

8th global PPD Workshop – Sanjay’s Remarks

1- Welcome

Many thanks.

I would like to welcome you to the 8th Annual Public-Private Dialogue Global Workshop. And I would like to recognize and celebrate the leaders from government and the private sector from 45 countries who have come from all parts of the world for this workshop. You are the champions and custodians of the PPD process in your countries – which we view as the cutting edge of development policy and a key accelerator in our shared fight to end poverty and boost shared prosperity.

2- Public-Private Roles

Over the years the development community has oscillated between the primacy of government versus the primacy of markets and the private sector.

The traditional approach of the development community was to support and finance governments to achieve development results, since governments of course play a significant role in providing key public services to citizens and the poor. But it has also become clear over time that while some governments in developing countries have achieved good development outcomes, others have not. In addition, there is strong realization that overseas development assistance to governments is increasingly constrained.

In parallel development policy has also gone through periods where markets and the private sector were seen to be the panacea, particularly in the 1980s era of the so-called Washington Consensus. After all, the private sector plays a dominant role in providing investments and jobs in many developing countries. But unfettered reliance on the private sector alone also turned out not to be a panacea as it led at times to predatory behavior, as manifested in negative impacts on environments, labor standards or corruption.

The last decade or so have witnessed a more balanced and nuanced view of the complementary roles of the public and private sectors. Markets and states, the public and the private sectors are complementary not contradictory, and both are needed to accelerate developmental outcomes.

Underpinning this are new complementary roles of the public and the private sectors. The public sector needs to transform from the provider to the enabler, catalyst, facilitator and partner of the private sector and development – this requires a significant mind shift of public officials in many countries. Equally important, we are witnessing an important evolution in the role of the private sector.

3- New Complementary Role of Private Sector – Shared Value

The traditional paradigm of capitalism envisaged companies as optimizing short-term profits in a bubble, while ignoring the most important societal problems that are vital for its long-term success.

We are now witnessing a new paradigm of capitalism, which Harvard Professor Michael Porter has termed shared value, where businesses generate economic value by solving societal problems such as health, nutrition or environmental degradation as a core value proposition.

Many companies have already stopped asking “What can development do for the private sector” and are now asking “what can private sector do for development”. Here are some examples:

- WaterHealth International has distributed clean water to over one million people in rural India, Ghana and the Philippines using innovative, very low-cost water purification techniques that are providing immense health benefits to the poorest people, as well as fast growing profits to the company.
- In Ikea, where 60% of supply chain is based on wood harvesting, investing in sustainable practices, and good labor and social standards for their workforce in wood plantations is not a matter of charity but an imperative for long-term business survival.
- Yara, the world's largest mineral fertilizer company, realizing the lack of infrastructure in many parts of Africa was preventing farmers from gaining access to fertilizers and from transporting crops to market, invested \$60 million in ports and roads to create agricultural growth corridors in Mozambique and Tanzania, in collaborative partnership with local governments and donors.

This collaboration is crucial for shared value: the private sector with all its entrepreneurship and resources cannot solve these challenges alone. A shared value approach requires collective action across multiple stakeholders.

4- Role of PPD

This is exactly why we need to provide space for disparate constituencies to come together for collaborative action. The Public-Private Dialogue initiatives you work on are exactly such kind of institutional mechanism for collaborative development.

Such collaborative policy-making platforms have become widely recognized as a fundamental component of economic development and a driver of growth. And this is because they function as a two-way street. They are not only a way for providing private sector input to government policies. It is also for the government to help focus private sector investment where it is most needed.

Take the example of Malaysia's "PEMUDAH" the PPD institution which helped position Malaysia as a global leaders in electronics market in just 10 years' time. Now Tanzania is defining its Big Results initiative through the same public-private dialogue mechanism, through South-South learning from Malaysia.

5- PPD Results

Elsewhere also we are seeing very encouraging results from PPD.

Last year, in Frankfurt, this community of practice awarded the PPD Howard Award for Outstanding Achievements to the Nepal Business Forum. To date, 63 of its recommendations have been implemented on promoting investments and facilitating trade, with three reforms already generating \$8 million in private-sector savings, as per a World Bank evaluation. But more importantly, the forum has been instrumental in creating a culture of dialogue and trust between government and private actors during a post-conflict period marred by political instability.

Another example is the Liberia Better Business Forum. I am very happy that you will hear, later on today, from Minister AXEL ADDY, who has been championing this process in Liberia. A World Bank evaluation measured that reforms of the LBBF so far have helped created 20,400 new jobs, increased business registrations by 20 percent, and attracted \$13 million in private-sector investment.

6- FCS

PPD is particularly important in fragile and conflict affected states. Because they can foster trust between government and private sector in a fragile situation. And PPD can be crucial for promoting youth entrepreneurship by broadening and democratizing business entry, so youth can take up jobs rather than guns in their hands, so they can start businesses, rather than joining militias or terrorist groups.

7- Way Forward

At the World Bank and the IFC, we have been supporting Public-Private Dialogue mechanisms for about 10 years now.

For our part, my vice presidency is working on three key underpinnings for the success of PPDs – supporting collaborative leadership and coalition building to enable public and private actors to come together, surfacing innovative business models, and supporting peer learning, including through this wonderful community of practice so that practitioners can learn from each other.

I believe this workshop can provide us with the lessons and tools to engage around not only the “why” and “what” but also the “how to”.

But the success of this event rests on not being an event, but the launch of a program. Multilateral organizations like the World Bank Group, and bilateral partners like Denmark, need to find the way to mobilize resources, to facilitate constructive engagement on this topic.

If we do so, we will support one of the key frontiers of development today – collaboration between the public and private sectors – that can be a key accelerator to help us achieve our ambitious goals for eradicating poverty

Thank you.