



PRIVATE SECTOR DEVELOPMENT

Development cooperation fact sheet April 2019

The 2030 Agenda for Sustainable Development identifies the private sector as the primary source of economic growth, incomes and jobs in developing countries. Australia’s investments in private sector development are essential to promote prosperity, reduce poverty and enhance stability.

Strategic direction

The private sector is critical to achieving the Sustainable Development Goals. Sustainability has emerged as a key priority for the business sector.

Private sector development: The private sector is a core partner supporting the development cooperation program’s objective to increase sustainable economic growth and reduce poverty. The goal of private sector development is to expand trade and business opportunities for our partner countries through the following approaches:

- **building better business and investment environments:** for example, improving access to finance;
- **supporting growth in specific markets:** for example, removing barriers to efficient market operation; and
- **maximising the development impact of individual businesses:** partnering with businesses that serve the poor as consumers.

Private sector engagement: the private sector brings a wealth of knowledge, innovative ideas, capabilities and resources that can help improve the effectiveness of Australia’s development cooperation program. Working with business enables us to leverage each other’s assets, connections, creativity and expertise to achieve mutually beneficial outcomes that achieve both development and commercial objectives. In practice, the development cooperation program is:

- increasing focus on sustainably **growing the private sector in developing countries** in the region; and
- **increasing engagement with the private sector** across the full range of Australia’s development cooperation priorities.

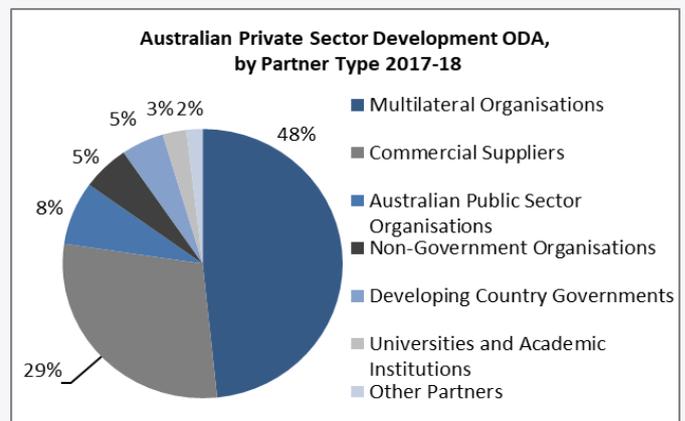
Sector performance in 2018-2019

Under the [Business Partnerships Platform](#), Australia’s development cooperation program has invested approximately \$9.5 million to establish 23 partnerships

Australian Private Sector Development ODA* by Region	2016-17 Actual(\$m)**	2017-18 Actual(\$m)**	2018-2019 Budget Estimate (\$m)**
Pacific	497.1	474.5	579.6
East Asia	449.2	408.9	421.8
South and West Asia	71.4	73.9	76.7
Africa and the Middle East	16.1	14.3	15.3
Rest of the World*	371.6	342.4	350.7
Total Australian Private Sector Development ODA	1,405.5	1,314.1	1,444.2

* Includes ODA that is not attributed to particular countries or regions

**Due to rounding, discrepancies may occur between sums of the component items and totals.



with businesses, across 14 countries, leveraging \$17 million in additional resources for development in the region.

The [Pacific Readiness for Investment in Social Enterprise](#) (Pacific RISE) program has connected investors to social enterprises, with the aim of securing investment deals and attracting \$5 million private capital into the Pacific. For example, a \$656,000 investment into a Vanuatu coffee producer will expand operations and generate employment for farmers.

The partnership with [Fairtrade Australia New Zealand](#) has created sustainable commercial relationships between producers and markets in the Asia Pacific. This has reduced

reliance on development cooperation funding and advanced Australia's economic and social development objectives in the region.

Through **LAUNCH Food**, DFAT is investing \$6 million in 12 food-related innovations to improve nutrition outcomes throughout the Indo-Pacific.

In 2018, the **Market Development Facility** generated approximately \$86 million in additional income for 97,970 disadvantaged and vulnerable individuals across five countries.

DFAT is working with The Difference Incubator and Carnival Australia to develop local tourism businesses in Vanuatu and Papua New Guinea as part of the **Pacific Tourism Development Pilot**.



Current Priorities

- The **Operational Framework** will strengthen DFAT's capability, culture and systems to partner with business and improve the ease of business engagement with DFAT, to increase the development cooperation program's effectiveness and reach.
- **Crowdsource innovations** from new and existing partners to transform the approaches and impacts of Australian development cooperation through the innovationXchange's global challenges.
- Implement initiatives through the **Business Partnerships Platform** and identify opportunities for further engagement with partners to replicate or scale-up in other regions.
- Supporting innovative impacts businesses and business accelerators working towards the Sustainable Development Goals in Indo-Pacific through better capacity assistance and linkages to appropriate capital through the **Scaling Frontier Innovation Program**.
- Build on existing market knowledge and partnerships to stimulate new investment, business innovation and regulatory reform to support inclusive growth in rural and urban areas in the Indo-Pacific region through the **Market Development Facility**.
- Continue to **help business better connect** with government, NGOs, universities, philanthropic organisations, and other stakeholder groups by creating opportunities for partnering with Australia's development cooperation program.

- Helping grow the private sector and developing countries by **increasing opportunities to export** goods and services and improving the regulatory and enabling environments through **Aid for Trade**.



The **Business Partnership Platform** (BPP) enables DFAT to partner with business to help deliver Australia's development cooperation program. The BPP brings the private sector's financing, knowledge and capabilities to bear on development challenges in our region. For example, under the **Mobile banking for the poor in Vietnam**, DFAT is partnering with The Asia Foundation, MasterCard and Vietnam Bank for Social Policies (VBSP) to provide better access to a full range of digital financial services to those who lack access to traditional banking services, accelerating economic opportunities for low-income households and women-led microenterprises. This initiative has exceeded targets, with 4.9 million VBSP clients having received SMS notification of their account balance.

Want more information?

For further details of the BPP, [visit our website](#).

For more details:

- [2017 Foreign Policy White Paper: advancing Australia's interests](#)
- [Ministerial Statement on engaging the private sector in aid and development – Creating Shared Value through Partnership](#)
- [Strategy for Australia's aid investments in private sector development](#)
- [Operational Framework for private sector engagement in Australia's aid program:](#)
- [Australian aid: promoting prosperity, reducing poverty, enhancing stability](#)
- [Strategy for Australia's Aid for Trade Investments](#)