

Policy Brief No. 2: The private sector in international development

Going beyond business as usual: the private sector's contribution to the global goals

This policy brief is based on the research project **An unusual suspect: the private sector in knowledge brokering in international development** (the Unusual Suspects project) unusualsuspect.org/

Although new research has indicated that a cohort of large multinational firms - with household names such as Chevron, Exxon, BP and Shell - is driving the climate emergency, they continue to expand their operations. Once again this raises the question whether profit-driven enterprises can truly go beyond business as usual to make meaningful contributions to sustainable development.

At the international level, the Sustainable Development Goals (SDGs) represent an important policy framework that envisions close collaboration with the private sector. Nationally, Dutch development policy also envisages a larger role for the private sector and knowledge institutions, puts increased emphasis on public-private partnerships, and provides the Dutch business community with opportunities to develop new business models.

Against this background, this policy brief seeks to reveal the hidden dimensions underpinning current policy dialogues on the private sector by looking at discourses central to development policy. Untangling the way in which the role of the private sector is envisioned and talked about helps identify the most fruitful way forward to collaborate with private actors for sustainable development.

Discourse on the private sector in development

A recently published paper by Sarah Cummings and colleagues investigates the manner in which discourses of development policy currently focus on the private sector and how the different interpretations are embodied in the global goals, namely the SDGs and the Millennium Development Goals (MDGs) which preceded them.

Pro-Private Sector discourse

Unlike the MDGs, which referenced the private sector only to a limited extent, the SDGs identify the private sector as a key development actor, suggesting almost unconditional support for the private sector. This **pro-private sector discourse** thus presents the role of the private sector in development as unproblematic. Proponents of this discourse comprise governments of developed countries and their large development agencies. They consider that the private sector is fundamental **to poverty alleviation**.

This pro-private sector stance is increasingly reflected in international agreements related to development and, at present, can be considered the dominant discourse.

Scepticism and the middle-ground

Some academics and civil society organizations are **sceptical of the win-win scenario** adopted within the pro-private sector discourse. They argue that the emphasis on the private sector is mostly motivated by the global North pursuing its own business interests. The **middle-ground discourse appears to take a more pragmatic approach, leveraging the private sector for development**. Proponents of the middle-ground discourse tend to focus on the poor and development-relevance. Such approaches include social entrepreneurship and Corporate Social Responsibility. There is also an emphasis on better regulation of the private sector, including legislation, certification, assessment frameworks, standards and benchmarking.

The anti-private sector discourse:

In contrast to the uncritical pro-private sector discourse stands the **anti-private sector discourse**. This takes a highly critical stance towards private sector actors and points to their role in generating the societal inequalities and environmental damage that created the need for the SDGs in the first place.

Science for Using Research (SURE)

The [Unusual Suspects project](http://unusualsuspect.org/) is one of the research projects of the [NWO-WOTRO SURE research programme](http://www.nwo-wotro.nl/sure), aiming to strengthen the scientific and evidence base for knowledge brokering activities in research programmes for international development. SURE focuses on knowledge brokering performed by the five Dutch knowledge platforms:

- [Security and the Rule of Law](#)
- [Food and Business Knowledge Platform](#)
- [Water for Development](#)
- [Share-Net International](#)
- [INCLUDE](#)

One of the key aims of the *Unusual Suspects project* is to provide advice for policy makers and research funders on how to develop a policy framework which facilitates knowledge brokering activities with the private sector, tailored to the NWO-WOTRO and the Dutch Ministry of Foreign Affairs, while also relevant to others. Project researchers comprise Barbara Regeer and Sarah Cummings of the Athena Institute, VU University Amsterdam, and Suzanne Kiwanuka of Makerere University, Uganda.

The new agenda [Agenda 2030] is profoundly biased in favour of the unchecked action of the corporate sector, without advancing any concrete attempt to redirect the currently unsustainable business model and address issues of conflict of interest within public policy spaces.

~ Civil Society Mechanism of the Committee on World Food Security

Towards a new discourse

In recent years the private sector has been given more prominence in development policy. It is, for example, more in the foreground in the SDGs than in the MDGs. The dominance of the pro-private sector discourse is problematic because it ignores the role of private actors in exacerbating inequalities. The most pragmatic way forward is the creation of discourses that place **greater emphasis on the diversity of the private sector and take a more nuanced approach** found within the sceptical and middle-ground discourses.

Standards, assessment frameworks, benchmarking

Assessment frameworks and standards have been developed by international organizations and civil society. These include:

- Oxfam [Framework to assess the development relevance of projects and programmes supported by the main bilateral donors](#) (July 2019)
- UNDP [Tiered certification framework for private investors for impact on SDGs](#) (pilot, November 2019)

Interesting and useful initiatives to benchmark the private sector's contribution to development include:

- [Access to Seeds Index](#) measures and compares the efforts of the world's leading seed companies to enhance the productivity of smallholder farmers.
- World Benchmarking Alliance with benchmarks for [climate and energy](#), [food and nutrition](#), [gender equality](#), [development processes](#) and more.
- [Access to Nutrition Index](#) rates food and beverage manufacturers' nutrition-related policies, practices and disclosures worldwide on a recurring basis.

Key Messages for policy makers

- Sustainable development needs to use all possible means at the disposal of the international community. This includes incorporating the private sector because of its resources and potential to scale up.
- The dominant approach in development policy appears to assume that the private sector is a benevolent actor that is able to contribute sustainable development. This ignores the fact the private sector has contributed to the creation of many development and sustainability problems.
- Inclusion of the private sector in international development should be based on an understanding of how best to leverage its contribution to the economic, social and environmental aspects of sustainable development, rather than unconditional support.
- New approaches should be informed by the **enormous diversity of the private sector** with some private actors better placed to contribute to development than others.
- Standards, assessment frameworks and benchmarking exercises have been set up to assess companies and initiatives in terms of their contribution to development (see Textbox). However, it is important that benchmarking goes beyond intentions to actual implementation.
- The informal sector probably requires more attention from development initiatives as it is closest to the poor and possibly most able to contribute to poverty alleviation.
- The private sector in developing countries themselves may be better able to support development than those located in the global North.
- Follow news on the role of the private sector in international development on [Capacity4Dev](#)

Private-sector enthusiasm for the SDGs is strong and growing—but translating interest into action has been challenging. A big part of the SDG story is scale. We need to significantly speed up implementation to make progress by the goals' target date of 2030.

~ SDG Impact Director Elizabeth Boggs-Davidsen

Sources

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