



## PRINCIPLES FOR ENGAGING WITH THE PRIVATE SECTOR IN DEVELOPMENT COOPERATION

Businesses are increasingly included as partners in solving various development and humanitarian challenges. The objective of the six principles is to promote consistency in the Ministry of Foreign Affairs' engagement with the private sector through development cooperation to ensure that businesses are met with the same expectations and requirements regardless of their entry point to the MFA. These principles are applicable to all companies irrespective of their country of origin.

1. Collaboration must have clear development objectives with [additionally](#) in the use of ODA. ODA will only be used to promote activities with development benefits that otherwise would not have been realized or been successful, or to accelerate or scale activities that otherwise would not have been accelerated or scaled. ODA will be used as a catalyst for private investments, knowledge, innovation and technology.
2. Private sector partners must live up to international guidelines for responsible business conduct and sustainability to optimize the development impact and minimize the risk of negative impacts on human rights, the environment, etc. Several international principles and guidelines are relevant, including the [UN's Guiding Principles for Business and Human Rights](#), [UN Global Compact](#), [OECD's Guidelines for Multinational Enterprises](#) and [ILO's Decent Work Agenda](#). The guidelines apply to *all* companies. The company's efforts to ensure compliance will typically, and in line with the guidelines, be adapted to sector, size etc. based on a risk assessment. MFA partners should conduct a risk assessment of potential negative impacts on human rights, labor rights, the environment and anti-corruption ([UN Global Compacts' Self-Assessment Tool](#) can be used for reference). Within development cooperation, an analysis of all relevant circumstance, including risk assessment, follow up and exit will typically be a minimum requirement. Furthermore, all private sector partners must live up to local national legislation including tax rules.
3. The business must have the capacity to be involved in the cooperation and preferably have previous international experience. Furthermore, it is an advantage but not a requirement if the business has commercial experience from developing countries, and thus is familiar with potential challenges related to activities in these markets. The MFA will consider the financial capacity, human resources and general track-record of the business prior to the decision to cooperate. Colleagues are encouraged to consult the partnership team in the Office for Growth and Employment (VBE), TC's Key Account Managers and relevant TC colleagues at the embassies.
4. Be aware of the risk of state aid and/or distortion of competition. The cooperation must be in line with the EU's rules for state aid, including rules of de minimis. [The secretariat for state aid](#) under the Ministry of Industry, Business and Financial Affairs has developed a [checklist](#) that



can help uncover aspects of state aid to be considered. It will often be a requirement that the project to some extent aims to create broader market effects, which benefit several private actors.

5. Important to ensure transparency. Have an open dialogue with private sector partners about the need for transparency in development cooperation and note that there are limits to what private sector partners can claim as “trade secrets”. Often, there is increased attention on projects including private sector partners and therefore, it is beneficial to communicate clearly about the results.
6. All rules and principles of administrative law and good administrative practice apply to cooperation with the private sector.