

Case Studies of Private Sector Engagement in Development

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SELECT CASE STUDIES

1. Good Examples of Private Engagement

I. Providing Funding Assistance

Organisation: Fred Hollows

Private Sector Partners: Standard Chartered Bank (Seeing is Believing Foundation), Inner Mongolia Chaoju Red Cross Eye Hospital, Lanzhou Bright Eye Hospital

Country: China, Mongolia

The program involved the development of essential eye care services in the Gabsu Province, the Inner Mongolia Autonomous Region and Jiangxu Province. The project has assisted over 250,000 people over three years.

Private sector funding to effective NGO to improve health of poor people and increase their ability to engage in economic activity.

Organisations: Burnet Institute, Global Fund to fight AIDS, TB and Malaria

Private Sector Partners: Oil Search

Country: PNG

Oil Search is the principal recipient of the Global Fund grant for HIV/AIDS in PNG. The Burnet Institute works with Oil Search to administer the funds allocated through the grant.

Multilateral funding to a private sector entity that works with an effective NGO to administer the funds to assist those in need.

Proposed Engagement with Private Sector

Organisations: Fred Hollows Foundation

Private Sector Partners: Unknown

Country: TBA – South East Asia

Currently developing a proposal for one of the world's first Development Impact Bonds – the Cataract Bond – to fund the reduction of cataracts in South East Asia

Opportunity for Australian Government to leverage a new form of finance, while learning lessons from the pilot phase, to provide market-enabling public goods such as healthcare

II. Sharing of Expertise, Technical Assistance and Innovation

Organisation: Opportunity International

Private Sector Partners: Barefoot Power (Melbourne based solar company) and IFR (Global Mobile Technology Corporation)

Country: India

Opportunity international working with Barefoot Power and IFR to provide innovative solar power technology to poor communities in India. Provides them with electricity and clean cooking energy.

Provides poor communities with light and a more efficient cooking source – improves educational and health outcomes and therefore improves economic growth and prosperity.

Organisation: World Vision

Private Sector Partner: Jasper Coffee

Country: Ethiopia

Jasper Coffee is an Australian owned company, established in Melbourne in 1989. Sustainability is foundational to their business concept, being the first roaster in Australia to offer organic coffee. Jasper Coffee takes a keen interest in the livelihoods of coffee growers, seeking to make a difference in their lives by taking part in initiatives such as Fairtrade, and also by partnering with World Vision Australia. **World Vision Australia helped Jasper Coffee identify a source of coffee in one of World Vision's Area Development Programs (ADPs) in Ethiopia.** Jasper Coffee sells the Fairtrade certified coffee in Australia. In addition, sales from the coffee supports World Vision's work in the ADP, including work with coffee famers to improve the quality of their product

Through this partnership, Jasper Coffee is able to offer the Australian public a high quality AA Grade product that also supports the coffee-growing families of Yirgacheffe in Ethiopia

Organisation: Fred Hollows Foundation

Private Sector Partners: Independently owned, private labs

Country: Nepal and Eritrea

In 1994, established independent high-tech laboratories to manufacture intra-ocular lenses (the key input in cataract surgery) at low cost

Since 1994, manufactured over 4 million lenses, reducing the cost per lens from \$150 to \$5 – improving the ability of poor to access eye-care and participate in economic activity

Organisation: Fred Hollows Foundation

Private Sector Partners: Tilganga Eye Hospital, Islamia Eye Hospital

Country: Nepal and Bangladesh

Supports two private hospitals which **operate on a sliding scale of fees based on patients' willingness to pay** for amenities such as more luxurious rooms or special meal services, and **offers low cost or free cataract surgery to the poor** (based off the Avarind model in India). In addition Islamia Eye Hospital has recently been approved as the main teaching hospital for Bangladesh.

Offers low cost or free cataract surgery to the poor, subsidised by wealthier patients. Serves as a training and educational facility for medical students and staff.

III. Provision of Skills

Organisation: Australian Business Volunteers

Private Sector Partners: IBM, Hume City Council, Optus, Taylors

Country: Asia Pacific Region

An international corporate volunteering program where ABV partners with companies in Australia to set up mentoring opportunities with their counterparts in countries in the Asia Pacific region. In 2012/13, 103 volunteers deployed with 34 local beneficiary organisations across 10 countries.

Improve the skills and expertise of the private sector in developing countries.

Organisation: Australian Business Volunteers

Private Sector Partner: ANZ

Three Projects:

1. Country & local private sector partner: Indonesia – Pekerti (a fair trade group)

ANZ employees were given the opportunity to undertake a three month skilled volunteer placement with long established AVI partners. In Indonesia, Volunteers with marketing expertise supported a fair trade group, Pekerti, to improve their sales by developing, launching and promoting an ethical shopping website; staff were coached on communications planning and writing; overseas enquiries and sales increased.

2. Country & local private sector partner: Solomon Islands – Solomon Islands Development Trust

Volunteer with human resources expertise designed a human resource management system for the Solomon Islands Development Trust; an employee handbook including child protection policies was launched; processes were improved and managed gained increased confidence in HR issues.

3. Country & local private sector partner: Fiji, Kiribati and Solomon Islands – the Pacific Islands Private Sector Organisation

Volunteers with financial services expertise worked with the Pacific Islands Private Sector Organisation, based in Fiji, to develop financial literacy materials; delivered workshops for small business owners including women in business; participants demonstrated strong sense of empowerment and confidence after the workshops.

Improve the skills and expertise of the private sector in developing countries. It also provided Australian employees with a unique opportunity to develop personal capabilities, to enhance leadership skills and to develop a 'wide angle lens' as global citizens.

2. Poor Outcomes in Private Sector Engagement:

I. Provision of Healthcare:

Vietnam Health Care System:

In the 1980s, Vietnam liberalised rules for private sector engagement in the provision of health services. The liberalisation of private investment in health and the growth of private facilities in the health sector have increased the overall health indicators of the country.

However, there are systemic problems of equity in access and efficiency in the use of resources.

- Growth of private facilities have largely been in urban and wealthier areas – where residents can afford to pay the user fees
- Contributed to the increasing urban/rural disparity in access
- Limited health insurance (most people are not insured)
- High out of pocket expenditure – 70% of fees are out of pocket
- Prices out most poor residents – growing health inequalities in Vietnam

See University of Melbourne “Health Policy and Health Finance Knowledge Hub”

II. Provision of Infrastructure:

- Private sector infrastructure investors are typically interested in large-scale infrastructure assets like ports, airports and large highways
- Where these projects are built in developing countries – the rights and interests of poor communities are often overlooked. This is particularly the case in countries that have inadequate land tenure or property rights systems
- Large projects often displace communities, commonly without compensation
- Lack of community engagement can cause huge delays or disruptions to these projects

Toll Group in Cambodia

Partnership between Australia (DFAT), the Asian Development Bank, the Cambodian Government and Toll Group to rehabilitate the Cambodian railway system – pitched as a driver of economic growth. A key condition of the deal was that the railway would be privatised – Toll was the winning concessionaire.

Unfortunately, insufficient attention was paid to the required resettling of approximately 4,000 families living alongside the tracks. Ultimately, the project was delayed substantially due to community anger and the refusals of people to resettle. Toll eventually pulled out of the project – and a complaint has been filed with the Australian Human Rights Commission.

Macquarie Mexico Wind Farm

A consortium between Mitsubishi, Macquarie Mexico Infrastructure Fund and a Dutch pension fund won a concession from the Mexican Government to build and operate a wind-farm in Mexico – one of the largest projects in Latin America.

Local indigenous communities were not supportive of the project, local protests disrupted project construction, the project has now been postponed.

3. ODA Used Effectively

I. Increasing Access to Financial Services to MSMEs

Nepal Micro Enterprise Development Programme

Australia co-funded programme in partnership with UNDP to help establish community enterprises or cooperatives and create innovative solutions to access financial institutions.

- Provides business training, financial literacy training and start-up costs to the poor in rural communities to buy equipment to start an enterprise
- Focus on poor and marginalised – **at least 60percent of beneficiaries must be women**
- Since 1998, the programme has provided employment to more than 50,000 rural poor – 68% have been women

ODA used to increase access to credit and other financial services for micro, small and medium enterprise, with a particular focus on improving access for women.

Pacific Financial Inclusion Programme

- Australian government co-funding the PCIP which introduces mobile money in five countries across the Pacific. Partnering with Vodafone and Digicel for technical expertise as well support from the EU, UN Capital Development Fund and the UNDP.
- Have enrolled more than 480,000 users – of which 170,000 had no bank accounts.

The project increases the access of poor people to access mobile banking products – ODA harnessing the expertise of the private sector to increase access to credit for micro, small and medium enterprise

II. Promoting Gender Empowerment

See the example of Nepal Micro Enterprise Development above

III. Improving Productivity

Providing Fertilisers to Farmers

- USAID is funding a scheme to provide vouchers to small scale farmers in Kenya to buy fertilizer.
- The program was rolled out after researchers tested a pilot in the field.
- Preliminary results should that take-up of the coupons was very high – and that participation of female farmers was common.

- Program is cost-effective - Since the subsidy is only 15% the cost of the fertilizer, and the returns to fertilizer average 50-80%, the increase in yields from the fertilizer greatly exceed the cost of the subsidy. Program administration entails minimal cost and simple logistics

Improves the yields and productivity of small farmers.

Organisation: AusAid / DFAT

Private Sector Partners: Cambodian Fertiliser Companies

Country: Cambodia

DFAT working with Cambodian fertiliser companies to provide technical advice and assistance to farmers in Cambodia on the use of fertilisers. Currently working with 7 companies in Cambodia – half the farmers in Cambodia could potentially be reached through these companies.

Improves the yields and productivity of small farmers in Cambodia.

IV. Increasing Access to Healthcare

Tingim Laip – PNG’s largest community-based HIV Prevention and Care Project

Project funded by the Australian Government and managed by the Burnett Institute to work with major mining companies in PNG to improve the health of workers.

Mining sites were identified as ‘high-risk’ for HIV transmission due to abundant commercial sex and high intake of alcohol and other drugs. The program sought to improve knowledge and access to healthcare for mine workers.

Many companies that worked with *Tingim Laip* were rated ‘excellent’ in the program evaluation.

An example of using ODA to improve the impact of private sector engagement in developing countries.

Organisation: Burnet Institute

Private Sector Partners: Chinese Private Sector Investors, Nanjing BioPoint Diagnostic Technology Ltd

Country: China

BioPoint is a private company set up by the Burnet Institute with the help of Chinese investors and a **Chinese Government start-up grant** to facilitate exchange of knowledge and scientific research with

the Burnet Institute. One of their aims is to develop point-of-care diagnosis of liver disease by developing key diagnostic tests that can be done on the spot.

Characterises a new mode of bilateral aid action, whereby Australian enterprises partner with enterprises in emerging markets to benefit poorer countries in the region, drawing on the differing strengths that Australian and those countries offer.