

**CONCEPT NOTE – SESSION 3****Public-private dialogue in support of better national policies and the SDGs**

The SDGs cannot be achieved without the private sector's participation. Different businesses – from micro-, small- and medium-enterprises to large international corporations – are increasingly supporting sustainable development priorities and addressing the needs of those left behind. Creating an enabling policy, legal and regulatory environment requires a close dialogue between the public and the private sector. This is critical for domestic actors as well as international investors and donors.

In addition to favourable conditions, a smart mix of incentives, sound policies and monitoring efforts is essential to generate the stability and trust businesses need to tackle and manage risks, innovate, and invest with external partners, particularly in areas where they would not have done so otherwise.

Governments can attract investment by providing simple, stable and transparent tools and reducing unnecessary bureaucratic burdens. They can use fiscal (e.g. reduced corporate taxes) or financial incentives (e.g. grants or loans) as well as other instruments. These include preferential access to markets or simplified procedures to obtain permits as well as recover or reduce costs. Supporting businesses in these ways will enable them, in turn, to enhance livelihoods by creating decent jobs, by integrating workers, especially women, from the informal sector, and by investing in green infrastructure and technologies. Public administrations also increasingly put in place appropriate oversight and accountability mechanisms to ensure that partnerships with the private sector maximise impact.

A sound regulatory framework is fundamental to enhance public-private dialogue. Without such frameworks, emerging economies have shown high unexpected fiscal costs in the past. In particular, better regulation for infrastructure investments at the preliminary stages of private sector involvement should improve the effectiveness of these investments. Regulations linked to environmental and land permits, contract renegotiations, and price-setting all make a positive difference.

A number of external partners can support developing countries engage with local private actors. Private guarantors, brokers and mediators can provide guarantees, finance and the capacity to select, manage and fund projects. Private investors also can provide expertise and technology that could be lacking. Sharing good practices and suitable instruments for risk mitigation, insurance and innovative financing techniques are key.

The value of a structured public-private dialogue mechanism is increasingly recognised as one key measure to encourage investment. A predictable framework could bring together civil servants, business leaders and others to increase understanding, build trust for future collaboration and adapt instruments and practices. Still, the 2016 monitoring report of the Global Partnership for Effective Development Co-operation showed that progress in national dialogue mechanisms is insufficient. The 2016 report highlights the importance of strong leadership to complement specific instruments and resources.

Policy dialogue at highest level has also confirmed the need for clear effectiveness commitments for partnerships between governments, civil society and the business sector – ownership, results, partnerships and accountability and transparency could all be key to generating shared benefits for business strategies and development goals.

This session will discuss the challenges and opportunities of promoting public-private dialogue in developing countries. It also will highlight the efforts made by governments to support effective partnerships and encourage private investment to achieve the SDGs.

Questions to guide the discussion:

- What adjustments to the policy, legal and regulatory environments in developing countries are top priorities to encourage businesses to invest, especially in perceived high-risk environments?
- What are key challenges and opportunities to create more dynamic dialogue between the public and the private sector to achieve the SDGs?
- What role can development co-operation partners play in supporting governments and in adjusting their own instruments and practices for more effective partnerships with the business sector?