A REPORT OF THE CSIS
PROJECT ON U.S. LEADERSHIP
IN DEVELOPMENT

Leading from Behind in Public-Private Partnerships?

AN ASSESSMENT OF EUROPEAN ENGAGEMENT WITH THE PRIVATE SECTOR IN DEVELOPMENT

Authors
Heather A. Conley
Uttara Dukkipati

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LEADING FROM BEHIND IN PUBLIC-PRIVATE PARTNERSHIPS?

AN ASSESSMENT OF EUROPEAN ENGAGEMENT WITH THE PRIVATE SECTOR IN DEVELOPMENT

Heather A. Conley
Uttara Dukkipati

Executive Summary

Public-private partnerships as a tool for development have grown in popularity both in the United States and in Europe over the past decade. The United Kingdom first established its private Finance Initiative for the development of public-private partnerships back in 1992, and the U.S. Agency for International Development (USAID) established the Global Development Alliance, its public-private partnership office, in 2001. Since then, other European funding leaders have joined this trend. As the European Union (EU) and the United States, which collectively represent 80 percent of global official development assistance (ODA), have increased their coordination of development assistance, one would assume that the two would have fairly similar views regarding the value of public-private partnerships and their effective use. In light of the recent global economic recession and the European sovereign debt crisis, as well as the subsequent national budget reductions and austerity measures, one would also assume that European countries and the United States would focus even greater policy attention on enhancing public-private partnerships in order to leverage and maximize scarce development resources.

These assumptions, unfortunately, are incorrect. As the following research will illustrate, the approach of the six leading European development actors—the United Kingdom, Germany, the Netherlands, Ireland, Norway, and France—toward public-private partnerships vary drastically. Moreover, there is no common transatlantic definition of what a public-private partnership is or what it should do. While the United Kingdom, the Netherlands, and Germany have emerged as thought-leaders in developing ODA strategies that incorporate public-private partnerships, Ireland, Norway, and France have less defined roles for the private sector in their development strategies, as development officials in these three countries appear hesitant to incorporate the private sector more fully in their development activities.

The United Kingdom's Department for International Development (DFID) has the most comprehensive set of policies regarding the use of public-private partnerships in development and uses the private sector's competencies and funds most effectively to increase its own aid capacity. The Netherlands also incorporates the private sector as a way to stretch its development budget and fulfill its ODA commitments, but it does not use the sector as a "force multiplier" when it comes to the broader development agenda. In Germany, however, the motives behind using public-private partnerships are opaque; the German government appears to be more interested in encouraging these partnerships to be more closely linked with Germany's export strategy rather than development.

France, on the other hand, takes a unique approach to private-sector involvement. Rather than pursuing direct cooperation with the private sector, France prefers to use innovative financing

strategies, such as taxing private enterprises, to fund international development projects. Finally, Ireland and Norway have been reluctant to take steps toward more robustly including the private sector in their development strategies. As one of three EU member states to accept a bailout package in December 2010, Ireland dramatically reduced its ODA budget by 24 percent in 2009. Irish Aid, Ireland's development agency, did not see this as an opportunity to work more closely with the private sector in an age of austerity. There was no language setting out guidelines for private-sector involvement in its annual report. Moreover, Norway, a global development leader, also does not place emphasis on partnering with the private sector, although its financial situation stands in stark contrast to Ireland's constraints.

Given that these European nations have neither a uniform definition nor a common approach to private-sector involvement in development, it would seem an opportune moment to develop a transatlantic dialogue in best development practices and innovative programs in the public-private partnership arena. The implementation of austerity measures on both sides of the Atlantic will drive development agencies to maximize their private-sector strategies and develop greater synergies.

Introduction

Europe has long been a leader in providing generous international official development assistance (ODA) as a soft power instrument. In 2010, the European Union (EU) and its 27 member states spent €53.8 billion on ODA, accounting for approximately 60 percent of ODA worldwide.[1] For the past several years, the EU and its member states have consistently been the world's largest international aid donors.

However, as the continent faces a severe financial crisis and a growing number of regional issues, questions arise about its ability to sustain this level of aid engagement. Whether their commitment to development assistance will endure in an age of austerity and anemic growth will largely be a function of the ability of European states to develop innovative approaches. European development agencies are incorporating the private sector into their long- and short-term strategies as a way to make aid programs less dependent on their annual budget. Public-private partnerships (PPPs) often serve as the primary means by which countries begin to integrate the private sector into their development plans.

The strategy of employing public-private partnerships to meet aid commitments in an age of budgetary constraints is fairly nascent and is not implemented evenly across European nations. The following analyses will examine the development strategies of the United Kingdom, the Netherlands, Germany, France, Ireland, and non-EU Norway. This report will posit that there are two categories of countries that employ private-public partnerships: the early adapters (countries that have recognized the importance of PPPs as a means to sustain aid commitments, have experience in dispensing aid funds utilizing PPPs, and have articulated a strategy of how to utilize PPPs effectively in the future) and the reluctant actors (countries that have used PPPs in the past, albeit not as extensively as the early adapters, and have a limited strategy for how to employ PPPs going forward).

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1. European Neighborhood and Partnership Instrument Info Centre, "EU Spent Record €53.8 Billion on Development Aid in 2010," April 6, 2011, http://www.enpi-info.eu/main.php?id_type=1&id=24781&lang_id=450.Regula.

Examples of the early adapters include the United Kingdom, the Netherlands, and Germany. From 1999 to 2009, Germany initiated 3,375 public-private partnerships totaling €1.4 billion.[2] Between 2003 and 2012, the Netherlands will have initiated 75 public-private partnerships totaling €2.23 billion.[3] While the United Kingdom's Department for International Development (DFID) has not published figures on the total number of international development PPPs it has initiated, International Development secretary Andrew Mitchell announced in January 2011 that DFID would establish a new department to deepen its engagement with the private sector.[4] All three nations have specific development strategies related to PPPs.

Examples of reluctant actors include Norway, France, and Ireland. The Norwegian Agency for Development Cooperation (NORAD) has not placed an emphasis on the utility of PPPs in most of its yearly results reports. In 2010, only 3 percent of Norway's total aid contribution was allocated to public-private partnerships. Norway has had limited success with public-private partnerships relating to clean energy.

In 2011, France's development agency published a framework document entitled "Development Cooperation: A French Vision." The 68-page document acknowledges, "Development cooperation policy must enable synergy between public and private players so as to encourage the mobilization of private funds for development." The document, however, only highlights a handful of PPPs and strategies for implementing them going forward. France sees innovative financing as the primary means through which development commitments will be met in an age of austerity.[5] Rather than directly involving the private sector, the French concept of "financial innovation," as defined in its framework document, is "more stable, more predictable financial flows that are less dependent on the annual budgets of the Organization for Economic Cooperation and Development's (OECD) Development Assistance Committee (DAC) member countries and new donor countries than traditional aid."[6] Primary examples include airline ticket tax and the financial transaction tax which is currently being debated. This contrasts starkly with the public-private partnerships in the Netherlands, Germany, and the United Kingdom, which directly cooperate with the private sector. For example, DFID worked with the beer company SABMiller India Limited to create a program with the nongovernmental organization (NGO) Humana People to People to prevent HIV among its employees.

Ireland, like France, does not have a clear strategy for how to employ PPPs. In 2010, only 1 percent of Ireland's bilateral ODA was delivered through public-private partnerships.[7] This is

2. Federal Ministry for Economic Cooperation and Development, "Development Partnerships with the Private Sector: Annual Report 2009," August 2010, http://www.bmz.de/en/publications/type_of_publication/information_flyer/information_brochures/Materialie201_Information_Broschure_02_2010.pdf.

3. Ministry of Foreign Affairs of the Netherlands, "Public-private Partnerships: Ten Ways to Achieve the Millennium Development Goals," July 2010, http://www.minbuza.nl/en/appendices/key-topics/development-cooperation/partners-in-development/public-private-partnerships/public-private-partnerships-ten-ways-to-achieve-the-mdgs.html.

4. Department for International Development, "New DFID Private Sector Department," January 6, 2011, http://www.dfid.gov.uk/news/latest-news/2011/new-dfid-private-sector-department/.

5. Directorate-General of Global Affairs, Development, and Partnerships, Ministry of Foreign and European Affairs, "Development Cooperation: A French Vision," December 2010, http://www.diplomatie.gouv.fr/en/IMG/pdf/Doc_Cadre_ANG_2011.pdf.

6. Ibid.

7. Irish Aid, *Annual Report 2010: Aid Works—Delivering on Results,* September 2011, at http://reliefweb.int/sites/reliefweb.int/files/resources/Irish-Aid-Report-2010.pdf.

unfortunate, as prior to the European financial crisis in 2008, Ireland ranked fifth among the most generous EU donors. It was also considered to be the world's seventh-most generous donor in per capita terms.[8] During an age of austerity, one would hope that Irish development aid authorities would seek to innovate and work closely with Irish companies, but this type of cooperation has yet to be seen.

In analyzing the development strategies of these six European countries, this paper will determine what constitutes private-sector involvement in European terms; how successful or unsuccessful the major European donor countries are at incorporating the private sector into their development strategies; and what policies other countries should adopt to heighten the involvement of the private sector in their development strategies.

United Kingdom

In October 2010, the United Kingdom completed its yearly spending review and announced more than £7 billion in welfare cuts.[9] Almost in the same breath, the International Development secretary Andrew Mitchell announced that the United Kingdom would honor its commitment to spend 0.7 percent of GDP on ODA by 2013. If the United Kingdom does in fact honor this commitment, it will become the first in the Group of Eight (G8) countries to do so.[10] For now, there seems to be political consensus that the United Kingdom will remain committed to a world-class development aid program.

The United Kingdom's prioritization of aid in an era of fiscal hardship makes it unique among the countries studied here. The United Kingdom is pursuing public-private partnerships to leverage and maximize the efficacy of existing aid levels, as opposed to other countries, such as Germany, which primarily pursue PPPs as an export promotion and trade facilitation strategy doubling as development assistance as aid budgets are further trimmed.

The Leader of the Pack

In 2006, DFID gave two young men from Sierra Leone the funds to start the country's first private equity fund, ManoCap. The young men worked with several local businesses to improve their processes and management. They also raised additional funds to invest in those businesses: ManoCap attracted a number of private investors, including the CDC Group. Their efforts have created 800 additional jobs and generated $750,000 of additional tax revenue for the local government. One of the companies aided by ManoCap has become a leading provider of refrigerated distribution in Sierra Leone.

Source: Department for International Development, "Private Sector Development Strategy: Prosperity for All: Making Markets Work."

8. Dóchas Budget 2010 submission, http://www.dochas.ie/Shared/Files/1/Dochas_Budget_submission_2010.pdf; "Minister Refuses to Rule Out Further Aid Cuts to Aid Budget," *Irish Times,* September 7, 2010, http://www.irishtimes.com/newspaper/ireland/2010/0907/1224278366705.html.

9. Hélène Mulholland and Nicholas Watt, "Spending Review 2010: George Osborne Announces Extra £7bn of Welfare Cuts," *Guardian,* October 20, 2010, http://www.guardian.co.uk/politics/2010/oct/20/spending-review-2010-osborne-cuts.

10. Liz Ford, "Spending Review 2010: Overseas Aid Is Spared But There Are Pitfalls Ahead," *Guardian,* Poverty Matters blog, October 20, 2010, http://www.guardian.co.uk/global-development/poverty-matters/2010/oct/20/spending-review-aid-budget-osborne-dfid-ngos.

In a DFID strategy document entitled "The Engine of Development: The Private Sector and Prosperity for People," Secretary Mitchell writes, "We are not starry-eyed. Private companies behave badly or simply ignore the marginalization. Standards matter—as do effective state and market institutions." He goes on to underscore this sentiment by saying, "Our new approach to working with the private sector will not compromise the principle that our aid is tied to poverty reduction, not to promoting UK trade or other commercial or political ends."[11] Many of DFID's PPPs are actually focused on aiding local private organizations in partner countries rather than British companies.

The UK defines private-sector involvement very specifically. DFID is interested in involving the private sector in projects that reveal the unique competencies of both the public and private sectors and is not motivated to re-package existing development commitments as PPPs. In the same DFID strategy document, Secretary Mitchell writes, "Our new approach to working with the private sector will be to scale up the interventions that have proven most effective; to extend these approaches to new fields and unreached people—and to do both with increasing capability and effectiveness."[12]

The United Kingdom's strategy of using public-private partnerships to maximize the impact of its development assistance not only makes it unique among European donors but will also ensure that the United Kingdom will be a leader in ODA for years to come.

The Netherlands

Traditionally, the Netherlands has been one of the world's most generous aid donors. Recently, however, the country has made a pledge to reduce spending on ODA from 0.8 percent of GDP (approximately €6.3 billion in 2010) to a fixed 0.7 percent of GDP by 2012.[13] This commitment reduction is a product of both the European sovereign debt crisis and the growing political strength of anti-immigrant, xenophobic parties that do not support foreign aid.

The Netherlands has also undergone a significant revision of its development strategies. From 2006 to 2009, the Netherlands dispensed roughly 26 percent of its aid budget through multilateral channels, such as the World Bank and the World Health Organization. The restructuring of the Netherlands' aid policies was partly brought about by questions over the efficiency of multilateral institutions and whether contributions to these institutions were too fragmented to engender real change. These priority shifts have triggered a stronger emphasis on private-sector involvement in development.[14]

By the end of 2012, the Dutch Ministry of Foreign Affairs will have invested €750 million in a total of 75 PPPs since 2003, with investments ranging from Colombian coffee to diagnostic techniques for tropical diseases. The private sector and other civil-society partners are providing an

11. Department for International Development, "Private Sector Development Strategy: Prosperity for All: Making Markets Work," 2008, http://www.dfid.gov.uk/Documents/publications/Private-Sector-development-strategy.pdf.

12. Ibid.

13. U.S. Department of State, "Background Note: The Netherlands," August 9, 2011, http://www.state.gov/r/pa/ei/bgn/3204.htm.

14. Ibid.

additional €1.48 billion.[15] The scale of these investments can be explained, at least in part, by the nation's expansive definition of PPPs. Unlike the United Kingdom, the Netherlands more broadly defines public-private partnerships as a "form of cooperation between government and business (in many cases also involving NGOs, trade unions and/or knowledge institutions) in which they agree to work together to reach a common goal or carry out a specific task, jointly assuming the risks and responsibility and sharing their resources and competencies."[16]

This expansive definition allows the Netherlands to classify its contribution to the Global Alliance for Vaccines and Immunization (GAVI) as a public-private partnership. This type of classification can be somewhat misleading. The Netherlands started contributing to GAVI in 2001, and its participation in GAVI is more similar to a one-time donation or assistance transfer to a multilateral institution than a traditional public-private partnership. GAVI's website states that countries like the Netherlands "offer policy and technical expertise in development assistance to GAVI and a broad perspective of development finance, as donors they have one primary focus: to ensure that health receives an adequate proportion of Official Development Assistance."[17] When contributing to GAVI, the Netherlands is doing so alongside private-sector players such as the Bill & Melinda Gates Foundation. It is not, however, engaging these private-sector actors directly in creating new pathways for cooperation. The Netherlands might provide technical assistance to GAVI, but its primary role is to provide funding and to advocate for health issues, not to leverage its resources utilizing a public-private partnership.

However, as the Netherlands has restructured its aid priorities and focused on private-sector involvement to leverage limited investments, it has been integrating the private sector into its development strategies more thoroughly as well as pioneering approaches to incorporate private-sector funds and expertise into a changing aid landscape. In 2009, the Netherlands launched the Partnerships Resource Centre (PRC) with the aim of advancing knowledge in the field of public-private partnerships. The Centre helps disseminate the information necessary to gain needed support and also helps the partners balance their efforts and contributions. Lessons learned from these projects are used in training programs, evaluation models, and protocol monitoring to ensure that the Centre not only identifies but also disseminates best practices through symposiums, journals, and training sessions.[18] The Netherlands also sees the PRC as a means for creating a series of linkages between private companies, NGOs, and knowledge institutions involved in development partnerships.[19] The hope is that these development partnerships will both be more effective and last longer than unilateral development efforts. The PRC's website sums it up well, stating that "development requires an approach in which the interests of firms, governments and civil society are balanced."[20]

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15. Ministry of Foreign Affairs of the Netherlands, "Public-private Partnerships."
16. Ibid.
17. GAVI Alliance, "Netherlands," http://www.gavialliance.org/funding/donor-profiles/netherlands/.
18. The Partnerships Resource Centre, "News & Updates," http://partnershipsresourcecentre.org/news.
19. Ministry of Foreign Affairs of the Netherlands, "A Guide to Public-private Partnerships (PPPs)," December 30, 2010, http://www.minbuza.nl/en/appendices/key-topics/development-cooperation/partners-in-development/public-private-partnerships/a-guide-to-public-private-partnerships.html.
20. The Partnerships Resource Centre, "FAQ," http://partnershipsresourcecentre.org/faq#why-are-pships-important.

Germany

Like the Netherlands, Germany places great importance on involving the private sector in enhancing its ability to meet pledged aid commitments. While the Netherlands is a leader in Europe in overall development funding terms, Germany's efforts to integrate the private sector into its development strategy have been more substantial, especially in terms of PPPs. However, Germany's efforts have been criticized by the development community; many see Germany's use of PPPs less as initiatives to involve the private sector and more as a resurgence of "tied aid," financial assistance given to domestic companies to work abroad and create hospitable export markets.

Despite its economic strength, Germany has traditionally not been a leader in development assistance terms. In 2009, partly due to Germany's decision to reduce debt relief to developing countries, German ODA fell by 12 percent.[21] In the same year, Germany spent only 0.35 percent of its Gross National Income (GNI) on ODA, falling short of its target to raise its percentage to 0.51 of GNI by 2010. Belgium, Denmark, Ireland, Spain, France, Finland, the United Kingdom, Norway, Switzerland, and the Netherlands all outspent Germany as percentages of their GNI on development assistance.[22]

Criticism notwithstanding, Germany has certainly succeeded in incorporating the private sector into its development initiatives. With 3,375 PPPs initiated between 1999 and 2009, Germany leads its European peers in sheer number of PPPs.[23] Germany's primacy, however, goes far deeper. More like DFID than the Dutch Foreign Ministry, German development officials draw a clear distinction between partnerships with corporations and its relationship with foundations or NGOs. In a strategy paper on "Forms of Development Cooperation Involving the Private Sector," the German Federal Ministry for Economic Cooperation and Development (BMZ) acknowledges the importance of private foundations and social enterprises in development, stating that the Gates Foundation surpasses many donors in terms of the size of its monetary contributions to development issues. However, the report also goes on to say, "In the course of their work, private foundations often enter into cooperation agreements with public institutions and development cooperation organisations but they are not a form of [public-private] cooperation per se."[24]

Earlier this year the German government pledged €18 billion to GAVI, the Global Alliance for Vaccines and Immunization, a public-private partnership that finances vaccination for ten different diseases in countries around the world. This pledge came after a high-profile visit by Bill Gates to Berlin to visit with senior German government officials. Additionally, the Gates Foundation agreed to match the German government's €14 billion increase in funding to GAVI, totaling a €28 billion pledge. Mr. Gates further pledged to match any increase in German donations in 2012 and 2013. Unlike the Netherlands, however, the German government does not consider its financial contribution to GAVI as a public-private partnership. Rather, its €18 billion contribution to GAVI is considered to be "smart aid," defined as aid which is sufficient, measurable, accountable, respon-

21. Organization for Economic Cooperation and Development (OECD), April 14, 2010, "Development Aid Rose in 2009 and Most Donors Will Meet 2010 Targets," http://www.oecd.org/document/0,3746,en_2649_34447_44981579_1_1_1_1,00.html.

22. Eurostat, "Official Development Assistance," October 5, 2011, http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=tgisd520.

23. Federal Ministry for Economic Cooperation and Development, "Development Partnerships with the Private Sector."

24. Ibid.

sible, and transparent.[25] It is intended to be more targeted aid that goes to a specific purpose (in the case of GAVI, ten vaccines), both to give help where it is needed most and to ensure that the donor can assess the progress it has made. Germany's increased donation to GAVI is the first step in a broader agreement signed with the Gates Foundation to target African aid more sharply in the areas of global health policy, agriculture and rural development, water and sanitation, urban development, and microfinance.[26]

Germany is very focused on implementing PPPs that both supplement and support local economies while benefitting German enterprises in those same economies. In the aforementioned strategy document, BMZ's state secretary Hans Jürgen Beerfeltz writes, "We seek to forge a closer relationship between foreign trade and development cooperation, and to create a sustainable environment for the private sector in our partner countries."[27] In fact, PPPs might be the only aspect of Germany's aid budget that will not be threatened by a deepening financial crisis. Beerfeltz goes on to write, "The numbers speak for themselves: in 2009, agreements on nearly 300 development partnerships were entered into. Given the difficult economic situation in 2009, this is clear evidence of the appeal of the partnership programme for the private sector."[28]

While many in the development community are concerned about the commercial motivations that underlie Germany's development strategy, Germany's particular focus on the private sector is certainly conducive to the creation of innovative mechanisms to sustain aid commitments in an age of austerity. Questions remain as to whether directing funds towards countries that are attractive to German companies actually constitutes development aid or is thinly disguised export-promotion. Yet one cannot deny the positive externalities and development benefits of these efforts, as evidenced by EnviTec Biogas (see text box). Moreover, it is clear that Germany's approach to incorporating the private sector in development will bring about more experi-

Leading by Doing

EnviTec Biogas AG is a private German company that produces biogas by fermenting organic material. One of EnviTec's primary goals has been establishing an early presence in growth markets. India was an ideal place to do this; electricity supplies there are generated primarily from fossil fuels, and, despite the economy's rapid growth, half of all rural households have electricity for only a few hours a day or not at all. The Indian market, however, is hard to penetrate, so EnviTec partnered with the German Agency for Technical Cooperation (GTZ) as well as Malavalli Power Plant Private Limited (MPPPL), an Indian planning and operating company, to build decentralized biogas plants in the Punjab region. EnviTec only had to provide the technology and hardware for the production, and its partners helped bring the plan to fruition. GTZ was able to help EnviTec contact the proper authorities and organize management, and MPPPL was able to handle planning and operations locally. Since these plants were built, EnviTec and its partners have provided electricity to approximately 180,000 households.

25. ONE, "Smart Aid," http://www.one.org/c/us/hottopic/2817/.

26. German Missions in South Africa, Lesotho and Swaziland, "Germany and the Gates Foundation Sign an Agreement for Investing in 'Smart Aid,'" April 14, 2011, http://www.southafrica.diplo.de/Vertretung/suedafrika/en/__pr/1__GIC/2011/04/04__Gates__Foundation__agrmt.html.

27. Ibid.

28. Ibid.

ments and innovations in the field than the approach of the Netherlands, which still heavily relies on traditional aid models.

Ireland

Unfortunately, the European sovereign debt crisis and the necessity for Ireland to receive a bail-out package supported by the EU, the European Central Bank, and the International Monetary Fund (IMF) have significantly impaired Ireland's aid capabilities. The country reduced its ODA budget by €224 million in 2009. This was a 24 percent reduction, a greater reduction than any other sector faced.[29] Looking at the 2011 budget, it seems unlikely that Ireland will meet its aid goal (and international expectations) of 0.7 percent of GNI in ODA by 2015.[30] However, Jan O'Sullivan, Ireland's minister for trade and overseas development, and Eaomonn Gilmore, minister for foreign affairs and trade, wrote, "Despite the serious challenges we face at home, we will strive to meet the targets we have agreed for ODA. We are committed to the 0.7 percent of GNP target for ODA, and we will work to achieve it by 2015."[31] Considering Ireland's fiscal constraints, innovative development programs will be more important than ever in ensuring that scarce resources are allocated in such a way that they have a transformational impact.

Ireland's development agency, Irish Aid, is not focused on innovation in development delivery; it is more focused on traditional development methods. Irish Aid's annual report emphasizes its focus on the priorities of hunger, HIV/AIDs, gender, environment, and governance, as well as the work it has undertaken across the globe, especially in Africa and the Middle East.[32] Although the report does address Ireland's involvement in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, it does not mention public-private partnerships as a means to enhance efficacy.

As of September 2011, public-private partnerships comprised just 1 percent of Ireland's bilateral ODA, which totals approximately €4.56 billion.[33] Much of this 1 percent is composed of contributions to multilateral institutions such GAVI, the Malaria Consortium, the Global Fund, and the International AIDS Vaccine Initiative. Ireland, like the Netherlands, views many of these contributions as types of "public-private partnerships."[34] Furthermore, like the Netherlands, Ireland has extensive relationships with NGOs and private foundations. In 2011, a third of Ireland's aid was delivered by or in partnership with NGOs.[35] Based on these facts, it is unlikely that Ireland will be a leader in the field of public-private partnerships.

Norway

Norway, like its Nordic neighbors, has always been a major development aid player and is relatively untouched by the European financial crisis. As a resource-rich nation with a substantial

29. Ibid.
30. Brian Lenihan, "Financial Statement of the Minister for Finance," December 7, 2010, http://budget.gov.ie/Budgets/2011/Documents/Budget%20Speech%20-%207%20December.pdf.
31. Irish Aid, *Annual Report 2010*, 4. Gross national product (GNP), to which O'Sullivan refers, is gross national income (GNI) less indirect business taxes.
32. Ibid.
33. Ibid.
34. Irish Aid, "Public/Private Partnerships," Partners, http://www.irishaid.gov.ie/article.asp?article=58.
35. Ibid.

sovereign wealth fund, it appears well placed to remain a leader for the foreseeable future. Despite only having a population of roughly 4.7 million, Norway contributes 3 percent of global official development assistance funds and should not need to adapt its development strategies in light of any budgetary constraints.

Nevertheless, beginning as early as 2007, NORAD, Norway's development agency, considered private-sector involvement as a means to scaling up existing commitments and projects. The Clean Energy for Development Initiative included these statements: "In order to go beyond the already substantial business-as-usual investment needs and also promote the adoption of clean technologies, donors and policy makers now agree that if we are to prove successful in meeting these challenges, public-private partnerships will have to be a central theme in our development programmes and policies."[36]

While Norway has had some success with public-private partnerships when it comes to a transfer of policy know-how through the private sector (see text box), PPPs have not caught on as a primary development tool. In 2009, only 3 percent of aid was channeled through the private sector.[37] In its 2009 results report, NORAD's director general, Paul Engberg-Pedersen, wrote, "The fear of mixing aid and business has vanished. But aiding individual companies and individual investments is expensive. We get more for our money by investing in framework conditions that facilitate investment."[38] In Norway's 2010 results report there was no mention of private-sector involvement. The report focused primarily on the importance of capacity development, the idea that development must create conditions that will allow societies to survive and thrive long after aid contributions dry up.

It should also be noted that, like the Netherlands and Ireland, Norway delivers a large portion of its aid through multilateral institutions (although Norway is slowly moving away from this model). In 2009, 23 percent of Norway's aid contributions were delivered to multilateral institutions.[39]

Norwegian Know-How

The Federation of Uganda Employers (FUE) is Uganda's national employers' organization. Organizations such as FUE are important in the development of a market economy and an effective labor market. The Confederation of Norwegian Enterprise (NHO) has been engaged with FUE since 1997, contributing expertise as both an employers' organization and a business organization. Since the beginning of collaboration, FUE has grown tremendously. The number of participating enterprises has increased from just over 100 in 2000 to 330 in 2010. FUE has also established itself as a prominent representative force in government. It is represented on 16 national boards and official committees and played a key role as a lobbyist with legislation, including the Employment Act 2006, the Labour Disputes Act 2006, and the Labour Unions Act 2006.

Source: NORAD, "Results Report 2010: Capacity Development: Building Societies Capable of Sustaining Themselves."

36. NORAD, "Leveraging Private Investment to Clean Energy Projects," August 2010, http://www.norad.no/en/tools-and-publications/publications/publication?key=197936.

37. Ibid.

38. NORAD, "Results Report 2009: Aid and Economic Development: Ripples in the Water or a Drop in the Ocean?" January 2010, http://www.norad.no/en/tools-and-publications/publications/publication?key=159028.

39. Ibid.

Norway's absence of any budgetary constraints might explain its disinterest in utilizing public-private partnerships. However, it is a missed opportunity for one of the most significant global development aid actors not to lead efforts to incorporate the private sector more effectively into its development agenda.

France

France's approach to private-sector involvement is somewhat of a European outlier. Overall, both in terms of total volume and as a percentage of GNI, French ODA is on the rise despite the fact that the European financial crisis has begun to spread to France. This increase can be explained partly by debt relief operations between 2003 and 2006 and partly by a scaling up of multilateral and European aid.[40] However, bilateral ODA, excluding debt relief, has decreased. Whether France's aid commitments will be deepened and strengthened by the role the country played as chair of the Group of Eight and Group of 20 (G20) countries in 2011 or negatively impacted by the ongoing sovereign debt crisis remains to be seen.

Nevertheless, it is evident that should France's budgetary constraints worsen, public-private partnerships will not be employed to sustain aid commitments. While France's development strategy document, "Development Cooperation: A French Vision," acknowledges the importance of PPPs, it immediately emphasizes the utility of innovative financing. France defines innovative financing as "[providing] additional aid by levying tax on international activities that are subject to little or no tax on a global level, such as the airline ticket tax and the proposed tax on international financial transactions." Simply put, Paris would prefer to tax the private sector to provide additional financial resources, not use the private sector as a development value-added vehicle.

For France, the long-standing motivation to emphasize innovative financing could stem from the fact that France is the Permanent Secretariat for the Leading Group on Innovative Financing for Development. France and Norway's reluctance to use PPPs to maximize the impact of their assistance funds is not easily explained, although it is a perfect demonstration of Europe's wide-ranging views on the use of PPPs.

Conclusion

This paper has considered the involvement of the private sector in the development strategies of six disparate European countries, including both EU member-states and non-member states. Using the prevalence of PPPs as an indicator of a broader interest in involving the private sector in development programs, European nations have neither a consistent nor a uniform approach to these issues. Furthermore, what constitutes private-sector involvement in development differs greatly across nations. It is also evident that each examined nation has different impetuses for engaging the private sector.

Based upon these divergences, it will be useful for the United States and those European countries that most effectively employ PPPs to share best practices with those European governments that appear reluctant to explore working more fully with the private sector. For example, the United Kingdom's DFID is the best-in-class example of the use of PPPs in development. One

40. Directorate-General of Global Affairs, Development, and Partnerships, "Development Cooperation."

also must also not be too quick to dismiss German efforts to engage in trade promotion activities although these activities should encompass the full spectrum of development activities with the private sector. Finally, Norwegian development officials—although global leaders in creating conducive climates for private sector engagement in developing countries—should be more aware of British and American efforts with PPPs in order to deepen and widen their substantial development framework.

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