



Donor Committee for Enterprise Development

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WORKING DOCUMENT

A categorisation of private sector engagement strategies and comparison with other approaches for working with and through the private sector

OPERATIONAL FRAMEWORK

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Private Sector Engagement (PSE) is a broad concept with varying definitions. Informed by a literature review, this working document aims to narrow down the most relevant PSE strategies that may be considered in future work of the DCED’s [Private Sector Engagement Working Group](#). It also seeks to draw dividing lines between PSE and other approaches covered by DCED working groups, notably Market Systems Development and Business Environment Reform. It is shared publicly for exchange and learning purposes and may be developed further in the future.

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The Framework: PSE categories in the spectrum of other approaches for working with and through the private sector

Spectrum of approaches for working with and through the private sector



<p>1. Leveraging private sector finance (ECDPM) or encouraging its use towards SDG-relevant projects (DCED)</p>	<p>2. Engaging with companies around core business (and related) activities (source: ECDPM)</p>	<p>3. Engaging with business networks and platforms (OECD)</p>	
<p>Strategies that tend to...</p> <ul style="list-style-type: none"> involve direct engagement with private investors, funds and financial institutions, rather than companies 	<p>a. Strategies that tend to...</p> <ul style="list-style-type: none"> focus on, or at least include international business (ECDPM) as a key stakeholder, partner or target group, and/or involve individual collaboration agreements between at least one donor/ donor-funded programme and at least one business 	<p>b. Strategies that tend to...</p> <ul style="list-style-type: none"> mainly (but not exclusively) involve development country business; enter several partnerships with the aim develop whole markets, based on prior research and a market-wide strategy; and combine multiple forms and provide hands-on management of support to business partners over several years 	<p>Strategies that tend to...</p> <ul style="list-style-type: none"> involve engagement with business membership and other representative organisations in developing countries; and focus on facilitating policy dialogue and reforms of the business environment
<p>1.1 Mobilising additional private finance for development</p>	<p>2.1 Knowledge sharing (OECD) and relationship building</p>	<p>Field-based 'market systems' programmes Combination of various possible inputs and modalities, e.g.</p>	<p>Field based business environment reform programmes, e.g. promoting</p>
<p>Blended finance: catalytic use of different instruments (see DCED, 2019 for more information) to raise additional private finance for development purposes, e.g.:</p> <ul style="list-style-type: none"> Guarantees (OECD) to financial institutions lending to businesses Equity and shares in collective investment vehicles (OECD) or insurance funds Funding/ provision of technical assistance to investment or insurance funds 	<p>Consultations between donors and businesses (ICAI, ODI)</p> <p>Brokering business-to-business linkages (ODI), e.g. through competitive matchmaking facilities</p> <p>Participation in/ funding for multi-stakeholder platforms, alliances, networks, events (OECD)</p> <p>Funding private sector research & development (OECD, ODI)</p> <p>2.2 Policy dialogue (OECD) aimed at improving corporate practices</p>	<ul style="list-style-type: none"> Ongoing management support Matching grants (to partners identified in market research or challenge funds) Technical assistance Brokering and relationship-building Facilitating policy dialogue 	<ul style="list-style-type: none"> Capacity building of business associations (included in OECD) Public-private policy dialogue between local business associations and government

	<p>Participation in/ funding of standard-setting multi-stakeholder platforms, cross-sector roundtables etc (OECD)</p> <p>Participation in/ funding of advocacy initiatives (ODI)</p> <p>2.3 Capacity-building (OECD)</p> <p>Fund/ implement training of company staff to help modify business operations (OECD)</p>		
1.2 Encouraging the use of private finance for SDG-relevant projects	2.4 Technical assistance (OECD) at the pre-investment and investment stage		
Development Impact Bonds and other Payment for Results initiatives that mobilise private pre-financing for SDG-relevant projects, and repay private investors in full upon achievement of results	<p>Matching grants for feasibility studies (OECD), e.g.</p> <ul style="list-style-type: none"> • via Challenge funds/ competitive facilities; or • after co-creation workshops/ consultations with business 		
	<p>Funding/ provision of technical assistance (OECD) for the implementation of SDG-relevant projects, e.g.</p> <ul style="list-style-type: none"> • via challenge funds/ competitive facilities; or • after co-creation workshops/ consultations with business 		
	2.5 Grant funding (OECD) for investment implementation		
	<p>Matching grants/ co-funding for SDG-relevant projects, e.g.</p> <ul style="list-style-type: none"> • via challenge funds/ competitive facilities • after co-creation workshops/ consultations with business 		
	Jointly designed and resourced projects involving one donor, one international business and an implementing partner (sometimes also a local business partner)		
	Jointly designed and resourced programmes with several donors, businesses and one or several implementing organisations, e.g. to develop a commodity or value chain		
	2.6 Non-grant funding (OECD) for investment implementation		
	Loans (OECD) to businesses, e.g. via challenge funds/ competitive facilities		
Equity investments (OECD) into businesses, e.g. via challenge funds/ competitive facilities			

1. Background

As part of its work plan for 2017/2018, the DCED Private Sector Engagement (PSE) Working Group (WG) has agreed to develop a categorisation of PSE strategies and modalities, which would provide a common language for the group and serve as a conceptual basis for its work items, while setting limits to the scope to make it manageable. Separately, the group agreed to develop a framework on how it should position itself vis-a-vis other DCED working groups and work streams.

1.1 Objectives of the framework

As the discussions on PSE categories and their relationship to other DCED work streams are intrinsically linked, it makes sense to combine them in an overarching framework, with the following two objectives:

- Drawing on existing typologies, notably by the OECD, as well as ECDPM, ODI, North-South-Institute and ICAI, to categorise the most important PSE strategies currently used by donors; and
- Mapping out what types of approaches form the focus of different DCED working groups. In doing this, the framework focuses on three major work streams of the DCED: PSE, market systems and business environment reform. While overlaps between these work streams may exist in practice, the conceptual distinctions made in the framework highlight which types of approaches are typically covered by each working group.

1.2 Scope

Existing private sector engagement typologies feature commonalities as well as differences. Some categories are broadly focused on the types of immediate purpose, e.g. knowledge sharing or linking businesses to create new opportunities, while others relate to activities, such as establishing networking platforms, or inputs, such as technical assistance. Most categorisations include a mix of categories that are purposes, activities and inputs. Given that different mechanisms may be used to achieve the same type of outcome it is difficult to establish categories that reflect a desired outcome. It is also difficult to arrive at distinct categories or to capture all types of engagement. In reality, one mechanism may lead to the use of another one, or multiple mechanisms may be used simultaneously. And within each of these mechanisms, the elements – such as the purpose, degree, governance and history of engagement - may differ.

Developing an operational framework for the PSE WG necessarily implies a need to narrow down the most relevant PSE categories, rather than be comprehensive, and to draw pragmatic

boundaries between approaches, based on the predominant discourse among members and their programmes.

With this in mind, this framework proposes a pragmatic approach that enables a clearer positioning of DCED working groups while also building as much as possible on the typology already agreed through the OECD. As such, it integrates all PSE strategies and most mechanisms mentioned in the OECD typology. These are marked as 'OECD' in each case. One specific 'pre-engagement' mechanism not included here are secondments from and to the private sector, as these can be considered as a way of building capacity for engagement in general, rather than an engagement strategy with a specific development purpose. Additional engagement categories are added to enhance clarity, building on typologies by other organisations or insights into current approaches of donor agencies.

Further, this framework does not explicitly consider a number of themes and PSD approaches, including:

- cross-cutting themes or objectives covered by DCED working groups (e.g. Women's Economic Empowerment) or the DCED website (e.g. youth employment);
- approaches which are pre-occupied with direct support to local business development and not typically considered in discussions on private sector engagement, including
 - approaches concerned with enhancing the capacity of SMEs in developing countries (e.g. grant funding for business development services, incubators, accelerators etc); and
 - industrial policy.

1.3 Structure

The core part of this document is a table mapping PSE categories as part of a broader spectrum of approaches for working with and through the private sector covered by different DCED working groups. The second part summarises the types of differences that can exist within the PSE categories covered by the PSE WG, for example in terms of governance. Annex 1 provides a brief review of existing PSE typologies.

2. Variations in 'engagement' within the PSE categories covered by the PSE WG

What the categories in the table above cannot capture in detail is the many variations in which individual PSE mechanisms covered by the PSE WG are structured and take place. For example, different donors may use multi-stakeholder platforms in very different ways and for different purposes. The purpose of this section is to highlight elements of engagement strategies and some key variations in how mechanisms are implemented in practice, based on a review of key literature.

Byiers et al (2016) highlights a number of elements of engagements and it provides a useful framework to consider how engagements may differ; Table 1 represents a modified and expanded version of their framework to illustrate some of the possible differences in engagements.

Table 1: Elements of engagements¹

	Area	What	Details
1	Engagement origins	History of the engagement	Initiator and main initial motivations, objectives etc of the engagement
2	External factors	Effect on engagement of factors external to the engagement	The way that location, market dynamics, outside actors, institutions and authorities affect the engagement design and processes
3	Type of engagement	Whether a charitable, philanthropic or commercial engagement	Balance of development and commercial goals, alignment with core business, corporate social responsibility etc
4	Type of partner	Whether an investment fund or financial institution, a for-profit business (large, small, local, international), a social enterprise, or philanthropic arm of a company	Linked to the type of engagement, donors and their implementers may choose to work with different types of private entities.
5	Activities	Nature of engagement activities	Advocacy, sponsoring, financing, training, designing etc; together or apart; cooperation required or only desirable; also the visibility of the engagement
6	Degree of engagement	Frequency, type of interactions, resources brought	Arm's length (indirect) or strategic joint decision-making and implementation (direct); levels and types of resources (such as financial, skills) brought by each organisation; power balance between the actors; one-off or ad-hoc versus often
7	Governance	Mechanisms to define and shape roles and responsibilities	Formal MoUs, contracts, handshake etc on roles, objectives and governance of the 'engagement'; and informal practices

Within each of these elements, there will also be more variations and interdependencies. The following section explores three of the areas in more depth. Firstly, the origins of the engagement; secondly, issues affecting the degree of engagement, which include whether the donor engages

¹ Adapted from ECDPM (2016): [How to assess CSO-business partnerships for development](#), by Bruce Byiers, F. Guadagno and K. Karaki.

directly with businesses and the depth of the engagement. And thirdly, the nature of engagement and governance mechanisms that shape roles and responsibilities influence each other.

2.1 Degree of engagement

Direct versus indirect engagements

Donors may engage directly with businesses, that is they are the one with the immediate face-to-face interaction. However, in many instances, donors' engagement with businesses is indirect. Intermediary organisations in effect provide 'engagement services' to donors as they are responsible for establishing relationships, sharing knowledge, designing interventions, leveraging private sector resources. These intermediaries include private sector consultancy companies, non-government organisations (often international), fund managers - which are a more recent intermediary, and perhaps less frequently academic institutions and philanthropic foundations. In the case of pooled funding arrangements, one donor may also act as intermediary for other donors. In some cases, the indirect relationship may have several layers, that is there is more than one organisation between the donor and the business.

Indirect engagements are generally driven by considerations of organisational competencies, risks (fiduciary and reputation being prominent ones), functions, efficiency and effectiveness.

Depth of engagement

Figure 2 below shows different depths of engagement². These depths are not sequential and organisations do not necessarily progress from one to the other for individual engagements or as their broader engagement with the private sector develops or increases. The degree of engagement should be a strategic choice for each opportunity depending on factors such as the purpose of the engagement, the nature of organisations engaging, and available resources.

Figure 1: Depth of engagement



At the most left end of the spectrum, the engagement is relatively minimal with donors sharing information. While the exchange may be two-way donor agencies may use this type of engagement simply to provide businesses with balanced and objective information to assist them in understanding the problem or alternatives. A slightly deeper level of engagement is where donors consult with businesses seeking their feedback on analysis, alternatives and outcomes. Each step

² These eight levels have been adapted from Reisman, Gienapp and Stachowiak (2013) on levels of partnerships and the International Association for Public Participation on the spectrum of public participation) http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/foundations_course/IAP2_P2_Spectrum_FINAL.pdf ; the EU has used this framework to illustrate its engagement with the private sector – see here: https://ec.europa.eu/europeaid/sectors/economic-growth/private-sector-development/funding_en

involves a greater depth of engagement with businesses playing a greater role and having greater responsibility. The power balance shifts in the types of engagements that are on the right-hand side of this continuum. Collaboration may involve informal or formal joint planning and seeking and incorporating businesses' advice and innovation in developing solutions, joint funding or an effort to share funding, services, capacities, decision making and the identification of preferred solutions. At the end, final decision-making is placed in the hands of businesses.

2.2 Governance arrangements³

Engagements use mechanisms, such as contracts, to define and shape the roles and responsibilities of organisations involved in the engagement. Board membership or steering committee membership may be other governance mechanisms that are used when the donor is providing funding to another organisation.

At their most informal, mechanisms may include implicit 'understanding' or a handshake type of agreement. At their most formal, they involve a legally binding or valid agreement between two organisations. Other mechanisms used include memoranda of understanding or memoranda of agreement. The definition of each may differ depending on the legal jurisdiction but while these are similar to contracts, they generally do not contain legally enforceable agreements. Rather, they may intend to signal 'goodwill' between the parties concerned. Rather than having clauses that state 'Party X will do something', clauses are less definitive and may state 'Party X may do something'. Generally, MOU/MOAs may also specifically state that it is not intended to be legally binding so that it does not get mistaken for a contract.

Factors that may influence the use of contracts, memoranda or agreement include the level of resources (financial and other) involved, perceived risks (particularly fiduciary and reputational) and risk appetites, the historical nature of the relationship, and level of trust.

Even where engagement is not direct, donor experience suggests that governance mechanisms are influential. For instance, clauses from contracts or agreements at the first level are passed down to subsequent organisational relationships. For example, when a donor contracts a project management company to implement a challenge fund for businesses there will be a contract between the donor and project management company. Clauses may relate to specific requirements such things as fraud, intellectual property as well as policies such as child protection, business standards etc. These clauses are often replicated in contracts or agreements between the project management company and the business recipient. Even though there is an indirect relationship, the inclusion of specific clauses may affect the relationship between the donor and business and perceptions of each other. Clauses concerning intellectual property and commercial confidentiality are often important issues for businesses.

³ See for example <https://www.artslaw.com.au/art-law/entry/contracts-and-other-forms-of-agreement/> for an overview of different types of agreement.

3. Comparing existing categorisations

This section summarises some existing categorisations that have informed the development of the operational framework of the PSE WG. The table below compares the different mechanisms outlined by various authors. Multi-stakeholder platforms, technical assistance and finance are the most common categories but there is notable variation in the other mechanisms identified. While the OECD (2016) bundles several financing mechanisms together, ODI (2013) and ICAI (2015) unpack these distinguishing between grant financing and approaches such as challenge funds, collective action initiatives, partnerships etc. ECDPM (2012) and ECDPM (2016) add value to these categorisations in particular by providing an overarching framework (see section A.2.2).

Table 2: Comparison of existing PSE categorisations

Studies	OECD (2016)	ECDPM (2012/2016)	ODI (2013)	NSI (2013)	ICAI (2015)
Mechanisms					
Consultations			✓ Consultations and dialogue		✓ Exploratory conversations
Multi-stakeholder platforms	✓ also notes conferences, seminars, workshops	✓	✓ Establishing information and networking platforms	✓	✓ Business networks
Policy dialogue	✓ listed as a strategy rather than a mechanism			✓	
Linking business to new opportunities		✓	✓		
Advocating business practices			✓		
Capacity development	✓ Training, professional exchanges			✓ Training, knowledge, assistance	
Technical assistance	✓ includes business advisory services and feasibility studies		✓ technical and management advice	✓	
Alliances					✓ Multi-stakeholder collective action

					coordination
Partnerships					✓ Co-investment in initiatives to take specific development challenges
Contracting private sector service providers			✓		
Research	✓ for knowledge		✓ for pro-poor products and services		
Finance	✓ covers grants, equity, guarantees, mezzanine finance instruments, loans, shares in collective investment as well as leveraging PS finance	✓ covers development impact bonds, investment loans, private equity funds, financial guarantees and other formats		✓ repayable financing – loans, guarantees, insurance and equity	✓ externally managed funds
Grants / donations	✓ captured under finance	✓ captured under challenge funds			✓
Mobilising funds and expertise	✓ captured under finance		✓		
Challenge funds		✓			✓
Co-funding shared value			✓		
Sharing investment risk to stimulate innovation	✓ captured under finance	✓ captured under innovation funds	✓		

4. Examples of existing categorisations

4.1 OECD PSE typology⁴

The OECD categorises private sector engagement according to ‘strategies’, which are a mix of objectives (such as knowledge sharing), activities (such as policy dialogue) and inputs (such as technical assistance).

For each of these ‘strategies’, the OECD lists their characteristics in terms of objectives, types of organisations who may implement the ‘strategies’ (referred to as partners) and then mechanisms that may be used to achieve or undertake the strategy. The objectives are mostly short to medium term objectives. There is some overlap between categories. For instance, multi-stakeholder networks are listed as a mechanism for knowledge and information sharing and for policy dialogue. Likewise, there are overlaps across objectives. For instance, improving the private sectors ability to engage in development is an objective of ‘technical assistance’ (where the mechanisms business advisory services and feasibility studies) and ‘capacity development’ achieved through training, professional development and secondments. These overlaps highlight the difficulty of developing definitive categories.

Table 3: Typology – OECD PSE strategies

PSE strategy	Objectives	Partners	Mechanisms
Knowledge and information sharing	Advance solutions by sharing new methods, tools and innovative approaches to addressing development challenges. Address information asymmetries to promote private investment	All, though with a prominent role for knowledge partners in carrying out research and facilitating learning opportunities	Multi-stakeholder networks, learning platforms, conferences, seminars, workshops, other events, funding for research
Policy dialogue	Develop policy agendas and frameworks at international, national and local levels that reflect all parties’ interests. Change behaviour such as through improvements in corporate practices and industry standard-setting.	All	Multi-stakeholder networks and platforms, cross-sector roundtables, specialised hubs or institutions, institutionalised dialogues
Technical assistance	Enable private sector actors to effectively engage in development co-operation such as through support for project design. Improve	DAC members, private sector (companies and associations)	Business advisory services, feasibility studies

⁴ OECD (2016). [The Holistic Toolbox for Private Sector Engagement in Development Co-operation](#). Private Sector Peer Learning Policy Brief 1. OCED, Paris.

	private sector actors' operational capacities and effectiveness.		
Capacity development	Objectives: Improve capacities of private sector actors to contribute to development results. Change or modify business operations.	DAC members, private sector (companies and associations), multilateral and CSO implementing partners	Training activities and other forms of capacity development programming, professional exchanges and secondments
Finance	Leverage or raise private sector finance and investment promotion. Test innovation and scale 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 and corporate social responsibility. Harness private sector expertise and market-based solutions to development challenges.	All, with particular emphasis on the private sector (companies)	Private sector instruments including grants, debt instruments, mezzanine finance instruments, equity and shares in collective investment vehicles, guarantees and other unfunded liabilities

4.2 ECDPM⁵

ECDPM (2012) and ECDPM (2016) provide an overarching framework to help distinguish between different types of approaches for working with and through the private sector.

The first distinction is made between 'private sector development' and 'engaging the private sector for development' (ECDPM, 2012), whereby the first is more focused on developing country domestic economies and helping governments to encourage economic transformation; and the second relates more to donor engagement with international business activities and finance.

ECDPM further divides private sector engagement for development objectives into two major strands of work which emerge from several recent international policy pronouncements and which are likely to have different practical implications:

1. Engaging with private sector 'investment' or 'productive activity', driven by growing interest in achieving development goals through companies following their core business; and
2. Leveraging private sector 'finance'.

⁵ ECDPM (2012): [Common or Conflicting Interests? Reflecting on the private sector \(for\) development agenda](#), by Bruce Byiers and Anna Rosengren. See also Bruce Byiers (2012): [Private Sector for Development: Distinguishing the Trees from Forest](#); and EDCPM (2016): [Beyond aid in private sector engagement: A mapping of the opportunities and challenges of development and commercially-oriented public support to private sector engagement](#), by Sebastian Grosse-Puppenthal, Bruce Byiers and San Bilal.

While the reports don't aim at developing a detailed categorisation of specific mechanisms in each category, they do mention some examples, some of which are included in the table below:

Table 4: ECDPM's overarching distinctions and private sector engagement categories

	Engaging the private sector for development		Private sector development
	<i>Tends to focus on donor engagement with international business activities and finance for development purposes</i>		<i>Tends to focus on developing domestic economies including through</i>
	Engaging with private sector core business investments	Leveraging private sector finance	<ul style="list-style-type: none"> • Support to governments in encouraging economic transformation • Regulatory reform • SME support, e.g. access to credit, management training
Examples of relevant mechanisms	Donor-led challenge funds	Development impact bonds	
	Innovation funds	Investment loans	
	Match-making facilities	Private equity funds	
	Multi-stakeholder partnerships	Financial guarantees	

4.3 Overseas Development Institute (2013)⁶

Table 5: ODI's modalities of private sector engagement

Modalities of engagement	Description
Consultation and dialogue	Most basic form of engagement, may be one-off events or regular consultation.
Establishing information exchange and networking platforms focused on particular issues	Establishing platforms that involve businesses, sometimes other stakeholders such as NGOs, to exchange information and ideas on how to address specific development challenges. Global Alliance for Improved Nutrition is an example, established in 2005 to promote the role of business in combating malnutrition in low income markets.
Linking businesses to create new opportunities	Brokering relationships between companies, a role that has been popular in value chain development programmes e.g. IF supported programme to enable more local SMEs in Chad to become suppliers to ExxonMobil; also supported establishment of sectoral associations of companies and stakeholders in a value

⁶ ODI (2013): [How donors engage with business](#), by William Smith.

	chain to improve information flows and trust
Mobilising funds and expertise from business	Seek to raise funds or utilise expertise for particular social projects, which involves more than traditional philanthropic or CSR activities e.g. USAID Global Development Appliance's leverage model i.e. Scholastic Books made inkind donation of education books; a partnership between Intel, Cisco Systems, Microsoft and USAID to provide training to teachers in use of ICT.
Advocating for positive business practices	Advocating for more ethical business practices e.g. EITI, UN Global Compact; also use reputational capital to promote particular business practices e.g. BCtA encourages inclusive business
Providing technical or management advice to companies	To fill knowledge and/or skills gaps that are seen as a constraint to business development e.g. incubator programmes, business development services, volunteer programmes; DFID Business Innovation Facility provides TA to develop inclusive business or shared value activities; DANIDA Business Partnerships programme
Sharing investment risk to stimulate innovation	Use a variety of financial mechanisms to reduce perceived risks and mobilise greater private sector investment e.g. loan guarantee mechanisms, matching grants, social venture capital
Co-funding shared value	Help expand or mainstream activities that are seen as having positive development outcomes e.g. USAID Global Development Alliance supports companies to develop commercially viable business models which have social impact
Funding private sector research and development	Pro-poor products and services is a particular form of funding shared value e.g. supporting research of financial products that address natural disaster risk like index based insurance
Contracting private sector entities to provide services	Traditionally, most common form of engagement with business

4.4 North South Institute (2013)⁷

The North South Institute (NSI) identifies six modalities, which are largely common to the OECD strategies but includes an additional modality of grants/donations.

⁷ North-South Institute (2013): [Mapping Private Sector Engagements in Development Cooperation](#), by José di Bella et al.

Table 6: North South Institute PSE categories

Modality	Definition
Knowledge sharing	Information sharing between actors with the aim of sharing best practices
Policy dialogue	Discussion among stakeholders with the aim of bringing about or encouraging a specific change in policy or behaviour, or adoption of best practices and specific standards
Technical assistance	Assistance/ expertise provided to facilitate the design and/or implementation of a specific project or to assist an actor in carrying out a specific function
Capacity development	Assistance/ knowledge / training provided with the aim of enhancing the ability of actors to perform functions, solve problems and achieve objectives
Grants / donations	Transfers made in case, goods, or services for which no repayment is required
Finance	Transfers for which repayment is required (e.g. loans, guarantees, insurance and equity financing)

4.5 ICAI Business for Development Report, 2015⁸

The UK Independent Commission for Aid Impact (ICAI) categorised DFID's engagements with business according to six 'mechanisms'. These are somewhat like the OECD typology, although they do not specify what mechanisms may be used to achieve what outcomes or impact. However, ICAI recognises that engagement may also include 'exploratory conversations' (as described in relation to the 'early engagement' mechanism), indicating these could be even less outcome--driven. ICAI includes challenge funds, which it defines as grant funding even though some challenge funds have integrated returnable loans into their tactics.

Table 7: ICAI business for development categories

Mechanism	Description	Examples
Early engagement	Exploratory conversations and general policy dialogue	Extractives roundtables Relationships nurtured through Corporate Relationship Management System Letters of intent
Business networks	Formal networks for information sharing	Business Action for Africa Business Call to Action

⁸ ICAI (2015). [Business in development](#). Independent Commission for Aid Impact.

Alliances	Co-ordination of collective action from donors, governments and the private sector	New Alliance Safety, Health and Education and Employment for Girls and Women Facility for Corporate Social Responsibility
Partnerships	Co-investment in initiatives designed to tackle specific development challenges	Water and Sanitation for the Urban Poor Clinton Health Access Initiative
Challenge Funds	Grant funding	Responsible and Accountable Garments Sector Food Retail Industry Challenge Fund
Externally managed funds providing loans, equity investments and guarantees	Funds or managing agents such as banks	AgDevCo Greenfields Affordable Housing (India) Climate Public Private Partnership (CP3)

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