



## **BUILDING A MUNICIPAL PRIVATE SECTOR DEVELOPMENT COOPERATION STRATEGY**

### **OBJECTIVES OF THIS DOCUMENT**

This document aims to create a framework for a multi-actor discussion about a private sector development cooperation strategy. It is a dynamic and open document and its objective is to facilitate dialogue in the working group and define the focus and methodology for implementation of the commitment set out in the Master Plan for Development Cooperation, Solidarity and Peace.

### **Background**

In the course of activities undertaken during 2011 and 2012, the Barcelona City Council identified, with the help of its "partners" in the South, a growing demand to include private sector companies in development initiatives. During institutional and technical contacts, at meetings of mayors and technical exchanges between municipal council experts, Barcelona's partner cities made an increasing number of requests for information about the city's business model and for support in building private sector capacities in the South.

In this context and given that work was about to start on preparing the Master Plan, the City Council proposed the inclusion of "private sector cooperation" as another instrument with which to approach some development cooperation projects and their objectives.

After a wide-ranging debate in the Council of International Development Cooperation (henceforth, the Cooperation Council), the Master Plan set out the objectives in this sector for the 2012-2014 period, which are as follows:

- 1) *[...] the incorporation and participation of new actors in this public policy, which constitute a major challenge for Barcelona City Council. The council will pay special attention to **integrating the private sector into development cooperation policies**. The City Council will operate so that companies, even though they do not receive Official Development Aid (ODA), can provide their **expertise and knowledge** and thereby contribute to development initiatives in partner towns and countries. (Barcelona City Council Master Plan for Development Cooperation, Solidarity and Peace 2013-2016, p. 10, paragraph 18);*



- 2) [...] *the Permanent Commission of the Council of International Development Cooperation will put on its agenda the private sector's role in the City Council's public policies on development cooperation. (Barcelona City Council Master Plan for Development Cooperation, Solidarity and Peace 2013-2016, p. 11).*

*[...] promote a **space for dialogue** with the main development cooperation actors in order to **define the basic elements** that will determine the City Council's work in this field (Barcelona City Council Master Plan for Development Cooperation, Solidarity and Peace 2013-2016, p. 25, paragraph 45).*

## FRAMEWORK FOR ACTION

With reference to the Master Plan, the Solidarity and International Cooperation Department began work on preparing a proposal for discussing and defining the main features of private sector development cooperation, in the form of a **pilot project**, with a view to creating the conditions for initiating actions in accordance with the lines of work set out in the Master Plan.

The Solidarity and International Cooperation Department supports the view expressed by various authors, institutions and agencies that economic growth is not a sufficient condition to generate sustainable development, and that **public development cooperation policies should ensure that economic growth promotes genuine development and makes an effective contribution to improving the welfare of target populations.**

The **local economic development (LED) focus**, supported and promoted by international agencies like the **United Nations Development Programme (UNDP)**, is **felt to be an adequate intervention framework** and reaffirms what the Master Plan itself sets out in strategic objective 3: "Increase the scope for enterprise and production for local economic development".

Traditional international development strategies are perceived to be less and less effective and are increasingly challenged as a recipe for development. In this context, **LED strategies present a feasible and valid way to overcome development problems in all parts of the world** independently of their level of development or the condition of their institutions. LED makes it possible to go beyond the interventions based on micro projects and uncoordinated projects.

We understand LED to be a process by which the **public, private and non-governmental sectors coordinate their efforts and together create the conditions for growth and job creation**, combining competitiveness, social equity, environmental



protection, improved local governance and the more genuine and sustainable integration of women and young people.

The Barcelona City Council Master Plan emphasises the role of cities in the new multilateralism and in the task of making progress towards a globalised democratic governance model capable of dealing with current development challenges and promoting sustainable human development.

**To treat the role of the private sector in isolation limits and fragments the development process and distorts the role it could play in this process.** Private sector development cooperation, understood to mean action taken by companies, only makes sense if integrated into a broader framework in which other actors participate and in which the public sector takes responsibility for determining development policies.

In this sense, current international trends support the role of the private sector as an essential actor in development policies. This role is strengthened by alliances with public sector actors (Barcelona and partner cities) to **achieve development objectives of a territory.**

Taking into account the objectives and principles of the Master Plan, **the LED focus fits perfectly and, at the same time, forms an intervention platform for the City Council** that allows it to mainstream and fully integrate private sector development cooperation rather than include it in a vertical and uncoordinated way.

In this context, **we propose to adopt the LED focus as a framework for action and for involving the private sector in territorial development in response to demands made and priorities set by municipalities in the South, in accordance with their social and private sector network.**

## **THE PRIVATE SECTOR**

The natural "private sector actors" of the Barcelona City Council are the city's **micro, small and medium-sized companies** and those operating in the social and solidarity economy.

The selection of participating companies will take place in accordance with a dialogue and on the basis of participation criteria based on the scope for action as described above. The private sector has a particular dimension and profile and we will not use the criteria that would be used for global companies, such as adherence to international standards and certifications (SA 8000, Global Compact, etc.), given that PME are unfamiliar with these instruments, even though they may well act responsibly in areas covered by these standards.



Participation in the project will require companies to agree to transfer knowledge on social and environmental issues, a process through which they will become aware of the existence of international standards and tools available to companies seeking to improve their practices where these are deficient.

**Micro, small and medium-sized companies** must share project objectives and commit to achieving them. Monitoring will ensure that they fulfil this commitment at the highest level and that they are active to this end in private sector representative organisations. Participating companies must comply with a series of requirements on issues such as corruption, taxation, environment and labour legislation.

Initiatives will require participating companies and all parts of their supply chains to fully comply with International Labour Organisation (ILO) conventions, especially the conventions on equality and non-discrimination (100 and 111), freedom of association and collective bargaining (87 and 98), child labour (138 and 182) and forced labour (29 and 105), in accordance with the United Nations Guiding Principles on Business and Human Rights. Particular attention will be paid to ensuring that companies throughout the supply chain pay living wages and maintain a perspective of environmental protection in their operations and activities. The project must take into account the rights set out in the International Charter of Human Rights, as well as the guarantees contained in the main United Nations conventions on women, children, indigenous peoples, migrant workers and disabled people, etc. Actions must also comply with local legislation, as long as it does not conflict with international standards.

The Master Plan makes provision for companies in the social and solidarity economy in the section on **the enterprise and social economy sector**, in *specific objective 3.3: "Provide support for social and solidarity economy initiatives in partner cities and countries, especially at the municipal level"*. This: a) recognises the increasing role of the social and solidarity economy in Barcelona's business sector, and highlights an emerging field of activity; b) recognises the major role that this economic sector has in local development, given that one of its characteristics is to put down as strong roots as possible; and c) responds to one of the challenges put forward recently at the Second World Forum for Local Economic Development, namely, the inclusion of the social and solidarity economy as a relevant actor in development policies.

Companies will participate on the basis of **requests made by beneficiary municipalities. The project will identify the most appropriate actors for achieving the objectives of actions.**

In our understanding, and with reference to the development cooperation perspective adopted by Barcelona City Council, companies may participate in a cooperation project by providing knowledge about their field of activity in the form of human resources and technical expertise.



Barcelona City Council will in no circumstances make grants to companies in exchange for their involvement in projects and will apply the same guidelines used for technical cooperation by City Council staff when covering travel and subsistence expenses.

## **OBJECTIVES**

Objectives of actions undertaken must clearly be **human development objectives**. The object of the action identified must be clearly oriented towards promoting rights, building capacities and strengthening the local economy and society.

In practical terms, actions must try to achieve the following **objectives, as set out in the Master Plan**:

**Strategic Objective 3.** *Increase enterprise and production capacities for local economic development .*

- *Specific Objective 3.1. Strengthen the economy, productive capacities and diversification of sustainable economic initiatives at the municipal level.*
- *Specific Objective 3.2. Strengthen city public policies on business and commerce in partner cities and countries that support local producers and traders.*
- *Specific Objective 3.3. Support social and solidarity economy initiatives in partner cities and countries, especially at municipal level.*
- *Specific Objective 3.4. Promote the economic empowerment of women in partner cities and countries.*
- *Specific Objective 3.5. Guarantee space for reflection about increasing the involvement of the private sector in development cooperation.*

*(Barcelona City Council Master Plan for Development Cooperation, Solidarity and Peace 2013-2016, pp. 20-21).*

Considering the **transversal objectives** set out in the Master Plan:

- *Promote full respect for human rights and their consolidation and effective enjoyment, paying attention to the rights of children, democratic government and strengthening society.*
- *Promote a culture of peace and incorporate a sensibility to conflict and peace building.*
- *Promote a three-dimensional view of sustainable development: social (which includes cultural and political), economic and environmental.*
- *Promote equity between women and men by introducing a gender perspective.*

*(Barcelona City Council Master Plan for Development Cooperation, Solidarity and Peace 2013-2016, pages. 17-18, paragraph 26)*



## **ACTIONS: DEBATE AND REFLECTION ON THE BASIS OF A PILOT PROJECT**

In the exercise developed by the Department of International Relations and Cooperation in order to define a framework for debate at the Cooperation Council, it proposed focusing on practical actions, including the identification of a **pilot project** responding to the objectives and criteria set out above.

### **Methodology: working group**

In accordance with the Master Plan, the Barcelona City Council created a working group on private sector development cooperation with the aim of promoting discussion with the main actors about how to include the private sector in a range of development cooperation and solidarity initiatives, while taking account of the specific competences of each actor and while maintaining an inclusive, participatory and constructive dialogue. This group is composed of representatives of organisations that are members of the Cooperation Council and other organisations or experts necessary for the development of the project.

The working group's methodology is based on dialogue with the actors and focuses on the co-construction of a pilot project. The City Council intends to create a reflection ecosystem on this issue, that is, a forum in which the main actors can interact. Co-construction, a characteristic of ecosystems, can only take place if there is rapprochement and interaction between the actors and a willingness to adopt a collaborative approach. The aim is to create a "*multi-stakeholder learning community*". A learning community is a project for social transformation that allows the actors to work together to build a body of knowledge that makes it possible to deal with the issues in debate and, in this case, put them into practise through an implementation process.

To this end, interviews were conducted and meetings organised with the main actors in partner cities and Barcelona, with the working group constituted, communicating to them the aim of **constructing innovative private sector development cooperation, on the basis of participation and consensus**, focused on a pilot project determined by the working group, which will also formulate the mechanisms for implementation. After several meetings, the proposal was accepted by all parties and an initial agreement was reached on the working methodology and focus of the pilot project.

### **The pilot project**

The pilot project will take place in Maputo, Mozambique and will draw on Barcelona City Council's experience and history and on opinions expressed by actors in the South. The capacities and institutional relations built up by Barcelona City Council in Maputo are fundamentally important to beginning a pilot project in this context. Meanwhile, Maputo City Council has made a specific request for cooperation in the field of production and for the involvement of the private sector.

With Maputo as the starting point, Barcelona City Council will work together to identify a pilot project that will take into account everything set out in this document. The



working group will play a leading role in identifying and, especially in choosing the actors who will be responsible for implementing the project.

It is therefore hoped that during 2015, Barcelona City Council and the Working group on Private Sector Cooperation will identify a pilot project that includes a PME or a company in the social and solidarity economy as a protagonist and which, above and beyond the impact it might have in Maputo, will accumulate the experience required to define the role of the private sector (in the broadest sense of the term) in development cooperation.

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