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Regulated Improvisations: bringing the private sector back into the International Development Cooperation field

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Abstract

This article questions why and how the private sector was articulated as a legitimate agent in a field almost entirely dominated, until the 2000s, by DAC donors. We argue that private agents were admitted in the field across the fractures produced by SSCP and throughout a series of normative and managerial adjustments, which we called here regulated improvisations.

Keywords: Private sector; International development cooperation; South-South cooperation; BRICS Effect.

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Introduction

During the last decade, the International Development Cooperation (IDC) field has witnessed significant changes in terms of financing and governance mechanisms. The amount of Official Development Assistance (ODA) had a slight increase of 28.2% in 2017 in relation to 2008, when it reached US\$ 149 billion, according to the Organisation for Economic Cooperation and Development (Organisation for Economic Co-operation and Development 2018). Considering other South-South Cooperation Partners (SSCP) like Arab countries, China, India, Brazil, Mexico and South Africa, the OECD estimates that the total amount of external assistance reaches US\$ 161 billion in 2016 (Organisation for Economic Co-operation and Development 2018).

During the same period, emerging economies – like China, India and Brazil – have strengthened their South-South cooperation initiatives with an estimated allocation of US\$ 7.4 billion in 2016 (Organisation for Economic Co-operation and Development 2018). Likewise, private foundations have

acquired a more prominent role in the development agenda since the 2008 financial crisis. According to the OECD, private foundations have spent around US\$ 23.9 billion between 2013 and 2015 (Organisation for Economic Co-operation and Development 2018). Some cases are noteworthy. The Bill and Melinda Gates Foundation, which provides 49% of total philanthropic finance, has allocated more than US\$ 3 billion for technical assistance and humanitarian projects in 2016 (Organisation for Economic Co-operation and Development 2018). The Rockefeller Foundation works in some areas related to the Sustainable Development Goals (SDG), mobilising a similar amount of funding (Rockefeller Foundation 2016). Besides, the JP Morgan Foundation structured a broad global agenda for technical and vocational education (New Skills at Work). Originally designed to mitigate the effects of unemployment in the 2008 financial crisis in the US, the foundation extended this initiative to other countries, disbursing around US\$ 250 million.¹ According to the OECD, 81% of the private resources reserved for development aid came from only twenty foundations (Organisation for Economic Co-operation and Development 2018).

While traditional donors have increased their contributions in ODA on a very moderate pace, new agents, such as SSCP or private foundations, expanded their role in the IDC field. Since the Monterrey Consensus (2002), development agents have been calling the private sector to play an ever-widening role in the field. International High-Level Meetings on the Sustainable Development Goals hosted by the United Nations and Aid effectiveness fora led by the OECD asserted the need to bring the private sector engagement back to the IDC field. This article questions why and how development agents have turned profit-seeking actors into legitimate agents within the IDC field. In a field almost entirely dominated, until the 2000s, by governmental representatives from DAC donors, consultants, think tanks and a handful of civil society organisations, the presence of business representatives was always uneasy. We argue that private agents crossed the fractures produced by SSCP in the IDC field, throughout a series of normative and managerial adjustments, which we have called regulated improvisations.

This article comprises three sections. In the first, we discuss how SSCP contributed to de-centring the IDC field, displacing traditional donors and their primary practice (ODA) from their hegemonic position. In the second and third sections, we examine how development agents articulated a legitimate position for the private sector. Such enquire, conducted throughout a discourse analysis exercise, gathered and analysed a series of documents produced at international processes such as (i) United Nations-led Financing for Development Conferences; (ii) OECD/DAC High-Level Fora; and (iii) GPEDC High-Level Meetings. This analysis allowed us to identify two tropes that generated a new narrative which underpins the position of private partners.

¹ See JPMorgan Chase & Co (2020)

The BRICS Effect: Decentring the International Development Cooperation field

At the beginning of the 2000s, developing countries enacted a new position within the IDC field, and besides being recipients, they also start performing as South-South Cooperation Providers (SSCP). Even though South-South Cooperation (SSC) was enunciated earlier, between the Bandung Conference (1951) and the 1st UNCTAD (1964), developing countries only enacted it when they were able to play the role of development cooperation providers and scramble existing field positions, namely those of donor and recipient. Given the limits of this article, it is not possible to discuss the reasons and the ways such enactment took place; suffice it to say that the relevance and impact of SSCP was recognised by traditional donors at the Third High-Level Forum on Aid Effectiveness in 2008 in Accra:

we acknowledge the contributions made by all development actors, and in particular the role of middle-income countries as both providers and recipients of aid. We recognize the importance and particularities of South-South co-operation and acknowledge that we can learn from the experience of developing countries. We encourage further development of triangular co-operation (Organisation for Economic Co-operation and Development 2008).

SSC acknowledgement at the Accra Agenda for Action is the tipping point of a long process of adjustment. In 2006, the United Nations Economic and Social Council (ECOSOC) reported that SSC contributions to international development reached 9.8% of all international aid (United Nations Economic and Social Council 2008). A few years later (2014), such contributions would reach 18.7% according to the OECD (2017, 156). As these figures represent ODA-equivalent activities, they do not necessarily consider SSCP's blended practices which mobilised trade or investment instruments. The anxiety generated by the emergence of alternative sources for financing development became evident then. While the Paris Agenda on Aid Effectiveness was an adjustment to the erosion of donorship legitimacy, DAC members had to respond to the unsettling presence of SSCP in the areas where they used to play alone (Esteves and Assuncao 2014).² Richard Manning, former director of the DAC and the UK government's Department for International Development (DFID) bluntly summed up such anxiety, indicating three potential impacts of "non-DAC donors" upon existing practices:

- growing debt among former "Highly Indebted and Poor Countries";
- the weakening of existing standards of governance and accountability;
- a new wave of unsustainable investments in developing countries (Manning 2006).

² On the dominance of DAC donors, the Paris Agenda and the Accra Action Agenda, see: (Eyben 2013; Wallace 2009)

In retrospect one may conclude that Manning's most profound fears became real. Yet, such anxiety was also revealing. ODA donors were about to play in a field inhabited by other agents: non-Western ones. SSCP's growing foothold in the field would decentre ODA-related practices, agents and institutions, as discussed below.

The rise of SSCP had a germane impact on IDC's institutional setting. The establishment of the Development Cooperation Forum (DCF) in between DAC's High-Level Meetings of Paris and Accra would evidence the profound changes within the IDC field. DCF's inception under ECOSOC's umbrella suggested the need for establishing a convening space for both DAC-donors and SSCP³. For SSCP, the Forum appeared as an opportunity to align their positions and harmonise their practices. As Eyben (2013) suggested, the DCF adopted DAC's aid effectiveness agenda with a significant twist. Instead of calling participants to discuss aid effectiveness, the DCF framed its agenda around "development effectiveness". Henceforth, traditional donors saw the Forum as a challenge to their established positions:

All aid actors should work together to achieve a more representative, inclusive and equitable aid architecture. This should include ensuring developing countries gain significantly more voice and influence within the system. In the medium term, development actors should explore the UN Development Cooperation Forum as an alternative venue for discussing aid policy and management issues within an overall development effectiveness framework (Brown and Morton 2008, 3).

While the Accra Agenda of Action recognised SSC as a legitimate development cooperation practice for the first time, SSCP would also acknowledge the relevance of the aid effectiveness principles at the United Nations High-Level Conference on South-South Cooperation, held in Nairobi Kenya, also in 2008. The Nairobi Final Document reiterated established SSC principles such as the absence of conditionalities, sovereignty and national ownership. Furthermore, the document brought into the SSC agenda some of the aid effectiveness principles:

South-South cooperation should not be seen as official development assistance. It is a partnership among equals based on solidarity. In that regard, we acknowledge the need to enhance the development effectiveness of South-South cooperation by continuing to increase its mutual accountability and transparency, as well as coordinating its initiatives with other development projects and programmes on the ground, in accordance with national development plans and priorities. We also recognize that the impact of South-South cooperation should be assessed with a view to improving, as appropriate, its quality in a results-oriented manner (United Nations 2009, 18).

³ As Brown and Morton recommended in a "The North-South Institute" policy note, "Traditional donors need to adapt more forcefully to the 'new reality' of the changing context for aid policy and provision. This includes accepting that new actors will take a more prominent role in development cooperation. [...] Donors need to recognize that decision-making bodies that are dominated by industrialized countries - such as the G-8 and OECD/DAC - cannot represent developing country interests, and are no longer appropriate mechanisms for policy debates and decision-making" (Brown and Morton 2008, 2-3).

Taken together, the Paris Agenda on Aid Effectiveness, the inception of the DCF, the Accra Agenda for Action, and finally the Nairobi Conference indicate a series of mutual adjustments between traditional donors and SSCP. Rather than a series of strategic moves, these adjustments indicate how agents apprehend movements and material changes within the field. SSCP progressively abandoned revisionist claims, adopting an incremental approach towards change. Although its echoes remain present in speeches by SSCP, the quest for revision of the international order has become less of a stance than an addendum to its position within the IDC field.

Nonetheless, as its volume skyrocketed, and its practices became more visible, SSC structural effects upon the IDC field also increased. Such momentum turned SSC as a subject discussed both at G-77 meetings and the DAC High-Level Forums on Aid Effectiveness. The engine of change in South-South Cooperation strategy must be attributed to the practical recognition that, in the face of a new context (at large and within the field), different movements could offer greater gains than revisionist claims. Whereas their perceptions of material variations are structured by enduring positions they used to enact, these positions are also informed by such variations. Although informed by the field's dispositions, mutual adjustments took place as what Bourdieu called regulated improvisations. In those circumstances, as Cornut summed up, "agents adjust improvisational practices, new ways of doing emerge that lead to minor adjustments of past practices, but also — incrementally — to major ruptures" (Cornut 2018, 3).

As SSCP, DAC members also induced a series of institutional adjustments. Informed by the logic of regulated improvisations, traditional donors began to actively try to include the agents of the South in their institutional structures, dismissing the differences between their practices and those carried out by SSCP. The Fourth High-Level Meeting hosted in Busan (2011) was a milestone. The meeting gathered traditional donors, SSCP, civil society organisations and private sector agents, challenging prevalent positions and established lines within the field. From one side, the diversity of attendees was a recognition of the variety of legitimate practices and the plurality of agents in the IDC field (Bracho 2017; Assunção and Esteves 2014; Esteves et al. 2011). From the other, traditional donors tried to accommodate such diversity within the general framework of the effectiveness agenda (Esteves and Assuncao 2014). The establishment of the Global Partnership for Effective Development Cooperation (GPEDC) was the main HLM output. The GPEDC's institutional framework recognises and accommodates many SSCP and subsumed the new vocabulary of "development effectiveness" into DAC's aid effectiveness agenda, concepts and instruments (Esteves and Klingebiel 2020). Moreover, as discussed in the next section, the GPEDC adopted an institutional framework which fits the purpose of accommodating the private sector: the establishment of a multi-stakeholder forum.

In the period spanning from the third and fourth DAC high-level meetings (2008-2011), including a series of UN conferences and fora, traditional donors and SSCP reframed the

IDC's institutional setting and re-shaped their own positions within the field. These summits evidence a process of regulated improvisation. Indeed, facing a new distribution of resources, SSCP and traditional donors rearticulated their positions according to previous dispositions. While the latter strived to disseminate the aid effectiveness agenda, outreaching DAC's borders, the former struggled to distinguish and legitimise their practices. From one side, the tension between revision of the international order and adaptation to a development model hitherto hegemonic in the IDC field is perhaps the distinctive attribute of SSC in the first decade of the 21st century (Esteves et al. 2012; Abdenur et al. 2014). From the other, traditional donors faced the tension between either absorbing the newcomers or changing their own practices in order to compete with them. Such process was named by Zoccal Gomes and Esteves as "the BRICS effect" (Gomes and Esteves 2018). As the authors argued, the BRICS effect is a de-centring process, which, ultimately, "destabilizes established positions and interaction patterns between agents" comprising three dimensions: "(i) the articulation of new positions beyond the donor/recipient dyad; (ii) the induction of new modes of development cooperation; and (iii) the transformation of the institutional architecture and governance mechanisms in the field of IDC" (Gomes and Esteves 2018, 131).

Beyond the adjustments discussed above, one of the most striking effects of the interplay between SSCP and traditional donors was the rearticulation of the private sector as an IDC legitimate agent. The return of the private sector to the field was largely motivated by SSCP blended practices, and by the 2008-2009 financial crisis, as discussed below. The role of private sector agents in the IDC field was always a disputed subject. After the establishment of the DAC, its members spent two decades drawing the fences to keep development cooperation and business transactions apart. Such boundaries were never impervious. Indeed, financial institutions (national and international) always kept their feet in both fields, providing loans or export credits for public and private agents alike. Nevertheless, even recognising their role in furthering development in the global south, private agents were a reason for concern. Since the 1970s, many agents in the IDC field strived to regulate or promote voluntary codes of conduct (Coleman 2003; Kolk et al. 1999; Jenkins et al. 2002). As Coleman observed, at that point "main concerns included a wish to separate foreign direct investment (FDI) from official development assistance (ODA), and a desire to limit the ability of transnational corporations to side-step taxation and policy restrictions" (Coleman 2003, 342).

By the end of the 2000s, though, the private sector was brought back to the core of the field. Internationally agreed goals underscored such centrality: the 2030 Agenda and the Addis Ababa Agenda for Action, as well as the Paris Agreement, presented the private sector as a key engine for implementation and goals achievement. The making of the new narrative encompassed two discursive tropes: historical rooting and functional rationale. In both cases, as we will try to evidence, agents within the IDC field articulated, throughout regulated improvisations, a completely unique position for the private sector.

Bringing the private sector back into the IDC field: historical rooting

Very often official documents and the policy-oriented literature point to the Monterrey consensus (United Nations 2002) as the origin of a renewed interest on alternative sources of financing beyond ODA (Klein et al. 2014). The engagement of the private sector not only gained across-the-board support, but also was deepened over time. At the United Nations environment, following the Financing for Development Process initiated by the Monterrey consensus, the Doha Declaration:

Recognize[d] that a dynamic, inclusive well-functioning and socially responsible private sector is a valuable instrument for generating economic growth and reducing poverty. In order to *foster private-sector development*, we shall endeavour to promote an enabling environment that facilitates entrepreneurship and doing business by all, including women, the poor and the vulnerable. The international community, national Governments and regional economic groups should continue to support these efforts (United Nations 2008, 4 - our emphasis).

Just three years after the Doha Declaration, the DAC High-Level Forum on Aid Effectiveness outcome document (the Busan declaration), also recognised the Monterrey conference as a turning point. According to the document, “When we met in Monterrey a decade ago, we recognized that increases in volumes of financing for development must be coupled with more effective action to generate sustainable and transparent results for all citizens” (Global Partnership for Effective Development Co-operation 2011, 2). Almost ten years after the Monterrey conference, development agents kept themselves referring to the summit as the moment when the private sector gained a seat at the table. Nevertheless, such historical rooting barely hides the different ways the private sector was articulated as an agent within the field across the decade. Whereas in Monterrey or Doha, development agents either referred to the private sector as a source of funds or to private sector development as a path for achieving internationally agreed goals, in Busan, private agents were seen as development agents, and, as such, they should have a seat on the decision-making table. Hence, despite the attention given to the private sector as an alternative source of funds, the Finance for Development agenda unlocked by the Monterrey process enabled private actors as legitimate agents within the IDC field. Indeed, as many analysts have pinpointed, the emergence of the so-called multi-stakeholderism refers to a broader transformation of global governance processes, which generate spaces for the interaction between decision-makers, regulators and interest groups in shaping global norms (Cammaerts 2011; Jenkins et al. 2002; Adams and Martens 2015). In many cases, multi-stakeholder partnerships were presented as a novel arrangement to respond to IDC transformations, as in the *Paris Declaration on Aid Effectiveness* (Organisation for Economic Co-operation and Development 2008):

In recent years, more development actors – middle- income countries, global funds, the private sector, civil society organisations – have been increasing their contributions

and bringing valuable experience to the table. This also creates management and co-ordination challenges. Together, all development actors will work in more inclusive partnerships so that all our efforts have greater impact on reducing poverty (Organisation for Economic Co-operation and Development 2008, 16).

Going further, the *Paris Declaration on Aid Effectiveness* (Organisation for Economic Co-operation and Development 2008) attributed to recipient countries the responsibility to “take the lead in co-ordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector” (Organisation for Economic Co-operation and Development 2008, 3). Three years later, the Accra Action Agenda summarised why multi-stakeholder partnerships should be fostered – “aid is about building partnerships for development. Such partnerships are most effective when they fully harness the energy, skills and experience of all development actors” – and its commitment “to create partnerships that will include all these actors” (Organisation for Economic Co-operation and Development 2008, 17).

Within the Financing for Development process, in the Doha declaration, although adopting a different wording, parties kept the same assertiveness:

we note that the aid architecture has significantly changed in the current decade. New aid providers and novel partnership approaches, which utilize new modalities of cooperation, have contributed to increasing the flow of resources. Further, the interplay of development assistance with private investment, trade and new development actors provides new opportunities for aid to leverage private resource flows (United Nations 2008, 14).

Furthermore, multi-stakeholder arrangements were seen as a way to leverage additional resources, enhance effectiveness and establish purposive partnerships:

We re-emphasize the importance of the Development Cooperation Forum of the Economic and Social Council as the focal point within the United Nations system for holistic consideration of issues of international development cooperation, with participation by all relevant stakeholders. [...] All development actors should cooperate closely to ensure that increased resources from all sources are used in a manner which ensures maximum effectiveness. We shall also pursue enhanced collaboration at the country level with the private sector, non-official donors, regional organizations and official donors (United Nations 2008, 14).

In 2011 the 4th High-Level Forum on Aid Effectiveness final document asserted the need for a comprehensive governance architecture: “our partnership is founded on a common set of principles [...]. At the same time, we recognise that the ways in which these principles are applied differ across countries at various stages of development, and among the different types

of public and private stakeholders involved” (Global Partnership for Effective Development Co-operation 2011, 2). Moreover, the document articulated specific positions for the private sector: “We recognise the central role of the private sector in advancing innovation, creating wealth, income and jobs, mobilising domestic resources and in turn contributing to poverty reduction” (Global Partnership for Effective Development Co-operation 2011, 10). The document spelled out not only the vision traditional donors were trying to advance on the GPEDC as a multi-stakeholder partnership, but also the role the private sector should play in such arrangement. Hence, such partnership should:

- a) Engage with representative business associations, trade unions and others to improve the legal, regulatory and administrative environment for the development of private investment; and also to ensure a sound policy and regulatory environment for private sector development, increased foreign direct investment, public-private partnerships, the strengthening of value chains in an equitable manner and giving particular consideration to national and regional dimensions, and the scaling up of efforts in support of development goals.
- b) Enable the participation of the private sector in the design and implementation of development policies and strategies to foster sustainable growth and poverty reduction.
- c) Further develop innovative financial mechanisms to mobilise private finance for shared development goals.
- d) Promote “aid for trade” as an engine for sustainable development, focusing on outcomes and impact, to build productive capacities, help address market failures, strengthen access to capital markets and to promote approaches that mitigate risk faced by private sector actors.
- e) Invite representatives of the public and private sectors and related organisations to play an active role in exploring how to advance both development and business outcomes so that they are mutually reinforcing (Global Partnership for Effective Development Co-operation 2011, 10).

Compared with the Monterrey consensus, the Busan outcome document represents a transformation rather than a continuation, or, as we have argued, a regulated improvisation. At Monterrey, development agents referred to the private sector as a tool, whereas at Busan the private sector became a specific position within the field. From 2002 to 2011, perspectives towards the private sector evolved from “private sector development” towards “private sector in development”. While the former refers to a specific market-oriented model which requires the intervention of governments and financial institutions to create a business-friendly environment, the latter assumes an active role for private agents who, following given environmental, social and governance rules and norms, would generate positive development outcomes (Di Bella et al. 2013; Soares and Inoue 2020). Such transformation would not be possible without a specific functional rationale and normative stance which enables the private sector’s position

within the IDC field. Moreover, as discussed below, the functional and normative rationales adopted, particularly after 2015, would radicalise business-related transformations, articulating a unique position.

Bringing the private sector back into the IDC field: functional rationale

The literature identifies the supply and demand dynamics as the main driver concurring for such transformations. From the supply side, some authors relate the revival of the private sector to the availability of funds in developed countries⁴ and the consequent financialisation of investments, particularly in infrastructure (O'Neill 2013; Goldstein 2009; Bayliss and Waeyenberge 2018). From the demand side, analysts identify middle-income countries as a target for investments. These countries were named as the “missing-middle”, alluding to the dilemma that either graduated countries (not-eligible for ODA) or not compliant recipients (countries not willing to follow donors' conditionalities) face in finding sources of funding for enduring development challenges (Kharas and Rogerson 2012).

Although the supply and demand rationale does play a role in asserting the private sector's renewed centrality, such shift must be understood against the decentring backdrop, as discussed above. From one side, as SSCP, developing countries also created a new array of instruments blending technical and economic cooperation and tried to bridge these practices with existing frameworks and standards. From the other, traditional donors strived to influence SSCP and adapt to a new development landscape. Whereas as providers Middle-Income Countries (MICs) became a challenge to existing standards, as recipients they appeared as an opportunity for private investment, particularly for those engaged with the infrastructure sector.

These countries were targeted by SSCP and Southern-led national or multilateral development banks, such as the New Development Bank (NDB) or the Asian Infrastructure Investment Bank (AIIB). Hence, middle-income countries' demands missed by traditional donors and IFIs were met by SSCP and the financial institutions they were leading. SSCP occupied the “missing-middle” space, providing resources with no strings attached (at least not the same strings attached by traditional donors). The effects of the occupation of the international financial landscape and IDC field by SSCP cannot be understated. Throughout the 2000's, while vocalising their concerns about the social and environmental impacts of investments backed by Southern-led institutions, traditional countries also adapted their own position in order to enable their engagement with middle-income countries' demands.

The 2009 financial crisis, and later on, the 2015 internationally agreed goals (2030 Agenda and the Paris Agreement) were opportunities for the convergence between traditional donors and SSCP's positions around the role of the private sector (Dongxiao et al. 2017). Infrastructure

⁴ Global financial assets accounted for USD 198 trillion in 2010 and USD 360.6 trillion in 2019 which is still highly concentrated (USD 260 trillion) in Europe, North America and China (Credit Suisse Research Institute 2020; McKinsey Global Institute 2011).

investment became a critical element for countries to recover from the financial crisis in 2009. They were a significant part of the stimulus package and also a central topic of the negotiations in the international fora, such as the G20, the World Economic Forum and the BRICS. The key issue was not only the counter-cyclical stimulus, but also the long-term engagement of both traditional development agents and private sector in development finance in general, and in infrastructure investment in middle income countries (Esteves 2018).

A pivotal milestone in reshaping the private sector role in IDC was achieved in 2015 in the midst of outstanding multilateral conferences in Paris, New York and Accra. Even though references to the private sector are scarce at the Paris Agreement, its article 6 provides an entry point for market-oriented solutions. Furthermore, the Paris Agreement, since its negotiation stages, unlocked debates on how to blend public and private sources to shape climate finance (Caruso and Jachnik 2014; Global Commission on the Economy and Climate 2014; World Economic Forum 2014). In tandem with such debates, multilateral organisations, international financial institutions (IFIs), think tanks and business meetings started to assess the necessary funds for supporting mitigation and adaptation projects, particularly in the global South, most of the time stressing the need for the private finance to crowd in (Weikmans and Roberts 2019). The Agenda 2030 and the Addis Ababa Agenda for Action are even more emphatic in their claim for repositing the private sector within the international development landscape. Both documents presented public-private partnerships, worded in many occasions as multi-stakeholder partnerships, as a condition for the implementation of internationally agreed goals.

In July 2015, seven IFIs⁵ issued the report “From Billions to Trillions: transforming development finance” (World Bank 2015). The document draws the backdrop against which traditional donors would embark in a new wave of programmes designed for supporting public-private partnerships. Coping with the need to rescue the private sector after the financial crisis, and facing the competition of an increasingly assertive China at the global South, the document urged Western governments to create strategies and instruments for mobilising financial agents and, ultimately, re-engaging the private sector within the development field. Notwithstanding, the diagnosis presented by the IFIs suggested that an acute lack of funds would make the implementation of the 2030 Agenda impossible, which, in turn, would make the mobilisation of private finance the only available option.

From Washington to Brussels, from New York to Beijing, the same formula was heard: in order to achieve the internationally agreed goals, it would be necessary to jump from billions to trillions and, therefore, increase private investments. Parroting the rationale in different contexts, to diverse audiences, development agents turned a functional rationale into a self-evident prophecy (Esteves 2018). “From billions to trillions” became a mantra, and as such, must be unpacked in

⁵ The signatory IFIs were the African Development Bank (AfDB), Asian Development Bank (AsDB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank Group (IDBG), and the World Bank Group (WBG), together known as the MDBs, as well as the International Monetary Fund (IMF). By the end of 2015 “From Billions to Trillions” and the consequent need for mobilising private finance became a mantra among development experts and practitioners.

order to understand why and how the private sector was brought into the IDC field. As Esteves (2018) suggested, the functional rationale underpinning the private sector mobilisation followed three steps: (i) a mismatch between supply and demand and (ii) a de-risking strategy for fostering private investment in otherwise high-risk environments.

The mismatch between supply and demand assumes that there is significant liquidity in developed countries and a pervasive demand in developing countries. This is the case, for instance, of infrastructure. Five years before the 2030 Agenda adoption, the World Economic Forum launched a “framework to revitalise the global economy”, focusing on building “positive infrastructure, throughout public-private partnerships” (World Economic Forum 2010). Since then, policy-makers, private enterprises and international consultancies stressed the mismatch between supply and demand: while investment in infrastructure is falling behind, there is a significant amount of outstanding capital and savings in developed countries. In 2016, McKinsey estimated the gap in infrastructure investment in US\$ 1 trillion, and presented the mismatch in a crystal-clear way:

Years of chronic underinvestment in critical areas such as transportation, water treatment, and power grids are now catching up with countries around the world, as is resource misallocation in many past projects. If these gaps continue to grow, they could erode future growth potential and productivity. At the same time, there is plenty of liquidity in markets, with investors seeking stable long-term returns. It is therefore critical to get finance flowing into urgently needed projects (Woetzel et al. 2016, 6).

International consultancies and IFIs attribute the mismatch between supply and demand to the risks tangled with infrastructure projects. Although associated with the sector, the main concerns refer to political or socio-environmental issues: regulation, political contestation, forced displacement and resettlement. Therefore, de-risking in two different fronts is a condition to attract the private sector: financialisation and deregulation. Establishing infrastructure funds (public or private, but mainly both) is a trend that goes beyond financing specific infrastructure projects. The securities produced in such transactions constitute today a market in itself, mobilising sovereign wealth, pension and insurance funds (Rowden 2019). Although the financialisation of the infrastructure sector is a way of reducing investment risks, it may not be enough to address such risks, especially in middle income countries (Esteves 2018).

In order to overcome such obstacles, development agents adopted two strategies. From the IFI's side the World Bank adopted a de-risking strategy, named “cascade approach”. From the IDC side, traditional donors drew an initiative called “Private Sector Engagement through Development Cooperation” (PSE). The cascade approach is a decision-making process to mobilise public or concessional finance to support the private sector. The process (i) prioritises solutions to the private sector whenever possible; (ii) supports regulatory reforms whenever possible; and (iii) promotes blended finance and offers guarantees to markets of greater risks (Alexander 2018;

Esteves 2018; Rowden 2019). The GPEDC adopted the PSE initiative in 2018 and, through the establishment of a working group, mapped existing modalities and practices. Furthermore, the working group prepared a set of principles to guide donors, recipients as well as the private sector itself. The OECD defines PSE as “an activity that aims to engage the private sector for development results, which involves the active participation of the private sector” (Organisation for Economic Co-operation and Development 2016). According to a GPEDC background paper, PSE aims “to leverage the innovation potential of and additional finance from the private sector to achieve development objectives while at the same time recognising the need for financial return for the private sector” (Global Partnership for Effective Development Co-operation 2018, 8). The mapping exercise identified five PSE modalities already adopted by traditional donors, according to GPEDC (2018, 34):

- 1. Knowledge sharing and research** activities designed for advancing development solutions based on existing methods and approaches. address development challenges;
- 2. Technical assistance** to promote private agents’ effective engagement in development co-operation;
- 3. Policy dialogues** aiming at setting or supporting policy agendas, normative frameworks, or corporate behaviour;
- 4. Capacity development** for strengthening the private agents’ potential to generate development additionalities;
- 5. Finance:** include a set of mechanisms such as “grants, debt instruments, mezzanine finance, equity and shares in collective investment vehicles, guarantees and other unfunded liabilities” (Global Partnership for Effective Development Co-operation 2018, 34).

Financial support intends to “(Leverage or raise private sector finance and investment promotion, test innovation and scale up success, monetise development results (e.g. output-based mechanisms), support expansion of more and better business, including through the promotion of business-to-business partnerships, inclusive business, responsible business conduct and corporate social responsibility, Harness private sector expertise and market-based solutions to development challenges” (Global Partnership for Effective Development Co-operation 2018, 34).

Beyond the mapping exercise, the GPEDC established a set of principles to guide collective work on making private sector partnerships for development co-operation more effective. In July 2019, the so-called Kampala Principles were presented at the GPEDC’s Senior-Level Meeting in New York, and provide the following five mutually reinforcing principles to guide private sector engagement (Global Partnership for Effective Development Co-operation 2019a, 2019b):

Principle 1 – Inclusive Country Ownership: strengthening co-ordination, alignment and capacity at the country level;

Principle 2 – Results and Targeted Impact: realizing sustainable development outcomes through mutual benefits;

Principle 3 – Inclusive Partnership: fostering trust through dialogue and consultation;

Principle 4 – Transparency and Accountability: measuring and disseminating sustainable development results for learning and scaling up of successes

Principle 5 – Leave No One Behind: recognizing, sharing and mitigating risks for all partners;

Even though the Kampala principles may appear generic, they perform three important tasks. First, while referred to the Paris principles of aid effectiveness (ownership, results and mutual accountability), they kept both the vocabulary and the managerial instruments unchanged, situating the PSE strategy at the IDC field core. Second, the document turned the 2030 Agenda's "leave no one behind" approach into a principle, anchoring the PSE strategy within a set of internationally agreed goals. Finally, the Kampala principles articulated a normative stance (particularly manifested in principles 2 and 5), according to which, it is possible to ensure "compatibility between core business activities and 2030 Agenda objectives" (Global Partnership for Effective Development Co-operation 2019a, 9). As discussed below, such stance assumes a non-problematic relationship between shareholders and stakeholders or between profit-seeking and public goods provision. Nonetheless, it is noteworthy that, with the PSE initiative, development agents assert a new role for the private sector within the IDC field: "private sector engagement for development". According to analysts, such role supposes that profit-seeking agents will "pursuit positive development outcomes [...] creating inclusive value chains, adopting and supporting the widespread adoption of responsible business practices [...], improving accountability and transparency in business operations, and targeting the transfer of technologies to host communities" (Di Bella et al. 2013, 12).

Throughout successive adjustments, or improvisations framed by inherited principles and practices, development agents created spaces and roles for private actors. Even though the historical rooting trope produced the effect of continuation instead of change, as we have tried to demonstrate, private positions were subjected to incremental improvisations. Below we present a synthesis of such improvisations.

Conclusion

This article aimed at interrogating why and how a singular position was articulated by/for the private sector within the IDC field during the last decade. As we argued, in a decentred field, where traditional donors had to face growing competition from SSCIP, whose practices mobilised blended mechanisms, a singular position was built for the private sector. Through discourse analysis we could identify two topological movements that cemented such position: historical rooting and functional rationale. The first trope presented the private sector as if it had always been in

the field. This discursive movement has the effect of immobility, repetition and naturalisation of the presence of private agents in the field. The second trope established the need for this presence and discarded alternative strategies and policies. Nevertheless, when unpacked, these tropes reveal a complex process in which not one, but three alternative positions for the private sector were articulated: private sector development, private sector in development, and private sector engagement for development (Di Bella et al. 2013).

One missing piece of the puzzle refers to the ways private agents figure out their own roles within the IDC field. Indeed, during the 2000's a private rationale for engaging with the development agenda was unfolded. Also, a growing body of literature is being published, discussing the benefits of adopting sustainable corporate practices. Michael Porter and Mark Kramer (2011) have introduced the notion of shared value. These authors proposed a new business strategy for companies that conciliate the creation of economic value with benefits for society "by addressing its needs and challenges". Companies got trapped in an outdated approach to value creation that has emerged over the past few decades. By pursuing a new strategic position, corporations could legitimise business again. To these authors, "the purpose of the corporation must be redefined as creating shared value, not just profit per se". Following this path Nidumolu, Prahalad and Rangaswami argue that sustainability can be a source of competitive advantage when linked with innovation. These perspectives are also in line with the concept of Stakeholder Capitalism that was originally conceived in 1932 by Adolf Berle and Gardiner Means in the book *The Modern Corporation, and Private Property*. According to Berle and Means (1932), companies should focus their mission on meeting the needs of all their stakeholders: customers, employees, partners, the community, and society as a whole". This concept became the central theme of the World Economic Forum's (WEF) 50th Annual Meeting of 2020 in Davos: "Stakeholders for a Cohesive and Sustainable World".

There is also the work of Eccles et al. (2014) who have evaluated the performance of corporations that have included social and environmental policies into their strategies. These authors have conducted a performance analysis on 90 companies (called High Sustainability Companies) that have introduced a significant set of environmental and social policies in their business operations since the mid-1990s, and compared them with 90 other similar companies that have adopted none of these policies (termed Low Sustainability Companies). In this matching process, the authors compared corporations with identical size, capital structure, operating performance, and growth opportunities. As a result of this analysis, they found that the High Sustainability companies had achieved better results in terms of return-on-equity (ROE) and return-on-assets (ROA). That is, the High Sustainability companies had a superior performance in comparison to the Low Sustainability ones in terms of stock market and accounting results during the 18 years of study (with average return on assets almost twice as high, and average share values 46% higher).

Therefore, the implementation of sustainable corporate strategies could be appealing from a business perspective. The academic framework is also being used nowadays by governance

forums to encourage an increasing number of companies to take part in development cooperation initiatives. This understanding is also in line with the OECD's development policies:

Companies that introduce sustainability into their business models are profitable and successful, with positive returns on capital in terms of reduced risks, diversification of markets and portfolios, increased revenue, reduced costs, and improved value of products. Increasingly, investments in developing countries – and even in the least developed countries are seen as business opportunities, despite the risks involved. On the other hand, companies provide jobs, infrastructure, innovation and social service, among others (Organisation for Economic Co-operation and Development 2016).

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