



# Private sector development – why, what & how

Contribution to break out session: **Targeting winners or losers? Policy choices around socio-economic development**

IS Academy final conference “Facing Fragilities: people, aid and institutions in socio-economic recovery”

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# Presentation

- Main objectives policy for trade & development cooperation
- Policy for sustainable and inclusive economic development
- Some challenges ahead
- Questions / discussion



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## Objectives 'A World to Gain'

- Eradicate extreme poverty in one generation
- Sustainable and inclusive economic growth worldwide
- Succes Dutch companies abroad

### **Role of private sector in development firmly acknowledged**

- *Bottom line: decent business in accordance with the OECD guidelines*



# Private Sector Development

## Rationale:

- Private Sector Development contributes to **Sustainable** and **inclusive** economic growth. Key element of Dutch agenda to combine aid, trade and investment
- Private Sector generates 90% of jobs in low- and middle income countries (IFC jobs study) and 84% of GDP (UN). Decent jobs, adherence to CSR principles
- A conducive business climate, equal chances to develop economic activity, effective tool in poverty eradication (World Development Report 2013)
- Development of the private sector mutually beneficial for developing countries and Dutch business.



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## 5 pillars of PSD

### **1) Enhancement of market access**

f.e. TMEA trade corridors Burundi and Rwanda, CBI

### **2) Decent economic rules and regulations**

Land rights, economic governance

### **3) Reliable economic institutions and actors**

Legitimacy issues of institutions, PSI, PUM

### **4) Strengthening of physical infrastructure**

Prerequisite for development, ORIO, DRIVE enhanced focus on LICs

### **5) Strengthening of financial infrastructure**

FDOV, credit and saving facility for small holders, SMEs, MASSIF



## Private Sector Engagement

### - **Dutch Good Growth Fund**

1) Dutch SMEs (Netherlands Enterprise Agency), 20% goal to least develop

2) local SMEs (fund manager, tba), 15% target

3) export finance (Atradius)

Technical Assistance, PSI+ experience

### - **Public Private Partnerships**

FDOV, sustainable entrepreneurship and food security

### - **Trade Missions**

f.e. DRC, Somalia, Palestinian Territories, Rwanda

### - **Dialogue with the private sector**

- social visibility, CSR, OECD guidelines, EITI, conflict free tin



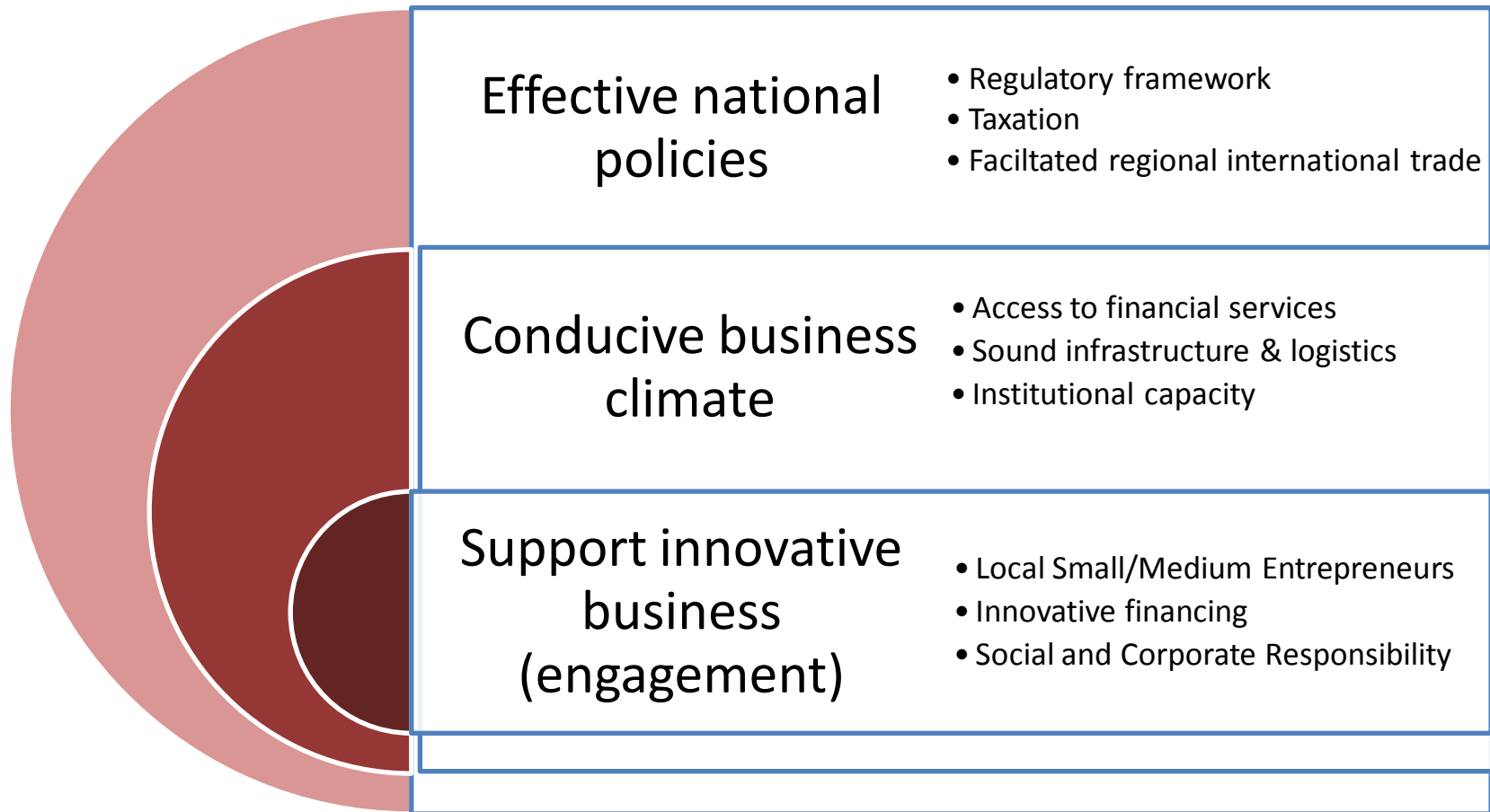


## Underlying insight : inclusive – what's in a name?





## Private sector development - priorities





## Example: linking farmers to demanding consumers

From solar-powered dairy cooling for smallholders...



...to high-tech food handling systems





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## Some challenges ahead

- How to ensure development and implementation of sound private sector *policies* in developing countries? Roles and responsibilities of local government, local business, civil society, Dutch stakeholders?
- Not only focus on winners; engage informal sector, smallholders and micro enterprises
- Make use of lessons learned in developing *regional markets* (such as in EU, East-Africa) in other regions, including West-Africa. How to better link regional development to global trade, and to national economic development?



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