



Proceedings Report

Building Private Sector and Development Organizations Partnership

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Speakers: Sarah Sanyahumbi, Country Head, DFID Nepal

Laishram Buddha Singh, Vice-President Marketing, Surya Nepal

Moderator: Sujeev Shakya, Chairperson, Nepal Economic Forum

Various International Development agencies are actively participating in the development process in Nepal and their efforts are truly commendable. However, the lack of co-ordination and participation between the private sector and the development organization has in some manner affected the level of effectiveness of development efforts. Lately both the developmental organizations and private sector entities have started to realize the importance to establish a strong structured mechanism to enhance development.

Nepal Economic Forum (NEF) organized an interaction program on 6TH Oct 2010 with an attempt to address this issue, share the learning of practitioners from both the private and public development organizations and initiate discussions and mechanisms to develop a structured approach to address the issue. NEF invited Ms. Sarah Sanyahumbi, country head of DFID Nepal representing the public development organization and Mr. Laishram Buddha Singh, Vice-President of Surya Nepal, representing the private sector entity to share their perspectives on the issue and Mr. Sujeev Shakya, Chairperson of NEF moderated the event.

The event commenced with the introduction of NEF by Mr. Sujeev Shakya, and the launch of "Issue 3" of its economic periodical, NEFport. Mr. Shakya highlighted the audience that very little information about the Nepalese economy is available in the market and therefore Nefport will work as a snapshot to various users doing business in Nepal. Mr. Shakya also thanked for the generous support of the Asia Foundation for coming out with the current and the past issues. Moreover, he expressed that Nefport will be self sustainable based on subscription in the future.

The first speaker of the program, Ms. Sarah Sanyahumbi provided a business development organization perspective of the situation. She revolved her speech on four areas; why to engage with the private sector, DFID's approach, challenges in Nepal, and finally she shared various development programs currently conducted by DFID in Nepal and few international success stories with private partnership.

She expressed that giving economic freedom to the poorer people i.e. wealth creation is primarily in the hand of the private sector. She emphasized that development organizations want to work with private sectors to ensure that poorer people can participate in the wealth creation process. She lauded the private sector as it provides support, high employment, and high income opportunity to the poor enabling the poorer people to increase household expenditure on health, housing, and education. She highlighted that the private sector has the key role to play to help development organizations and Nepal achieve its Millennium Development Goals (MDG's). She pointed that participation is the best approach to development; therefore DFID works with other donors, International Finance Organizations, Government, NGO's, and Private sectors. She indicated that DFID programs tend to remove the barriers for distortion and better meet the needs of the poorer people.

She identified three major challenges faced by DFID while participating with the private sector in Nepal.

- Difficulty to identify who represents the private sector and with whom they should engage with, as there are fractions and divisions within the private sector which creates difficulty to decide who truly represent the private sector.
- Weak capacity of private sector and private sector representative organizations. Moreover, their lobbying ability has also diminished due to lack of cohesion. She also shared that, the experiences have shown that private sector representative organizations don't have the capacity to implement larger programs; therefore they are not always the best partners for them.
- Lack of standard approach on how to work and engage with private sector, as they are in the learning process and need to engage more with the private sector to address such issues.

She briefed about various programs conducted by DFID in Nepal such as; Investment climate reform program, Market development program, Great Himalayan trail program, skill development programs and rural infrastructure development program. She said the private entities have not been the beneficiary of such programs however; they have worked with them for designing and implementing such programs. Furthermore, she mentioned about various successful private partnership in other foreign countries. In Tanzania, DFID worked with a local development bank to come out with Smart Card, which impressively increased the users. Likewise, in African Agricultural Technological Foundation, DFID helped to deliver affordable technology to farmers which helped to increase their productivity. And those agricultural technologies were held by the private sector. Additionally, in Kenya they worked with Vodafone to develop mobile phone banking services 'M-PESA'. It was fast, safe and affordable medium to send and receive money without having a bank account .M-PESA was successful in targeting

poor consumers who normally will be excluded from banking services. Sarah expressed such programs could also be worked in Nepal and expressed willingness to work with the private sector in Nepal.

The second speaker Mr. LB Singh provided a private sector's perspective. He said that Nepal has an overwhelming presence of development organizations however; the level of development is not visible as compared to their efforts. He also shared two of his own personal observation of development in Nepal and lauded the efforts of development organizations which changed the lives of poor people at Hilley, Dharan. Similarly, he also shared about ITC group's various social and economic development initiatives such as 'Mission Golden Tomorrow'. He also informed that ITC group has engaged with a large pool of semi skilled labors to manufacture safety match boxes and incenses to improve their lifestyle. Further, he informed about another ITC program named 'e-Choupal'. The Program focuses on increasing lives by fostering entrepreneurship and providing market access information to the farmers via various kiosks. It also helped in creating an environment where farmers are less dependent on the intermediaries. He ended his note by indicating the importance of fostering social entrepreneurship. He said that the private sector is not necessarily the *only* big entity whereas an individual can be crucial for coming out with solutions. He also embarked on setting systems and processes that monitor effectiveness and generate surpluses generating capacities.

Mr. Sagar Prasai, Deputy Country Representative, the Asia Foundation expressed that Nefport is a valuable source of digestible and readable information for planners, strategist and managers. He emphasized that the private sectors need to reduce their cost structure to make products accessible to the poor people. He added that private sectors are in the state of denial of consumption i.e. the denial of freedom, as private entities do not consider poor people as consumers. He stated that there are certain areas where individual firms cannot activate themselves and make the change therefore; the public sectors are crucial including development organizations.

The discussion session vividly brought out various issues that were shared by the speakers and the audience through their own experiences and practices.

In the end Ms. Sarah shared her thoughts with regard to various issues that were raised by the audience. She insisted that the development sector is not crowded at all and has huge potential. She added that there is a huge demand for services which is not being catered to. Market development is in a pilot stage, therefore she added that testing is required and eventually the market will decide what will work and what is going to be delivered. Furthermore, she added that due to high demand much more work can be done than what they are currently doing. Also she said that they have the opportunity to work with more NGO's, private sectors and public entities to enhance overall development. She highlighted the need to engage with the private entities

through various public private dialogues and, to identify the problem and the gaps to move to the next level, as development organizations are in the learning curve.

Mr. Sujeev Shakya wrapped up the session by discussing on the key issues that were raised during the discussion session and also provided his own perspectives. He said that confusion between both the private and development organizations calls for more dialogues in future, and there persists a great opportunity for both the entities to get together and crack on issues. On the other hand, the key issues for donors is the question “who to deal with”; in addition, credibility is another issue that needs to be dealt with. Furthermore, he added that Social entrepreneurship has a great opportunity for both the private and development organizations. He added that development organizations need to look at some of the successful development organizations and private sector success stories in the past and how to pick and replicate the old programs rather than reinvent the new ones. He also added that private sectors needs the support in pushing the concept of market economy along with the need to ensure right to have property, thereby protecting the enterprise. He further added that for Nepal to integrate themselves into the global economy a lot of initiatives needs to take place on identifying concrete issues and continue to make private enterprise sustainable in the future.

Nepal Economic Forum (NEF) is an independent national organization committed to improving Nepal through engaging all sectors in a partnership to shape national agendas. Incorporated as a not-for-profit organization, the NEF believes that economic progress and social development are mutually supportive of peace and prosperity. Business necessarily has, and must acknowledge its social component, while social and public services need to recognize and strengthen the businesses in sectors in which they operate. The NEF builds and energizes the leaders of today's Nepal to develop creative and synergetic strategies which, when undertaken, can directly translate into an improved Nepal. The NEF also provides recommendations on policy reforms to the government and larger Nepali community to ensure a healthy business climate. Towards this goal, NEF is committed to providing a common platform to industry leaders to debate and address critical issues. In the long run, the NEF sees itself as the umbrella organization for all organizations related to the Nepali economy. (www.nepaleconomicforum.org)

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