

2014

Canada and the Role of the Private Sector in Development in the Philippines

Presentation to:
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Foreign Affairs, Trade and
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Canada

Outline

- Overview of Canada's international development priorities in the Philippines and programming in Mindanao
- DFATD Strategy: Partnering with the private sector for a more effective development cooperation and for maximizing efforts to reduce poverty



DFATD Thematic Priorities

DFATD development programming is governed by five thematic priorities:

1. [Increasing food security](#)
2. [Securing the future of children and youth](#)
3. [Stimulating sustainable economic growth](#)
4. [Advancing democracy](#)
5. [Promoting stability and security](#)

Environment, Gender Equality and Governance are cross-cutting themes

DFATD's flagship program – the Muskoka Initiative – which seeks to improve [maternal, newborn and child health](#), a commitment renewed in May 2014 in Toronto during [*Saving Every Woman Every Child: Within Arm's Reach*](#) Summit



Canada's International Development Program in the Philippines

- More than \$ 800 million in ODA in the country since 1986
- Total Canadian ODA in 2012-2013: \$20.73M
 - DFATD bilateral development program: \$9.32M
 - Humanitarian Assistance: \$3.86M (not including Canada's response to Yolanda)
 - Via other channels: \$7.55 (multilateral, support to NGOs)
- Since 2009, Program focuses on DFATD **Sustainable Economic Growth** Thematic Priority
- In June 2014, the Philippines has been added to the list of Canada's 25 countries of focus for its international development efforts



Canada's International Development Program in the Philippines

- **Thematic priority: Sustainable Economic Growth**
 - Improving **the investment climate** by:
 - Simplifying business registration
 - Improving the enabling environment for investments in infrastructure and increased competitiveness of key economic sectors such as agribusiness and tourism.
 - Advancing the **economic opportunities of poor women and men** by:
 - Helping micro and small entrepreneurs, and small-holder farmers improve their production and grow their businesses through skills enhancement, technology, inputs, and access to finance;
 - Skills for employment;
 - Facilitating integration of out-of-school, unemployed youth in the labour market (provision of employment facilitation services such as career guidance, life skills training and internship program).
- Programming is national in scope; sub-projects mainly in the Visayas and Mindanao



Other DFATD Development Programming

- DFATD's International Humanitarian Assistance Division provides assistance in response to natural disasters and those affected by conflict:
 - Typhoon Haiyan (Yolanda): \$90 million announced to date, of which \$70 million has been allocated to humanitarian partners. Remaining \$20 million to be allocated for reconstruction efforts.
 - Conflict-affected communities in Mindanao
- DFATD also provides core funding to multilateral institutions such as Asian Development Bank, UN agencies, etc.
- DFATD's Partnership for Development Innovation provides funding to Canada organizations (CESO; Development and Peace; Canadian Urban Institute; Development International Desjardins, etc)



Development Programming in Mindanao

Successful past programming:

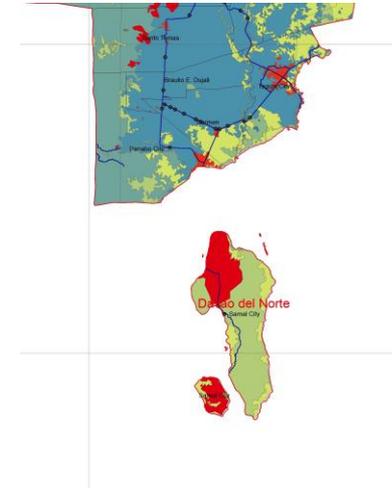
- **Agribusiness development in Mindanao** through IFC Private Enterprise Partnership (2005-2010, \$5M) and Partnership for Development Assistance in the Philippines (PDAP)'s Promoting Rural Industries and Market Enhancement project (2005-2011, \$4.8M)
- **Local Governance Strengthening in ARMM** through LGSP-A (2005-2009), building on successful legacy of LGSP I and II across country, which strengthened local governments' capacity for improved resource generation and management, service delivery, and participatory governance.



Development Programming in Mindanao

Current programming:

- LGSP for Local Economic Development: in Davao del Norte, Samal and Talikud Islands (tourism)
- ADB Fostering Inclusive Growth project: Davao city is one of four pilot areas in tourism skills development and hotel and resort quality assurance
- IFC Agribusiness Development project: Davao Sasa Port PPP Project and partnership with Rizal Micro Bank based in Davao.



The Role of the Private Sector in Development

- Foreign aid alone is not sufficient to break the cycle of poverty; it needs to be complemented by other sources of development financing, including the private sector.
- The private sector is the engine of growth and the source of 90% of all jobs in the developing world.
- The role of government and donors is to ensure that the conditions are in place for strong private sector-led growth, and job creation.
- What the private sector can bring is unique skills, resources, innovation and know-how to bear that can benefit developing countries.
- 2013 DFATD strategy on **Working with the Private Sector as Partner in Development**: commitment to engage with private sector actors as partners in development to help reduce global poverty and achieve a more inclusive global prosperity.



Canada and the Role of the Private Sector in Development

DFATD's Strategy for Engaging with the Private Sector:

- Types of partnerships with private sector actors:
 - ❖ **Investment for development:** private sector is investing in a development initiative by providing working capital, expertise contributing to growing businesses and human capital of a developing country.
 - ❖ **Partnerships for development:** private sector working in partnerships with NGOs, civil society organizations, academe and government for common development objectives.
 - ❖ **Innovation for development:** private sector applying its ingenuity to creating innovative products and services aimed at enhancing the delivery of public services in developing countries.



Canada and Engagement with the Private Sector in the Philippines

Two pronged approach:

- Canada promotes private sector-led growth by improving the enabling environment for private sector investments
- Canada engages the private sector in the Philippines mostly as partners and investors in its development initiatives.



1. Improving the enabling environment for private sector-led growth in the Philippines

Examples include:

- Canada-ADB-Australia support to the Philippine PPP Center in developing, structuring and competitively tendering bankable and high-impact PPP infrastructure projects for increased private sector investment in the country.
- Canada-IFC project aims to stimulate private sector investment in the agribusiness sector by working with government to bring reforms to laws and regulations that govern the sector (shipping regulations and sanitary and phytosanitary inspection).



2. Private Sector as Partner/Investor in Development in the Philippines

Examples include:

- Canada's support to the **Philippine Commission on Women, through the GREAT Women project**, partnered with ECHOsi Store and Foundation in growing microentrepreneurs' businesses, which enhanced women's products and access to higher end markets
- **LGSP-LED & ADB Fostering Inclusive Growth** projects engage private sector partners in improving competitiveness and efficiency of tourism sector.
- **ADB Fostering Inclusive Growth's** Employment Facilitation TA works with DOLE and key industry associations to implement JobStart Philippines that will reduce the mismatch of skills with employer needs.
- **IFC Agribusiness project** works with multinational companies, financing institutions and private extension service providers to improve productivity of smallholder farmers and access to finance.



Opportunities for the Canadian Chamber to Engage in Development

What can you do?

- Contribute to make economic growth more inclusive in the Philippines by applying new business models such as impact investment or inclusive business model to your operations (Jollibee model)
- Employ low skilled workforce in your business, train them, and source your raw material locally so that local microentrepreneurs can benefit from your operations in the process.
- Partner with Canada in meeting its international development strategy: The Government of Canada's Apply for Funding process is open to all development actors, including the private sector, who can help improve the lives of people living in poverty. For more information, contact Development Section of the Embassy of Canada in Manila.



Our Vision: Partnering with Private Sector for Increased Poverty Reduction Impact

A key aim of Canada's bilateral development programming in the Philippines is to increase the participation of Canadian, foreign and local private sector partners in our development initiatives in order to maximize the impact and scale of poverty reduction efforts – creating more and better jobs in the country – and helping to achieve the government's goal of more inclusive growth .



THANK YOU / MARAMING SALAMAT PO!

