

Abstract

The private sector is increasingly engaging in development cooperation. The ultimately pursued modality of development assistance is the development by the private sector, the self-sustaining development entity of developing countries. Although there are various terms for cooperation between development cooperation agencies and the private sector, this study narrowed down the scope of cooperation to companies, focusing on Private-Sector Engagement (PSE), which is equivalent to 'all activities that involve the private sector to derive development results and impacts'.

As the demand for private sector participation in development cooperation increases, major donor agencies are developing strategies to strengthen partnerships with the private sector. This study compared and analyzed policies and projects of USAID, the Australia's Department of Foreign Affairs and Trade (DFAT), Sweden Sida, and UNDP, which have been actively carrying out PSE policies and projects, and also looked at other domestic ministries' projects. US USAID, which is undergoing a major shift in institutional culture and operations to expand PSE, announced its new PSE policy in December 2018, emphasizing that it values market-based approaches and evidence bases, and reflects this policy stance in its projects. The Australia's DFAT issued a ministerial statement in 2015 on private sector engagement in development assistance and published related guidance in 2020. Australia's DFAT is pushing for PSEs that focus on cooperation with enterprises by designating the private sector as enterprises, and values the creation of shared (economic and social) values of development cooperation agencies and enterprises. Although there is no separate strategy for private sector engagement, Sweden's Sida made cooperative arrangements to programs and utilize them as tool to engage with difference types of private sector. Sida works with a wide variety of stakeholders and applies the most complex high-level of

financial structure to projects. The UNDP's PSE places international norms and standards as important principles and emphasizes them throughout its policies. Unlike bilateral institutions, the UNDP focuses on the role of stakeholder platforms and consulting and capacity building to enhance development effectiveness, and discovers and plans projects considering inclusive business models that promote economic activities for the poor.

At the KOICA level, cooperation with companies is also a very important challenge, and we need to diagnose the achievements of corporate cooperation and find a direction for development to respond to increasing demands for corporate cooperation. First of all, it is necessary to expand the scope of partners not only to a single company but also to related associations or chambers of commerce, other ministries and institutions in Korea. Overseas development cooperation agencies also work with other ministries or public institutions to carry out ODA projects and promote development effectiveness. Second, it is required to diversify KOICA's existing types of corporate cooperation, which were mainly focused on providing stakeholder platforms and financial support. In particular, the types of policy dialogue and capacity building can be considered important. Finally, enterprise cooperation can be mainstreamed in KOICA organization and business. In addition to the program dedicated to corporate cooperation, general country programs can also be sought to enhance the possibility of cooperation with companies.