

Beyond Luxembourg: Business Partnership Facilities by other donor governments

The Top 5 Lessons Learnt from Recent Evaluations



Luxembourg Chambers of Commerce, 1 March 2018
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Vision of success: Delivering 'shared value'



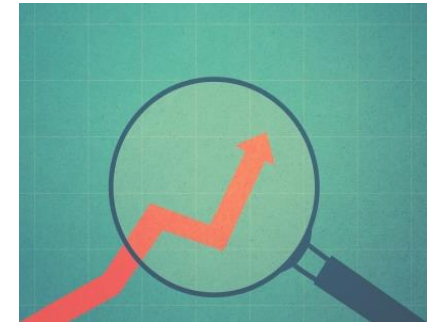
For governments/ donor agencies

Attract innovative ideas, private sector expertise

Support poor populations through private investments: access to jobs, incomes, goods or services, healthier environments...

Promote competitiveness through transfer of technology and know-how

For businesses



Reduce (financial) risk involved in new/early-stage ventures

Benefit from advice on new business models, local contexts, local contacts

Explore new markets/ achieve profitability more quickly

Achieving success: Key lesson #1

Not everything is 'win-win' but a shared understanding of project objectives is critical for success



- Conflicts between business interests and development policy often not shared openly or taken into account, leading to problems during project implementation
- Open dialogue and building trust in the design phase critical; level of trust and motivation correlated to partnership success
- Expected causal links between the project and expected results should be clearly articulated and agreed on (even if revised later on)₃

Achieving success: Key lesson #2

A narrow sectoral/ country focus can make BPFs more effective



Benefits for businesses:

- Greater clarity of BPF objectives/ eligibility criteria
- Better ability of donor government to provide technical advice/ local contacts/ information on local/ sectoral business environment

Benefits for donors:

- Narrow focus makes it easier to take an informed decision on project proposals, e.g. on
 - **Additionality:** Does the project bring something new/ risky/ innovative that warrants public support? (i.e. business is unlikely to take the risk alone/ commercial finance likely unavailable)

Achieving success: Key lesson #3

Many BPFs have not paid enough attention to results monitoring, but getting it right is critical for both the public and private partner



- Helps businesses keep track of activities and outputs; improve their understanding of customers and suppliers, e.g. to inform pricing and marketing decisions; and to demonstrate impact to help secure future government support
- Donors want to learn from experience, need to demonstrate development impact
- Clarifying responsibilities for results monitoring early on is key – e.g. businesses report on business/supplier/client indicators they anyway collect, donors lead on additional data collection related to poverty/ development impact

Achieving success: Key lesson #4

Concerted efforts are needed to move from ‘standalone’ projects to systemic impacts on local economies, e.g.



For winning proposals/ project design:

- Consider options for **local sourcing/ SME linkages**
- Businesses and donors can agree on ways to **diffuse technological know-how** that don't undermine the company's competitive gains (e.g. sharing info with universities, NGOs, business associations, after an agreed time frame)

For project implementation:

- Businesses can alert donor about **regulatory/ business environment issues** – donors can facilitate dialogue between partner companies and the local government to **advocate for reforms**
- Partners can identify ways in which other donor/ gov **programmes could help all companies in a sector** (e.g. establishment of common facilities)

Achieving success: Key lesson #5

Creative approaches are needed to build longer-term relationships beyond project-based partnerships



- In the past, relationships between donors and businesses typically stopped after project completion, even if successful
- Businesses interested continuing strategic discussions on market and development challenges, co-designing future collaborations + Donors want more private sector engagement in development
- Businesses appreciate donor efforts to develop continuous relationships (e.g. through ‘relationship managers’, regular consultations etc)