Private sector actors need "clearly defined goals on the national development plan in order to strengthen their ability to align business activities with national priorities". Furthermore, high-levels of bureaucracy in the private sector and limited access to credit were pointed to as factors that reinforce the idea of a fragile business environment in Tunisia; where local actors also shared that the approach to economic reforms – i.e., a zero-sum game, where one actor must lose for the other actor to win – establishes a context for limited trust between actors.

Mismatch between stakeholders' perspectives is a key driver behind the misalignment of incentives. Partners can benefit from promoting an effort to align on a common language that unites 'knowledge exchange' and 'technical co-operation', with 'finance' and 'incentives'. The lack of clear incentives for businesses to engage in development co-operation multi-stakeholder partnerships constitutes a barrier for private sector engagement. In Colombia, for instance, local actors stated that "there needs to be a clear financial, operational scale, or fiscal benefit to drive businesses to partner with governments".

Opportunities and Strategies for Engagement

This section summarises the implementation opportunities and strategies discussed by the country-level Action Dialogues and global Community of Practice participants and panellists to further engage with Kampala Principle #1 – Inclusive Country Ownership.

To promote private sector awareness and engagement with national development plans and goals, the Ministry of International Cooperation of Egypt established **multi-stakeholder platforms** where they hosted interactive dialogues at a sectoral level. These multi-stakeholder platforms also strengthened the capacity of businesses, in terms of public procurement processes and reporting frameworks, to engage effectively in development co-operation partnerships with governments. Businesses can benefit from **advocating for a policy framework on PSE that is aligned with their priorities and participating in national consultations to express their needs and demands**. If capacity is a barrier to participating in national consultations, businesses can consider **engaging through business representatives** – i.e., associations, local chambers of commerce – that can ensure representation in the consultations.

Since 2020, 2,000 companies have engaged in development co-operation in Indonesia. BAPPENAS shared that the private sector's involvement in the national development process has become more strategic, following its inclusion in the mandate of the 'National Development Plan'. This strategy reveals how adequate policies can increase the private sector's investment in development, particularly in development co-operation. Businesses can consider **looking for information that could help align core projects with national strategies, and identifying focal points** – i.e., governments, development partners, civil society, or unions – with whom to build relationships that can support the alignment of business strategy with national priorities.

When it comes to inclusive country ownership and working with governments, trust and confidence are a critical prerequisite. Some businesses expressed the **opportunity to collaborate with a credible entity, such as a development agency, which can mediate development co-operation multi-stakeholder partnerships**. This entity can be instrumental in mediating the partnership's priorities and objectives framework, the alignment of business contributions to national and sub-national government plans and policies, and in creating opportunities to strengthen partners' capacities to effectively engage. Businesses can benefit from **supporting capacity development activities or searching for capacity development opportunities provided by development partners, to facilitate engagement with relevant actors**.

Bringing the Principle to Life: Bive Foundation

Colombia-based social enterprise, the Bive Foundation is a valued member of the Kampala Principles CoP that was invited to share how they are implementing the Kampala Principles for effective development co-operation in their business practices and multi-stakeholder partnerships during the Action Dialogue in Colombia[1]. Bive seeks to provide more than 27,000 low-income clients with access to timely, high-quality, and low-cost healthcare services. To achieve this, the company will scale up its inclusive health model to three new regions across Colombia. See the Kampala Principle #1 – Inclusive Country Ownership in action by reading below how Bive is strengthening co-ordination, alignment, and capacity building at the country level.

Development Challenge

Although 95% of Colombians are covered by government medical insurance, the reality is most do not receive adequate health care. Long waiting periods, having to travel to urban areas for treatment and confusing bureaucratic procedures deter many from seeking medical care when they need it, especially for low-income and rural populations who cannot afford the extra costs incurred by travel. This can result in a worsening of illness and diseases, an inability to work, and in the worst cases, preventable death.

Partnership Arrangement

Bive established strategic partnerships with public hospitals, universities, and private healthcare centres to build a network of 260 medical providers that are geographically close to patients. Bive also engaged with municipal authorities to ensure mutual co-operation and complementarity between the private sector initiative and the government's work. By collaborating with farmer associations and cooperatives, Bive effectively engaged individuals who locally represent their municipality, expediting decision making and promoting health consciousness.

Kampala Principle 1: Inclusive Country Ownership

(1.B) Bive aligned its complementary contributions to Colombia's national health system with sub-national priorities and plans by signing a Memorandum of Understanding with municipal authorities, realising agreements with regional departments in Colombia, and through inclusive consultation with farmer associations and coffee growers' cooperatives.

(1.C) Bive joined UNDP's Business Call to Action Inclusive Business network to strengthen their inclusive business model, impact measurement and management practices, and improve their effectiveness in engaging with different stakeholder groups, in the context of development co-operation.

1 The GPEDC also featured the example of Bive in one of the Kampala Principles' case studies (accessible here). This case study was authored in March 2021 by Teodora Mihaylova and Kim Eric Bettcher, Center for International Private Enterprise, on behalf of the GPEDC Business Leaders Caucus. This case study was supported by the German Federal Ministry for Economic Cooperation and Development (BMZ) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

A farmer and his advisor monitoring the growth of their crops. © Adobe Stock

Kampala Principle 2
Results and Targeted Impact

Private sector engagement (PSE) through development co-operation aims to realise better outcomes for people and the planet through partnerships that harness the mutual benefit from businesses and development stakeholders. Its effectiveness in achieving significant, sustained, and sustainable development impacts depends on maximising clearly identified, well-defined and measurable sustainable development and business outcomes; predicting, avoiding, and remedying unintended negative impacts; and ensuring that partnerships recognise and respect the needs and incentives of all partners.

(GPEDC, 2019)

The *realisation of sustainable development outcomes through mutual benefits* is summarised in three sub-principles, notably Kampala Principles 2.A, 2.B, and 2.C.

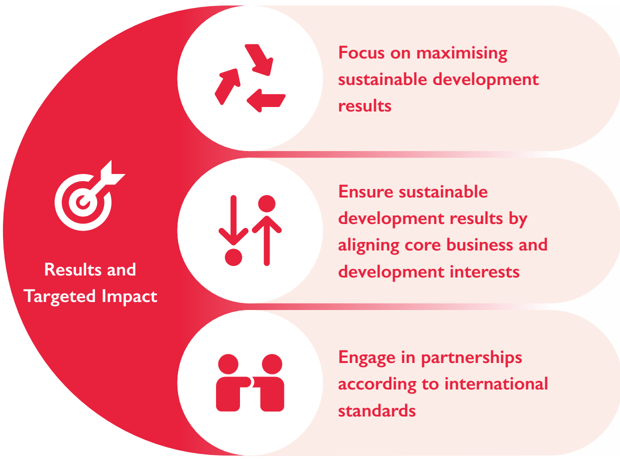

Figure 5. Results and Targeted Impact Sub-Principles (GPEDC, 2019)

Sub-Principle 2.A: Focus on maximising sustainable development results

> At the policy level there is a need to identify key sectors, markets and populations where increased private investment and entrepreneurial activity is needed to support sectoral, national, and international sustainable development priorities and efforts to leave no one behind. It is also important to identify situations where PSE through development co-operation can support inclusive dialogue processes and the creation of partnerships involving private sector actors. Partners should identify and prioritise investments and engagement opportunities to maximise results for groups most in need, such as poor rural households and those living in urban poverty, women, and young people. Delivering results for these groups will require partnerships with and support for micro, small and medium- sized enterprises (MSMEs), businesses and entrepreneurs in the informal sector, as well as trade unions and other relevant actors.
>
> (GPEDC, 2019)

The importance of maintaining one's focus on maximising sustainable development results relates to the opportunity to:

- Leverage partnerships for testing innovative products and services, across new markets;
- Deliver scalable solutions with targeted impact on vulnerable populations at country level;
- Position ourselves as attractive partners not only for development partners and national governments, but also for investors, customers, and civil society;
- Secure future involvement in development projects, as well as funding from partner governments and development agencies.

Sub-Principle 2.B: Ensure sustainable development results by aligning core business and development interests

> The sustainability of results relies on a high level of commitment by all partners. When working with the private sector, projects and partnerships should be built on appropriate incentives for private participation, upfront consideration for core business practices/cases and agreed exit strategies that ensure ongoing viability after support schemes end. Ensuring compatibility between core business activities and 2030 Agenda objectives ensures that efforts are mutually beneficial for all parties and can be sustained beyond the end of the partnership.
>
> (GPEDC, 2019)

The relevance of ensuring that sustainable development results are aligned with core business and development interests is associated with the opportunity to:

- Improve the business environment;
- Improve brand engagement with clients, customers, investors, and other stakeholders;
- Generate a positive impact on ROI;
- Attract (overseas) capital;
- Enhance the capacity to attract and retain qualified employees;
- Build trust and reputation;
- Gain a social licence to operate;
- Scale operations;
- Secure a competitive edge.

Sub-Principle 2.C: Engage in partnerships according to international standards

Development partners and governments have an obligation to ensure compliance with safeguards and regulations when working with the private sector or when the private sector is implementing a project on their behalf. These include the International Labour Organisation labour standards, the United Nations Principles on Business and Human Rights, and the OECD guidelines for multinational enterprises. Due diligence processes should include the identification of environmental, social and governance (ESG) risks as part of the partnership development process, with appropriate plans and responsibilities set in place to monitor and address risks over the course of the project life cycle. Partnerships should be founded on an understanding that all partners will follow relevant existing national and international voluntary and legal frameworks, in recognition of the fact that a commitment to high standards contributes to sustainable development results.

(GPEDC, 2019)

The value of engaging in partnerships according to international standards is reflected in the need to monitor businesses' contribution to maximise positive impact, to provide for, or co-operate in, preventing negative impacts through legitimate processes. These compliance procedures, such as traceability initiatives, can lead to an increase in market base and appeal, in many cases off-setting costs involved with the adoption of the initiative by increased margins received for high quality products and services.

Implementation Challenges and Lessons Learned

This section summarises the challenges and lessons learned brought to the discussion by the country-level Action Dialogues and global Community of Practice participants and panellists when implementing the Kampala Principle #2 – Results and Targeted Impact.

Respect for mutual interests within multi-stakeholder partnerships is a complex matter. On the one hand, it can be difficult for businesses to grasp the "development case", struggling to understand the real-life implications, the overall meaning, and what they must deliver. On the other hand, it can also be difficult for governments, development agencies, unions, and civil society to realise the importance of the business case, struggling to understand the business model and how to align the development priorities with the core business activities. A particular aspect that conditions the compatibility of core business activities and development priorities are pre-established project log frames. Being mindful of this, businesses can benefit from aligning core business activities with development interests and engaging with partners from the beginning, advocating for co-created project log frames.

The form and content of reporting on development co-operation results and impact on governments is a challenge. In terms of form, reporting frameworks and impact measurement tools are fluid, complex, and resource intensive. In terms of content, the data collected from development projects can be disaggregated into hundreds of parameters. Understanding what information should be highlighted and how the data should be visualised is critical. Having experience with a proven results framework and impact measurement tools early in the project can help mitigate the challenges associated with reporting.

"What made it easier to work with the government, was the fact that the initiative was active for at least three years before they were onboarded. This implementation period was key for us to get a grip on the data and understand how to best visualise results in a way that highlights the real transformations that the initiative is realising. This allowed government partners to easily see the effectiveness of the initiative."

– Alejandra Escobar, Director of Governance and Sustainability at Bavaria AB-InBev

Moreover, the **scarcity of data available** often is a barrier for businesses to define an adequate baseline in impact measurement instruments. Co-creating methodologies with communities to empower them to collect data can improve data accessibility and dissemination within communities.

Opportunities and Strategies for Engagement

This section summarises the implementation opportunities and strategies discussed by the country-level Action Dialogues and global Community of Practice participants and panellists to further engage with Kampala Principle #2 – Results and Targeted Impact.

Before engaging in a development co-operation project, it is important to clarify the link between development goals and core business activities. Moreover, businesses emphasise the importance of aligning the business case with the interests of all partners involved. The adoption of development co-operation solutions and the resulting benefits will not materialise if all the partners involved do not have a real stake in the solution.

"When it comes to private and public sector development co-operation, it is as important to have a clear development case as it is to have a clear business case."

– Michael Pittelkow, Senior Government Affairs Specialist at SAP

To achieve significant and sustained sustainable development impacts in the context of development co-operation, businesses can benefit from:

- Aligning core business activities with 2030 Agenda objectives;
- Ensuring that business operations minimise negative impacts on people and the environment and, where possible, maximise benefits – i.e., ensuring a living wage for staff and developing sustainable consumption and production policies;
- Ensuring activities and stakeholders are compliant with national regulations and aligned with international standards;
- Taking advantage of the range of development co-operation modalities available beyond finance, including technical expertise and knowledge transfer;
- Ensuring that the development co-operation projects and programmes in which they participate focus on sectors, markets and populations that are identified by governments as critical for development outcomes;
- Leveraging business associations to facilitate dialogue amongst the private sector to develop a common position on PSE in development co-operation and raise awareness of compliance requirements;
- Communicating to governments and development partners the main bottlenecks and challenges to be addressed;
- Identifying, understanding, and addressing the trade-offs among the different elements of sustainable development.

Bringing the Principle to Life: SAP

SAP, the market leader in enterprise application software, is a valued member of the Kampala Principles CoP that was invited to share how they are implementing the Kampala Principles for effective private sector engagement in development co-operation in their business practices and multi-stakeholder partnerships at the first CoP session and at the Action Dialogue in Tunisia[2]. SAP aims to accelerate and scale impact on smallholder farmers. In line with its vision and purpose to help the world run better and improve people's lives, SAP is committed to contributing to the SDGs as both an enabler and exemplar. The company has developed the SAP Rural Sourcing Management solution for better management of sustainability data connecting smallholder farmers to global agricultural supply chains. See the Kampala Principle #2 – Results and Targeted Impact in action by reading below how SAP is realising sustainable development outcomes through mutual benefits.

Development Challenge

On the development side, the cocoa value chain had to be formalised and prices had to be stabilised. On the business side, the cocoa supply chain required greater transparency, traceability, and sustainability as well as improved operational excellence in the processing of cocoa beans.

Partnership Arrangement

SAP joined a research project in the context of the Africa Cashew Initiative, with cocoa farmers in Uganda, the BMZ/GIZ Development Cooperation Initiative, and the Bill and Melinda Gates Foundation. The result was a relatively basic software package that caught the attention of both public and private sector actors. On the public sector side, the Government of Uganda recognised how the formalisation of the supply chain allowed for more transparent and fair pricing with smallholder farmers. On the private sector side, a large cocoa processor that was interested in entering the organic cocoa market, recognised the value added in the technology that enabled the sourcing of cocoa more sustainably, tracking and tracing the cocoa beans at every stage. For SAP, this rudimentary technology has evolved into a listed item on the price list, Resource Management Software, with over 20 installations in the field.

Kampala Principle 2: Results and Targeted Impact

(2.A) SAP's investment in the Rural Sourcing Management technology was advanced through a multi-stakeholder collaboration with smallholder farmers, focused on ensuring transparent, stable, and fair pricing throughout the informal cocoa value chain.

(2.B) SAP guaranteed transparency on the entirely commercial relationship. This transparency was anchored on profitability and operational scalability incentives for SAP, alignment with the development case, as well as transparent, stable, and fair pricing for smallholder farmers, in a way that the benefits can materialise beyond the research project, with over 20 installations in the field.

(2.C) The partnership met the environmental and social impact assessment requirements of the National Environmental Management Authority.

2 The GPEDC also featured the example of SAP in one of the Kampala Principles case studies (accessible here). This case study was authored in March 2021 by Teodora Mihaylova and Kim Eric Bettcher, Center for International Private Enterprise, on behalf of the GPEDC Business Leaders Caucus. This case study was supported by the German Federal Ministry for Economic Cooperation and Development (BMZ) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

Women in Akha hill after harvesting arabica coffee berries. © Adobe Stock

Kampala Principle 3
Inclusive Partnership

Governments, parliamentarians, the private sector, business associations, civil society and trade unions all play roles and have valuable contributions to make in the development of a domestic private sector that provides markets, decent employment, production inputs, and services and goods which improve the lives and livelihoods of those left behind. PSE through development co-operation can use its convening power to foster trust at country level between different stakeholders by promoting processes for regular and ongoing dialogue, as well as targeted consultation in the development of specific partnerships and programmes. It is important that PSE through development co-operation opportunities is inclusive and accessible to a wide range of partners, including smaller businesses, at the local level.

(GPEDC, 2019)

These processes that *foster trust through inclusive dialogue and consultation* are summarised in three sub-principles, notably Kampala Principles 3.A, 3.B, and 3.C.

Figure 6. Inclusive Partnership Sub-Principles (GPEDC, 2019)

Sub-Principle 3.A: Support and participate in inclusive dialogue and consultation

Partners should support institutionalised dialogue on PSE through development co-operation, including social dialogue, building on existing mechanisms – where these exist – to reach agreement on priorities, identify solutions to shared challenges, establish relationships, and build partnerships. Such efforts contribute to building trust within and across stakeholder groups. Ensuring inclusivity may also mean supporting stakeholders with more limited capacities to engage in dialogue up-front (e.g., local MSMEs, informal sector entrepreneurs and rural producers and traders). Of equal importance is inclusive consultation with local stakeholders to identify needs and respond to concerns at policy and project levels.

(GPEDC, 2019)

The importance of supporting inclusive dialogue and participating in consultations relates to the opportunity to:

- Ensure that local perspectives around challenges and opportunities are heard and that solutions are context-adapted;
- Build successful partnerships based on trust, respect, and joint problem solving;
- Develop and test new products and services in (new) markets;
- Improve the enabling environment;
- Build reputation, credibility and branding;
- Increase reliability and efficiencies by establishing commercial relations with local upstream and downstream suppliers.

Sub-Principle 3.B: Promote inclusive, bottom-up and innovative partnerships and raise awareness of engagement opportunities

For specific partnerships, increase the range of partners involved at community level, including micro, small and medium-sized enterprises (MSMEs), making use of innovative engagement modalities to explore partnership opportunities in the spirit of leaving no one behind. Development partners should promote outreach and awareness raising of partnership opportunities by working with government, civil society, trade unions, academia, and private sector stakeholders, including business associations, to promote greater participation by local businesses and other actors in PSE through development co-operation.

(GPEDC, 2019)

The relevance of promoting inclusive, bottom-up and innovative partnerships and raising awareness of engagement opportunities is associated with the importance of:

- Ensuring context-adapted solutions, to guarantee the sustainability of the project;
- Investing in relationship-building to enhance trust and mutual understanding, to increase the chances of potential collaboration opportunities;
- Transparency regarding each partners' interests for engaging in development co-operation, to ensure every partnership creates net value for each partner.

Sub-Principle 3.C: Make partnerships more accessible

Partnerships should be facilitated through streamlined procedures that make engagement opportunities accessible to a wide range of stakeholders. Such processes should recognise that needs and capacities vary across and within stakeholder groups and that many of those with limited abilities and opportunities to engage are often also those most important to delivering the 2030 Agenda. Application procedures and monitoring and evaluation provisions should be established in accordance with different needs and capacities, the scale and scope of partnerships, with attention being given to transparency, accountability, and timeliness.

(GPEDC, 2019)

The value of making partnerships more accessible is reflected in the need to align interests in a 'win-win' situation for all stakeholders, to:

- Build relations with governments, as well as other businesses and organisations;
- Build trust and influence among key players – i.e., creating a 'common ground';
- Identify and act on market opportunities;
- Access and enhance knowledge, expertise and technologies;
- Increase development impact;
- Inform long-term strategic planning.

Implementation Challenges and Lessons Learned

This section summarises the challenges and lessons learned brought to the discussion by the country-level Action Dialogues and global Community of Practice participants and panellists when implementing the Kampala Principle #3 – Inclusive Partnership.

The optimal balance between dialogue and action to ensure that both development and business goals are being met is unclear. Private sector actors deem that there is a lack of clarity regarding an adequate timeline for dialogue as a critical challenge, risking to limit the impact of development co-operations to an inclusive dialogue and consultation process but no concrete action.

"Agile companies, like us, respect implementation timelines and struggle with the concept of talking, and talking, and talking. eKutir is collaborating with Solidaridad, an international NGO in the cocoa and palm oil value chains, the Cocoa Board, which oversees all the cocoa and its procurement, private sector banks, micro insurance companies, and Pan African micro pension services, to drive bankability and credit worthiness of cocoa farmers. eKutir provides the data-driven digital platform that brings all stakeholders together. However, the gestation timeline required to make sure that the dialogue materialised into activities on the ground that in turn go back into the feedback loop before it makes it to commercialisation, is yet to be understood. […] It is important to keep in mind that an entire flow of month-on-month commercialisation has to be traded off against the time spent on these inclusive dialogues, visa vie, compromising your own businesses and business goals. The public sector never considers this because they are safeguarded; the private sector, and particularly smaller companies, are the ones who face this challenge."

– Suvankar Mishra, Co-founder & CIO at eKutir

The trade-off between the investment in dialogue and the investment in commercial activities described by businesses hints at two other important challenges: lack of alignment and limited resources. A critical challenge with inclusive partnerships is **lack of alignment**. Connected to Kampala Principle #2, businesses can benefit from trying to build projects and partnerships on appropriate incentives for participation, upfront consideration for core business practices, and agreed exit strategies that ensure ongoing viability once support schemes end. Another key challenge with inclusive partnerships is **limited resources in contexts of political uncertainty and the risk of corruption**. Connected to Kampala Principle #5, targeting the furthest behind requires greater risk-taking on the part of all partners involved; however, risks are often not shared proportionately.

Opportunities and Strategies for Engagement

This section summarises the implementation opportunities and strategies discussed by the country-level Action Dialogues and global Community of Practice participants and panellists to further engage with Kampala Principle #3 – Inclusive Partnership.

Private sector actors are promoting inclusive and bottom-up partnerships by fostering an inclusive enabling environment. This approach enables the opportunity to **engage with business associations to raise awareness of partnership prospects** and to **support the participation of MSMEs** for which capacity is a challenge to meaningfully engage. Moreover, businesses are realising synergistic partnership models, such as revenue-share, joint-venture, and sub-contracting to promote greater collaboration with local actors. In this respect, businesses can enhance trust by **supporting the assessment of how vulnerable groups may be positively and negatively affected by the project's activities**.

The development of a stakeholder landscape view can be a valuable first step to foster trust through inclusive dialogue and consultation by identifying opportunities, gaps, and the best ways to work together. **Multi-stakeholder platforms offer the opportunity to bring all stakeholders together and co-align partners' objectives**. In Egypt, the Ministry of International Cooperation is actively engaging with the private sector through regular, sector- or topic-specific, multi-stakeholder platforms, aligned with the government's priorities. Businesses can benefit from **participating in regular consultations** organised by (sub-)national governments and development partners, leveraging this space to engage (or advocate) with development partners to be informed of partnership opportunities and work together to develop a common language that works for all stakeholders involved.

In response to the challenges of the time-intensiveness of inclusive dialogue and consultation processes, in Egypt, the Ministry of International Co-operation **conducts a survey with all partners involved in each multi-stakeholder platform meeting to consolidate results and align on the objectives of each partner and the current projects**. The responsiveness of these surveys allows for the evaluation of effectiveness of the multi-stakeholder platforms and takes the dialogue into action. Businesses can benefit from **identifying constraints in project design and implementation, and jointly assess market-based solutions**. Moreover, businesses can benefit from encouraging their **perspectives, including the identified constraints to investments – i.e., time, staff, money, equipment, etc. – become integrated into the projects' theory of change, analysis, monitoring, and evaluation, as well as learning plans**. Lastly, businesses can benefit from **disclosing Memorandums of Agreement and investment commitments** to all stakeholders.

Bringing the Principle to Life: Bavaria AB-InBev

Colombian beverage company, Bavaria, is a valued member of the Kampala Principles CoP that was invited to share how they are implementing the Kampala Principles for effective private sector engagement in development co-operation in their business practices and multi-stakeholder partnerships at the fourth CoP session and at the Action Dialogue in Colombia. Bavaria is committed to improving the incomes and living conditions for 35,000 small retailer women in Colombia by 2023, by increasing women's sales, promoting control over their assets, and encouraging their abilities for decision-making. See the Kampala Principle #3 – Inclusive Partnership in action by reading below how Bavaria AB-InBev is fostering trust through inclusive dialogue and consultation.

Development Challenge

In Colombia, women face enormous economic gaps; the global female labour participation rate has maintained an average gap of 20pp below male counterparts throughout the years. Additionally, based on results of the national survey of small businesses, women receive about 20% less monthly income than men. There are approximately 300,000 retail stores in Colombia and 56% of them are administered by women. This accounts for 21% of the country's enterprises. For Bavaria, the Traditional Channel represents approximately 80% of its beer sales while on the other hand, beer sales represent 40% of shopkeepers' profits on average. Therefore, collaboration is a mutually beneficial relationship between small retailers and Bavaria.

Partnership Arrangement

Through a strategic partnership with the Colombian Government, PNUD, The European Union, Fenalco (Traditional Channel union or guild), Econometria (Impact measurement consultant), private sector actors, and communities of vulnerable women in Colombia, Bavaria is fostering trust across its value chain through inclusive dialogue and consultation.

Kampala Principle 3: Inclusive Partnership

(3.A) To identify the local needs of different communities of women in Colombia and respond to their concerns at policy and project levels, Bavaria promotes inclusive consultation with local stakeholders through a specialised call centre. The two critical reported needs were timely product delivery and access to finance.

(3.B) Based on the inclusive consultation process, Bavaria realised that the income of approximately 50,000 women was based on beer sales. Realising the key role that Bavaria plays for these women's livelihoods, Bavaria decided to increase the range of the partners involved at the community level, working with public entities, development agencies, and other private sector actors so that they would join the initiative.

(3.C) Through community consultation and inclusive dialogue with partners, Bavaria recognised that the priority of their activities should be focused on vulnerable women. In this way, the Emprendedoras Bavaria programme enhanced its scope to include 15,000 women entrepreneurs, providing access to microcredit, savings accounts, retirement pensions, and training.

A budget report detailing the company spending. © Adobe Stock

Kampala Principle 4
Transparency and Accountability

There is a lack of timely information, evidence and data related to the performance of partnerships with the private sector established to achieve sustainable development, including the 2030 Agenda. Transparency and accountability for private sector engagement (PSE) through development co-operation needs to be improved through the creation and use of frameworks that identify and measure results in terms of nationally and internationally defined sustainable development targets and business outcomes. Such results frameworks provide a transparent and mutual understanding of what is expected of the partners and what constitutes success for the partnership. They should set out roles and responsibilities for data collection and provisions for information disclosure, the communication of results and independent evaluation. The creation of complaints mechanisms related to the impacts or negative effects of PSE through development co-operation is also important for ensuring accountability.

(GPEDC, 2019)

The processes to *measure and disseminate sustainable development results for learning and the scaling up of successes* are summarised in three sub-principles, notably Kampala Principles 4.A, 4.B, and 4.C.

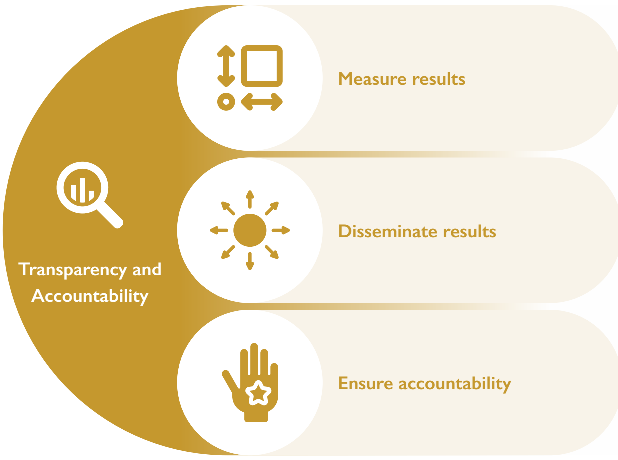

Figure 7. Transparency and Accountability Sub-Principles (GPEDC, 2019)

Sub-Principle 4.A: Measure results

Stakeholders should define and agree on frameworks to measure results for all partners involved. These include sustainable development outcomes and roles and responsibilities for data collection, with due consideration for reporting burdens. This also involves establishing provisions for independent evaluation, as appropriate.

(GPEDC, 2019)

The importance of measuring results relates to the opportunity to:

- Attract more resources for private sector instruments;
- Adapt products and services to a client-centric perspective;
- Drive greater business results and development outcomes;
- Manage risks and mitigate the negative impact of investments on key stakeholders;
- Understand whether impact demonstrates progress towards business and development goals;
- Detect potential negative unintended outcomes that derive from the business model;
- Increase trust amongst stakeholders.

Sub-Principle 4.B: Disseminate results

Provide information on the outcomes of partnerships, including through inclusive dialogue, to learn, improve transparency and remain accountable to the partners involved, beneficiary communities and citizens at large. Sharing outcomes broadly also plays an important role in scaling and replicating successes.

(GPEDC, 2019)

The relevance of disseminating results is associated with the importance of:

- Building trust and accountability when utilising public finances;
- Informing and engaging your stakeholders;
- Sharing experiences and methodologies to identify and address gaps in approaches;
- Improving business and impact performance;
- Securing additional or ongoing funding.

Sub-Principle 4.C: Ensure accountability

> Effective governance mechanisms, good project design and credible commitment are important to sustaining partnerships and ensuring that engaged parties are answerable for the commitments they have made. There is a need to establish and clearly communicate provisions for addressing concerns related to the impacts of partnerships.
>
> (GPEDC, 2019)

The value of engaging stakeholders through mutual accountability mechanisms is reflected in the creation of a sense of project ownership that can translate into:

- Ensuring that funding decisions are relevant and implemented as promised;
- More effective and impactful projects for the partnership;
- Creating a positive image for the project and stakeholders involved.

Implementation Challenges and Lessons Learned

This section summarises the challenges and lessons learned brought to the discussion by the country-level Action Dialogues and global Community of Practice participants and panellists when implementing the Kampala Principle #4 – Transparency and Accountability.

Annual reports, impact measurement and management reports, and stakeholder-specific information, remain the most usual format for measurement and dissemination of sustainable development results. Depending on the sectors and the stakeholders involved, businesses share diverse types of information about their engagement in development co-operation multi-stakeholder partnerships. Sharing information with government representatives is often a challenge because these actors usually measure and disseminate their own results. In this sense, businesses can benefit from **the co-definition of a results frameworks through which sustainable development outcomes can be measured and reported**. When sharing information with beneficiary groups, for instance farmers, these actors require relevant, real-time, information that can support them to increase their productivity, report their outputs, and prepare for adversities. When sharing information with customers, these actors require traceability information to enable complete visibility over the value chain, for instance, knowing which farmers produced how much of what, when, and with what time of quality.

"Data is key not only for the transparency and accountability of sustainable development results, but also for the traceability of supply chains and the credibility of businesses."

– Almut van Casteren, Co-founder & CEO at Equator Kenya Ltd.

Although results frameworks provide a transparent and mutual understanding of what is expected of the partners and what constitutes success for the partnership, this is not the reality of many partnerships. Businesses state that the lack of consensus on a globally accepted reporting framework leads to uncertainty regarding the best framework in which to invest. Connected to Kampala Principle #2 – Results and Targeted Impact, data collection is a resource intense activity that, unless embedded within decision-making processes, generates limited visibility and impact on the partnership, as well as on development and business outcomes.

Opportunities and Strategies for Engagement

This section summarises the implementation opportunities and strategies discussed by the country-level Action Dialogues and global Community of Practice participants and panellists to further engage with Kampala Principle #4 – Transparency and Accountability.

Businesses often hesitate to acknowledge their challenges in collecting and processing data and look for support when needed. **To overcome the uncertainty around reporting frameworks and limited traction of self-published results, businesses can benefit from leveraging standardised frameworks backed by global outlets that can effectively support measurement and dissemination efforts**. UNDP's Business Call to Action's Impact Lab platform and Impact Champions programme, as well as the SDG Impact Standards, were some of the choices mentioned by several businesses to streamline their efforts with measuring and disseminating sustainable development results.

"As a telehealth company, we measure how technology can improve reaching scale through cost per patient and changes in health outcomes. We generate and disseminate reports on health costs and health access, which then may affect potential policy changes. A good example is the results we publish with BCtA on the adoption of telehealth models."

– Ting Shih, Founder & CEO at ClickMedix

Businesses can benefit from supporting data collection efforts, including disaggregated data by gender, disabilities, and vulnerable group; as well as supporting the development of monitoring frameworks at project and policy levels. **The use of technology and integrating data collection processes and impact management processes within business practices presents itself as a major opportunity to ensure in-house, cost-effective, quality data**. Training local communities in data collection and dissemination is an interesting approach adopted by some businesses. Through its alliance with Natural Heritage Fund, Bavaria Ab-InBev trains one person from each community to apply the best practices on their plots, share the knowledge with the community, and collect data through a tailor-made software programme.

Businesses can benefit from encouraging the establishment of a dissemination plan amongst partners, where the strategy and the roles for sharing the project's outcomes with stakeholders can be agreed beforehand. Within dissemination efforts, it is important to make the project's outcomes easily accessible to the public, if possible, in a timely and comparable manner that allows for course correction and fine tuning of the project's approach. Lastly, it is advisable to translate the key results into lessons learned for scaling up interventions and accessing additional finance.

Bringing the Principle to Life: Equator Kenya Ltd.

Equator Kenya Ltd., the food-processing company that produces African Bird's Eye Chilies for export, is a valued member of the Kampala Principles CoP that was invited to share how they are implementing the Kampala Principles for effective development co-operation in their business practices and multi-stakeholder partnerships at the fourth CoP session. Equator Kenya Ltd. seeks to provide climate-smart technologies, training, market linkages, loans, and inputs to 8,000 smallholder farmers along the Kenyan coast. This inclusive business is designed to reduce the crop risks posed by climate change, which will increase incomes in a sustainable manner among such farmers (6,000 of whom are women), as well as improve crop yields and quality. See the Kampala Principle #4 – Transparency and Accountability in action by reading below how Equator Kenya Ltd. is measuring and disseminating sustainable development results in its development co-operation multi-stakeholder partnerships to learn and scale up success.

Development Challenge

The progressive dry-out of existing water structures, coupled with inconsistent and fluctuating rainfall and limited financial resources create incredibly complex structural challenges for both agriculture companies and farmers.

Partnership Arrangement

Formed a stakeholder forum with all stakeholders with an interest in the chilies' value chain, including the Ministry of Agriculture, NGOs, farmers, and financial institutions to identify the challenges and co-develop problem solving strategies to address these challenges. Once the strategies were aligned, the strategic alliance sought partners that it could support with the implementation of these strategies on the ground. The World Bank became a key funding partner through the KEMFSED project, an initiative that aims to create alternative income possibilities for fishermen and women through farming. The end-goal of this multi-stakeholder partnership is to generate funding opportunities for irrigation equipment and water harvesting structures for individual farmers through a group approach.

Another key partner are financial institutions. Equator Kenya offers input packages to farmers and shares supply chain management software data for credit scoring with financial institutions. Through data provision and data sharing, Equator Kenya is enabling the inclusion of farmers, through transparent and accountable systems.

Kampala Principle 4: Transparency and Accountability

(4.A) Equator Kenya started engaging with the World Bank and the stakeholder forum three years before the implementation of the project to guarantee the co-definition of appropriate frameworks, including sustainable development outcomes and roles and responsibilities for data collection, to measure results for all partners involved.

(4.B) Equator Kenya disseminates results through the UNDP Business Call to Action Annual Progress Update as well as stakeholder-specific reporting frameworks – i.e., for government partners, farmers, or customers.

(4.C) By leveraging data provision and data sharing through a supply chain management system, Equator Kenya remains and holds farmers and financial institutions accountable for their commitments.

African woman shopping food in a local market and paying through mobile transfer. © Adobe Stock

Kampala Principle 5
Leave No One Behind

Targeting the furthest behind through private sector engagement (PSE) requires greater risk-taking on the part of all partners involved. It is essential to recognise, share and mitigate such increased risk. This is necessary as diverse actors engage in partnerships, make investments to deliver development results and incentivise greater private sector contributions to sustainable development. This enables PSE through development cooperation to realise its full potential and help achieve progress where it is most urgently needed. This endeavour requires comprehensive and inclusive approaches that involve private investors, governments, civil society and, in particular, the vulnerable citizens and communities concerned that are excluded from competitive markets, employment opportunities and key economic and social services – or actors operating in areas and economic sectors where market failures, poor infrastructure, difficult access and weak governance make both private and public investment costly, difficult and risky. Private investment in these contexts is essential to address income poverty, food security, decent employment, inequality, and economic inclusion. To ensure investments in these areas maintain a focus on leaving no one behind, all PSE efforts – from creating new markets and decent employment to providing specific goods and services – require such targeted approaches. As such, PSE through development co-operation must visibly contribute to leveraging additional investments, rather than simply increasing profitability.

(GPEDC, 2019)

To guarantee the focus on *Leaving No One Behind*, it is important to consider four sub-principles, notably Kampala Principles 5.A, 5.B, 5.C, and 5.D.

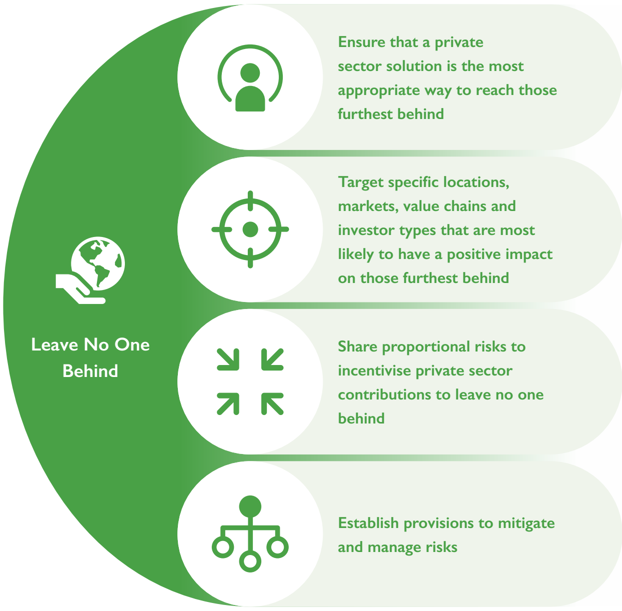

Figure 8. Leave No One Behind Sub-Principles (GPEDC, 2019)

Sub-Principle 5.A: Ensure that a private sector solution is the most appropriate way to reach those furthest behind

> The use of PSE through development co-operation to reach those furthest behind should be based on an assessment of whether a private sector solution is the most appropriate and sustainable way to realise the desired sustainable development results. Important factors in determining whether PSE through development co-operation is the right approach include the interests and motivations of potential private and public sector partners, the additional value a partnership with the private sector can bring over alternative solutions and the likelihood of realising long-term sustainable development results. In situations where PSE through development co-operation is the best approach, a set of realistic sustainable development objectives that target specific populations or sectors should be established, alongside an associated results framework.
>
> (GPEDC, 2019)

The relevance of ensuring that a private sector solution is the most appropriate way to reach those furthest behind is associated with the business' potential to yield added value to the PSE project. The ability to deliver a market-based solution that reaches the poorest and most vulnerable populations can also serve business interests by:

— Entering a large and underexplored market, where there is often little competition and high potential for innovation;

— Securing a foothold in future markets;

— Building a 'good corporate citizen' reputation with stakeholders.

Sub-Principle 5.B: Target specific locations, markets, value chains and investor types that are most likely to have a positive impact on those furthest behind

When undertaking PSE, development co-operation should target contexts where investments in profitable entrepreneurial activity will provide markets, employment, production inputs, services and goods that improve the lives and livelihoods of those furthest behind. Partners should target support accordingly to promote efforts that leave no one behind by reducing risk, incentivising investment, and ensuring sustainability.

(GPEDC, 2019)

The importance of targeting specific locations, markets, value chains and investor types that are most likely to have a positive impact on those furthest behind relates to opportunities to:

— Strengthen competitiveness through building and linking to new markets;
— Strengthen access to supply chains;
— Open access for small suppliers;
— Drive innovation;
— Build greater mutual accountability between stakeholders.

Sub-Principle 5.C: Share proportional risks to incentivise private sector contributions to leave no one behind

Reaching those left behind can mean promoting partnerships in markets that have higher risks. These perceived risks need to be assessed jointly. Development co-operation can be used strategically to offset risks for the private sector when targeting populations underserved by the market. Considerations about sharing risks should be made in accordance with the scale and scope of the desired sustainable development results and due attention to the proportionality of risk being taken by public and private actors vis-à-vis benefits to partners. There should be transparency from the outset regarding the risks undertaken by each partner.

(GPEDC, 2019)

The value of sharing risks proportionally is reflected in the need to evaluate the benefits and the risks resulting from the participation in development co-operation multi-stakeholder partnerships by:

— Articulating business' contributions with partners' contributions, under a common vision;
— Respecting other partners' expected benefits;
— Understanding how to allocate operating and political risks to the parties best positioned to minimise and manage risks.

Sub-Principle 5.D: Establish provisions to mitigate and manage risks

> Carry out a joint assessment of the potential risks for the beneficiaries of the partnership as part of due diligence. Develop systems to monitor these risks, bringing in appropriate civil society partners as needed and undertaking course correction where necessary.
>
> (GPEDC, 2019)

The importance of ensuring that provisions to mitigate and manage risks are established are connected to:

- Businesses' duty to conduct due diligence;
- Businesses' need to examine sustainability impacts and businesses processes and practices to detect and mitigate risks;
- Businesses' responsibility to advocate for PSE projects to operate in line with the tenets of presumed full disclosure and transparency, accountability, provision for public oversight, public consultation mechanisms and a publicly communicated complaints mechanism.

Implementation Challenges and Lessons Learned

This section summarises the challenges and lessons learned brought to the discussion by the country-level Action Dialogues and global Community of Practice participants and panellists when implementing Kampala Principle #5 – Leave No One Behind.

Private sector actors identified several challenges experienced when delivering solutions to those furthest behind. First, the **financial risk**, intricately linked to **political instability and the risk of corruption** when the appropriate incentives and financial opportunities to effectively reach scale are missing. Second, the **lack of risk appropriate regulation** that protects businesses by reducing fiduciary exposure. Third, the **lack of a commonly accepted risk sharing mechanism** that led to each partner taking individual approaches to risk, including donor requirements – e.g., monthly monitoring and evaluation.

Multi-stakeholder partnerships can play a key role in reducing the increased risks inherent in targeting a specific population or economic sector where market failures, poor infrastructure, difficult access, and weak governance make both private and public investment costly, difficult, and risky. Private sector actors are calling upon development agencies to support private sector efforts in delivering an effective solution in three ways.

1. **Positioning private sector efforts within an enabling network** that can support the solution's scalability through patient capital.
2. **Mediating a reasonable risk-sharing horizon** between partners, and ensuring adequate risk assessment, mitigation, and sharing efforts.
3. **Acting as a 'credible entity'** that ensures proportionate risk sharing and effective responsibility alignment.

Opportunities and Implementation Strategies

This section summarises the implementation opportunities and strategies discussed by the country-level Action Dialogues and global Community of Practice participants and panellists to further engage with Kampala Principle #5 – Leave No One Behind.

To effectively tackle a development challenge of a specific population or economic sector, it is advisable to consider identifying the sectors in which investments in entrepreneurial activity are profitable and provide markets, employment, production inputs, services or goods that improve the lives and livelihood of those furthest behind. An effective solution requires a user-centric approach where the target population contributes to co-designing the solution. **As the starting point to effectively tackling these challenges, businesses can benefit from gaining in-depth understanding of what the target population describes as challenges**.

When engaging in development co-operation multi-stakeholder partnerships, businesses can benefit from reflecting on how to further align the core business model with local development priorities and consider aligning key performance indicators with the 2030 Agenda for Sustainable Development through the Sustainable Development Goals. In this way, **businesses can benefit from investing in inclusive business models and engaging with the target population not only as the beneficiaries but, more importantly, as a valued supplier, producer, employee, customer, or partner**.

Trust and transparency are key when collaborating with governments and development agencies. Private sector actors understand that **leveraging technology-based solutions that offer a high-level of transparency by default, translate into a significant value added for partners**.

"What was a big win with the government, against any other development project with which they had been previously involved, was that we were transparent. They could see clearly how many students were logged in, how many students completed the process, etc. By leveraging a technology-based solution, we enabled the government to not only monitor the usage of the solution, but also to quickly access actionable information from the dashboard."

– Roopali Mehra, Founder at Transform Future Consulting

Regarding proportional risk-sharing, businesses can benefit from taking the time to understand how different actors perceive risk and developing a common terminology on risk and return sharing. Moreover, businesses can benefit from advocating for a joint risk assessment initiative that led to the sharing of risks amongst all partners, with due attention paid to the proportionality of risks taken by public and private actors via-à-vis the respective expected returns.

Bringing the Principle to Life: MasterCard

The payments technology company, MasterCard, is a valued member of the Kampala Principles CoP that was invited to share how they are implementing the Kampala Principles for effective development co-operation in their business practices and multi-stakeholder partnerships during the second CoP session. By the end of 2022, Mastercard aims to connect 40 million micro- and small merchants to its electronic payment network to accelerate the adoption and use of its financial tools. See the Kampala Principle #5 – Leave No One Behind in action by reading below how MasterCard is recognising, sharing, and mitigating risks for all partners in its efforts to leave no one behind.

Development Challenge

One of the key challenges of allowing base-of-the-pyramid businesses to operate in mainstream payment networks is when micro-merchants need to participate in mainstream payment rails. Ultimately, the flow of money is based on the risk associated with the holding of funds. Against the holding of funds, every entity that bares such risk often needs to ensure collateral to participate in mainstream payment rails. This is nearly impossible for base-of-the-pyramid businesses and micro-merchants who hold reduced or no collateral.

Partnership Arrangement

In partnership with the International Finance Corporation, financial institutions, telecommunication companies, civil society organisations, and merchants, MasterCard allows base-of-the-pyramid businesses to participate in mainstream payment networks – i.e., to accept payments, to allow peer-to-peer transfers. The IFC MasterCard risk sharing mechanism allows base-of-the-pyramid businesses and micro-merchants to participate effectively in mainstream payment rails with reduced or no collateral, by baring this risk within the fund associated to the risk sharing mechanism. In this way, the IFC MasterCard risk sharing mechanism allows participants to effectively participate in the value chain.

Kampala Principle 5: Leave No One Behind

(5.A) MasterCard helped make the financial system more accessible by connecting micro and small merchants operating in the informal economy to mainstream payment rails. To do this, MasterCard aligned their business growth interests with:

- Telecommunication companies' business growth.
- IFC's and CSOs' 2030 Sustainable Development Agenda to ensure that, by 2030, all people, in particular the poor and vulnerable, have equal rights to economic resources, including financial services and microfinance.
- Governments' interests to link a government identity with payments, to distribute social benefits through electronic payment cards, to send and receive remittances via mobile, and to broaden the use of quick and secure payments with micro, small, and medium enterprises.

(5.B) By connecting micro and small merchants operating in the informal economy to mainstream payment rails, under the IFC-MC risk sharing mechanism, MasterCard is incentivising base-of-the-economic-pyramid and micro merchants to effectively participate in the value chain in a way that reduces risk and ensures sustainability.

(5.C) MasterCard engaged with the IFC, government representatives, telecommunication companies, and civil society organisations in a transparent risk assessment activity, which resulted in the establishment of an umbrella fund to mitigate and share the risk of engaging base-of-the-pyramid businesses and micro-merchants in mainstream payment rails.

Recommendations

Since the official launching of the Kampala Principles in 2019, more than 100 Kampala Principles Action Dialogues and CoP members have shared multiple experiences in implementing these Principles over the past years. This Guidance Note was developed through an open process, enabled by a peer-to-peer learning space dedicated to discussing how businesses can enhance their engagement with these five mutually reinforcing principles. This process was critical to foster the effectiveness of development co-operation multi-stakeholder partnerships at the country level with the private sector.

The Role of Private Sector in Development Co-Operation

Considerable progress towards achieving the 2030 Sustainable Development Agenda have been made over the last years, while the effects of the COVID-19 pandemic combined with the current geopolitical and the humanitarian crisis posed substantial challenges and setbacks to this process. Such circumstances can only be reverted through collective action and collaborative partnership for the Sustainable Development Goals (SDGs). Given the ambition of the SDGs, no actor alone can solve this systemic challenge, especially when it comes to financing.

"The old way of doing business with unsustainable consumption patterns is going out of business. The private sector will not be able to continue operating without the SDGs. The Kampala Principles provide the foundation for boosting public-private partnerships for SDGs."

– Norimasa Shimomura, Resident Representative at UNDP Indonesia

Development co-operation based on multi-stakeholder partnerships is still perceived as an intricate process in which only mature companies, under the right incentives and operating in a positive enabling environment, are well poised to engage with. While large multi-nationals, such as SAP or MasterCard, are able to collaborate in big development projects to identify new opportunities and reduce the risks of navigating in new markets; National companies or MSMEs, such as Crepes & Waffles or Bive, start by building alliances with civil societies and unions from the start, leveraging community engagement at the core of the business model, and only seek collaboration with public sector actors and development agencies at a later stage. Businesses that require collaboration with public sector actors and development agencies from the start, such as eKutir or Equator Kenya Ltd., may encounter barriers connected with fluid timelines, limited alignment of incentives, and lack of understanding regarding reporting; however, the scale and sustainability of generated results are also significantly larger precisely due to the public sector actors' and development agencies' capacity to scale.

Companies that operate inclusive business models have proven to be more agile and resilient in partnering with governments to deliver essential services to the most vulnerable communities. Reinforcing inclusiveness and transparency as central tenets of effective development co-operation, businesses play a critical role in development co-operation multi-stakeholder partnerships. Moreover, multi-stakeholder partnerships can also play a key role in supporting businesses' operational scalability and profitability. It is critical to enhance the capabilities of micro, small, and medium enterprises to effectively engage in multi-stakeholder partnerships.

The Private Sector's Perspective on Multi-Stakeholder Development Co-Operation Partnerships

A **clear match between the business and development case** is what drives businesses to engage in development co-operation partnerships with the government, development partners, civil society organisations, and unions. This alignment is often driven by at least one of the following three strategies:

— **Increasing operational scale**
— **Launching new, revenue-generating, products, or services**
— **Leveraging network benefits**

The first strategy concerns **increasing operational scale**. Operational scale regards the "size of business operations measured by the business's maximum output" (Grzegorzek, 2021). In partnership with the International Finance Corporation (IFC), financial institutions, telecommunication companies, civil society organisations, and merchants, MasterCard allows base-of-the-pyramid businesses to participate in mainstream payment networks – i.e., to accept payments, and to allow peer-to-peer transfers. The IFC MasterCard risk sharing mechanism allows base-of-the-pyramid businesses and micro-merchants to participate effectively in mainstream payment rails with reduced or no collateral, by baring this risk within the fund associated to the risk sharing mechanism. By connecting 40 million micro- and small merchants to its electronic payment network, MasterCard will allow for millions of participants to effectively participate in the value chain; therefore, significantly increasing the scale of its operations.

The second strategy concerns **launching new, revenue-generating, products, or services**. SAP joined a research project in the context of the Africa Cashew Initiative, with cocoa farmers in Uganda, the BMZ/GIZ Development Cooperation Initiative, and the Bill and Melinda Gates Foundation. The result was a fairly basic software program that caught the attention of both public and private sector actors. On the public sector side, the Government of Uganda recognised how the formalisation of the supply chain allowed for more transparent and fair pricing with smallholder farmers. On the private sector side, a large cocoa processor that was interested in entering the organic cocoa market, recognised the value added in the technology that enabled cocoa to be sourced more sustainably, tracking and tracing the cocoa beans at every stage. For SAP, this rudimentary technology has evolved into a listed item on the price list, Resource Management Software, with over 20 installations in the field. By participating in a PSE development co-operation multi-stakeholder partnership, SAP was able to mitigate the risk of entering a new market, with a new product, and grow its product list.

The third strategy concerns **leveraging network benefits**. Based on the inclusive consultation process, Bavaria realised that the income of approximately 50,000 women was based on beer sales. Realising the key role that Bavaria plays in the livelihoods of these women, Bavaria decided to increase the range of partners involved at the community level, working with public entities, development agencies, and other private sector actors to join the initiative. Through community consultation and inclusive dialogue with partners, Bavaria recognised that the priority of their activities should be focused on prioritising vulnerable women. In this way, the *Emprendedoras Bavaria* programme enhanced its scope to include 15,000 women entrepreneurs, providing access to microcredit, savings accounts, retirement pensions, and training. In this way, Bavaria is fostering trust across its value chain through inclusive dialogue and consultation by leveraging a strategic partnership with the Colombian government, development agencies, private sector actors, and vulnerable communities of women in Colombia.

Recommendations to Implement the Kampala Principles

Businesses seeking to implement the Kampala Principles for effective development co-operation in their business practices and multi-stakeholder partnerships can benefit from reflecting on the lessons learned and considering the respective recommendations.

To address these barriers, businesses can benefit from:

Clear Incentives	Reflecting on how to further align the core business model with local development priorities and consider aligning key performance indicators with the 2030 Agenda for Sustainable Development through the Sustainable Development Goals.
	Identifying the sectors in which investments in entrepreneurial activity are profitable and provide markets, employment, production inputs, services or goods that improve the lives and livelihood of those furthest behind.
	Participating in regular consultations organised by (sub-)national governments and development partners, leveraging this space to engage (or advocate) with development partners to be informed of partnership opportunities and work together to develop a common language that works for all stakeholders involved.
Commercial and impact alignment	Investing in inclusive business models and engaging with the target population not only as the beneficiaries but, more importantly, as a valued supplier, producer, employee, customer, or partner.
	Gaining in-depth understanding of what the target population describes as challenges.
	Communicating to governments and development partners the main bottlenecks and challenges to be addressed.
Enabling Environment	Advocating for a policy framework on PSE that is aligned with their priorities and participating in national consultations to express their needs and demands.
	Engaging with business representatives – i.e., associations, local chambers of commerce – that can ensure representation in the consultations.
	Looking for information that could help align core projects with national strategies, and identifying focal points – i.e., governments, development partners, civil society, or unions – with whom to build relationships that can support the alignment of business strategy with national priorities.
Results reporting	Adopting standardised frameworks backed by global outlets that can effectively support measurement and dissemination efforts.
	Supporting data collection efforts, including disaggregated data by gender, disabilities, and vulnerable group; as well as supporting the development of monitoring frameworks at project and policy levels.
	Encouraging the establishment of a dissemination plan amongst partners, where the strategy and the roles for sharing the project's outcomes with stakeholders can be agreed beforehand.
	Ensuring that the project's outcomes are transparently accessible to the public, if possible, in a timely and comparable manner that allows for course correction and fine tuning of the project's approach.
	Translating the key results into lessons learned for scaling up interventions and accessing additional finance.
Resources in uncertain contexts	Taking advantage of the range of development co-operation modalities available beyond finance, including technical expertise and knowledge transfer.
	Leveraging business associations to facilitate dialogue amongst the private sector to develop a common position on PSE in development co-operation and raise awareness of compliance requirements.
	Identifying, understanding, and addressing the trade-offs among the different elements of sustainable development.
Risk sharing mechanisms	Taking the time to understand how different actors perceive risk and developing a common terminology on risk and return sharing.
	Advocating for a joint risk assessment initiative that leads to the sharing of risks amongst all partners, with due attention to the proportionality of risks taken by public and private actors via-à-vis the respective expected returns.
	Ensuring that their perspectives, including the identified constraints to investments – i.e., time, staff, money, equipment, etc. – are integrated into the projects' theory of change, analysis, monitoring, and evaluation, as well as learning plans.

References

Alonso, J. A., & Glennie, J. (2015). What is development co-operation. In 2016 Development Cooperation Forum Policy Briefs (No. 1). UN Economic and Social Council.

Bettcher, K. & Mihaylova, T. (2021). Global Partnership for Effective Development Co-operation. KAMPALA PRINCIPLES CASE STUDIES:

- SAP. Retrieved from: http://bit.ly/KampalaPrinciplesUG
- Bive. Retrieved from: https://www.effectivecooperation.org/system/files/2021-07/Bive%20case%20study%20-%20finalized.pdf

Business Call to Action. Member Companies' Inclusive Business Model:

- Bavaria. Retrieved from https://www.businesscalltoaction.org/member/bavaria
- Bive. Retrieved from https://www.businesscalltoaction.org/member/bive
- Equator Kenya. Retrieved from https://www.businesscalltoaction.org/member/equator-kenya
- MasterCard. Retrieved from https://www.businesscalltoaction.org/member/mastercard
- SAP. Retrieved from https://www.businesscalltoaction.org/member/sap

Global Partnership for Effective Development Co-operation. (2019). KAMPALA PRINCIPLES ON EFFECTIVE PRIVATE SECTOR ENGAGEMENT IN DEVELOPMENT CO-OPERATION. Retrieved from https://www.effectivecooperation.org/system/files/2019-07/Kampala%20Principles%20-%20final.pdf

Grzegorzek, J. (2021). Growing the Business = 'Increasing the Scale of Operations'. Super Business Manager. Retrieved from https://www.superbusinessmanager.com/growing-the-business-increasing-the-scale-of-operations/

Organisation for Economic Co-operation and Development. (2016). Peer Learning. Lessons from DAC Members on Effectively Engaging the Private Sector in Development Co-operation. Paris.

Welcome to the Global Partnership | Global Partnership for Effective Development Co-operation. (2022). Retrieved from https://www.effectivecooperation.org/

Annexes

Key Terms and Definitions

Private Sector Engagement Through Development Co-Operation

The aim of private sector engagement (PSE) through development co-operation is to leverage the private sector to achieve development objectives, while at the same time recognising the need for financial return for the private sector. In 2016, the OECD defined private sector engagement (PSE) in development co-operation as "an activity that aims to engage the private sector for development results, which involves the active participation of the private sector". The definition is broad and includes all modalities - such as finance, policy dialogue, capacity development, technical assistance, knowledge sharing and research. These efforts and actions range from informal collaboration to more formalised arrangements. Furthermore, they encompass many sectors (e.g., health, education, private sector development, renewable energy, governance, etc.).

Private Sector

The organisations that make up the private sector are those that engage in profit-seeking activities and have a majority private ownership (i.e., they are not owned or operated by a government). The term includes financial institutions and intermediaries, multinational companies, micro, small and medium-sized enterprises, co-operatives, individual entrepreneurs, and farmers who operate in the formal and informal sectors. The term excludes actors with a non-profit focus, such as civil society organisations.

Development Co-Operation

Development co-operation is an activity that "aims explicitly to support national or international development priorities, is not driven by profit, discriminates in favour of developing countries and is based on co-operative relationships that seek to enhance developing country ownership". Official Development Assistance is one form of financing within a much broader palette of development co-operation approaches and instruments. These include non-concessional finance, South-South and triangular co-operation, climate finance, co-operation among governments on non-aid policies, and co-operation with and among non-governmental actors, such as businesses and civil society.

Mult-Stakeholder Partnership Arrangements

Multi-stakeholder partnerships are a vehicle through which government representatives, development partners, private sector actors, civil society organisations and unions can collaborate on specific development challenges or exploit opportunities in ways that achieve greater impact than they could have achieved alone.

www.businesscalltoaction.org