THE BROOKINGS INSTITUTION

PUBLIC PRIVATE PARTNERSHIPS:
A CONVERSATION WITH DANISH MINISTER FOR
TRADE AND DEVELOPMENT COOPERATION MOGENS JENSEN

Washington, D.C.

Friday, October 10, 2014

PARTICIPANTS:

Introduction and Moderator:

GEORGE INGRAM
Senior Fellow
The Brookings Institution

Keynote Address:

MOGENS JENSEN
Minister for Trade and Development Cooperation
Kingdom of Denmark

Panelists:

PHILIP ARMSTRONG
Head of the Global Corporate Governance Forum
International Finance Corporation

JOHN MORTON
Chief of Staff to the President
Overseas Private Investment Corporation

TARA NATHAN
Executive Director, Public Private Partnerships
MasterCard

* * * * *

P R O C E E D I N G S

MR. INGRAM: I will first ask you if my microphone is working. Can you hear me in the back? Good. I'm George Ingram. I'm a Senior Fellow here at Brookings. We're holding this session today at what I think is a very timely point in the future of development. The development world is ceased with what next, for U.S. global goals. And not just what the goals will be but how they're going to be financed. And that discussion's going to be very vibrant between now and next July when the third finance conference is held in Addis. We're all aware that the principle sources of financing for development, the two principle ones, are domestic resources and international private flows. The topic for today is how those flows can be facilitated and harnessed for development, the role of government and incentivizing investments in developing countries, and what the role of private partnerships are.

We're taking the advantage of the presence in town today for the annual meetings of the Danish Minister for Trade and Development, Mogens Jensen. The program today is for the Minister to make some remarks. I will then pose a few questions to the panelist and then we'll open it up to the audience. But I first will introduce the panelists.

Tara Nathan, on the far end, is Executive Director for International Development at MasterCard. She leads MasterCard's work in financial inclusion, government transparency, and economic formalization. And I think what's interesting is in those endeavors, she works with MasterCard product teams to innovate new solutions that serve the unbanked and the underserved. Before MasterCard, she was engaged in developing innovative business solutions including mobile payments and she began her professional career as a Foreign Service officer and in more traditional lines of banking.

John Morton is Chief of Staff of the Overseas Private Investment

Corporation and he brings 15 years of experience in emerging markets and environmental and economic policy. His prior incarnations include a policy advisor to Presidential candidate John Kerry, an investment officer at the Global Environmental Fund, and he started his career at the World Bank.

Jane Nelson is Director of the Corporate Social Responsibility Initiative at Harvard. She's a Non-Resident Fellow here at Brookings and also associated with Cambridge University. Jane has been involved in many different venues in the arenas of corporate social responsibility and public private partnership, in the U.N., with business associations on corporate boards and in her teachings and writings. All that really needs to be said about Jane is that she is a foremost expert in CSR and PPP. And we are particularly fortunate that she is with us today, because she changed her schedule at 11:30 this morning to be with us. As you know from your program, Philip Armstrong from the IFC was supposed to be with us, but at 10:00 last night he emailed me that there was suddenly a health emergency back in South Africa and his family, and he had to get on a plane today to return. So Jane, thank you for changing your schedule.

Minister Mogens Jensen is the Minister for Trade and Development for Denmark. He's been a Member of Parliament with the Social Democratic Party since 2005. He serves as Vice Chairman of the Party since 2012, and he's also served in other governmental positions including a spokesperson for culture and media, and he chaired the Social Democratic Party Parliamentary Group. He also has served on the Cultural Affairs Committee and the Foreign Affairs Committee. Upon assuming his position of Minister, he stated that he would work to represent Denmark as an open minded and engaged nation, both in trade and development. And we will see in his remarks today that he understands well the growing role of the private sector and the synergy between trade and development. Minister, thank you for being with us today.

MR. JENSEN: Thank you.

MR. INGRAM: I turn the microphone over to you. And I welcome you to sit or to stand, as your preference is.

MR. JENSEN: Thanks. Well, as we are in a long room, I'll stand so everybody can see me. And that's -- and I'll try to get it to work so that you can still hear me. Because you know what, and George just told me -- he worked a lot of years in the American Congress and while I've been in the Danish Parliament since 2005, but there in the Social Democratic Youth Group, we learned from a former chief Whip there who was also the Foreign Minister for Denmark in the 1970's. He said, and this has been the role of our group for all these years, that when you go out and speak to people, you have three routes -- to stand up so everybody can see you, you have to speak so loud so everybody can hear you and you have to sit down again so quickly that people still likes you. (laughter) So, I don't know whether the last part, we'll be able to fulfill that today, but I'll try. And of course, ladies and gentlemen, it's a great pleasure for me to be here today and address this issue of public private partnership in international development cooperation. More and better partnerships between stakeholders are very essential. The public sector, the private sector, business and finance and civil society have to work together to eradicate poverty, to promote fairness and combat threats against our climate and environment. These are key areas where we also work hard to agree on ambitious sustainable development goals in the U.N. and next year, I just got confirmed that I'm participating in the U.N. General Assembly, just some weeks ago. And also there, but also at home and in Europe, I notice much stronger awareness for the need of partnerships among all stakeholders, to create synergies between knowledge, the regulatory power and capital. And this is promising. Also in Denmark, and I will give you a few examples of that later, economic growth and development in the private sector development is an essential part of the Danish development strategy. There's a strong need for growth that creates decent jobs, because a decent job is the best way out of poverty. But growth should also be energy and resource efficient. And for me, green growth is growth that improves the ability of, and opportunities for people living in poverty to create a better life in a sustainable way.

Growth and job creation must be private sector driven, facilitated and regulated by the public sector. I strongly encourage the private sector to engage in creating growth and employment based on corporate social responsibility and the U.N. guiding principles of human rights and business. So these become an integrated part of business DNA. Improved working conditions are good for business. They can contribute to increased productivity, quality of the products, and stability of supply.

Private companies operate in the market and we know that price matters. There continues to be a huge demand for cheap products from consumers. It can definitely be a challenge for especially small and medium sized companies to integrate CSR in their business. Also for Danish companies which are generally good at promoting green and sustainable growth, labor standards and human rights in the engagement in emerging economies and developing countries. But these efforts will pay off. It is important to place these issues even higher on the national and the international agenda. We need to do more. I work to raise and enforce international standards which reward the companies that act socially and environmentally responsibly. And this should be part of all trade agreements. Denmark is also helping to advance sustainable value chains to transform markets in global commodities such as soy, palm oil, cotton, tea and coffee. That is why we support the Dutch Trading Initiative. It showcases model working with both the large companies that are market drivers, and civil society organizations to improve standards and make these more transparent and they also support activities and that directly improve conditions for small scale farmers and workers in the value chains.

All fast developing economies have vibrant private sectors. The private sector creates jobs; it generates revenue for the state through taxes, revenues that are needed for basic services such as health and education. It also funds infrastructure and other key parts of what is an enabling environment for investments. So of course the private sector should play a key role in effective development cooperation.

Development assistance has an important catalytic role in mobilizing resources, to finance knowledge technology for development. It can support efforts by the public sector, and improve the business conditions and it can help develop enabling environment for companies and investors in the developing countries.

In Denmark's partner countries, we are supporting broader based business sector programs that address barriers to green growth and employment. We have particular focus on the areas that impact the framework conditions for doing business. It is about securing the respect for private property through the rule of law and combating corruption. It is about respecting workers' rights including a safe working environment, and it is about improving access to credits that finance investments in small and medium sized enterprises. One experience is that with our strong political leadership from the top, it takes time to undertake broader reforms. The key is then to identify where development cooperation can make a difference. The view to promote job creation and growth in developing countries, we are supporting direct commercial partnerships between the Danish company and partners in the developing countries. We help ease some of the risks and extra costs that Danish businesses need to carry to engage more in developing countries. The partnerships will typically address responsible supplier management capacity building, the transfer of green technology and integration of international CSR standards.

We also believe development finance institution that engage on commercial terms through investments make a difference when it comes to mobilizing capital from the private sector. Earlier this year, our government established the Danish climate investment fund as a new innovative public private partnership. The partners are the government institutional investors including pension funds and the Danish development finance institution, IFU, which is also the fund manager. With this investment fund, we have raised private climate financing through a public private agreement with a total commitment of 230 million dollars for the new investment fund. We expect significant investments in developing countries from this fund. The government's funding is expected to be leveraged by a factor of 15 to 20 and the fund will for instance, invest in wind and solar energy and energy efficiency in Africa and other developing regions.

This public private partnership marks a win-win-win effort where we contribute to growth and employment in developing countries to combat climate change and provide a reasonable return on investments and I have high expectations for this ground breaking innovative green partnership. And I also hope that this public private agreement will inspire other countries to introduce similar financing mechanisms. Apart from the climate investment fund, we are also in the process of developing a public private partnership based investment fund dedicated to commercial investments in the farming sectors of developing countries, including Africa. This fund will focus on sustainable production of food and our goal is that institutional investors and private funds will contribute to the eco-culture investment fund.

So public private partnerships provide many opportunities but we also need to be careful when the public sector engages with the private sector in public private partnerships. We need to ensure that the public sector's participation in PPP promotes additional activities when public money is being used as a catalyst for private investment, the underlying assumption must be that the private sector investment would not have taken place without the additional public funding.

Another challenge is to measure the results and evaluating the development impact of the public participation. However, my overall confusion is that well designed public private partnerships would create mutual benefits for all the involved stakeholders. And so, I'll sit down and you'll still like me. (laughter)

MR. INGRAM: Thank you. Minister Jensen, thank you for setting the context for our discussion. And I want to pose the first question to you and then move to the rest of the panel. And my first question is, to put your remarks about engaging the private sector in the context of overall Danish development cooperation policy, and I'll use the comparison to what I've just pulled recently from data on USAID PPP's, where in 14 years they have engaged in about 1400, at a total value of about 14 billion dollars, four billion of which has been put in by AID. So that means AID is putting in just under 300 million dollars a year for less than one percent of its overall portfolio in a year. And the most number of those PPP's have been in trade economic growth, but the biggest value's been in health. And the most number have been in Africa and second in Latin America. And you've stated that the economic growth in private sector development is a central part of the development policy. So put that in the context, paint the broader picture for us if you would.

MR. JENSEN: Well thank you. I of course have to say also, that, also in Denmark we have had discussions on this blending -- mixing up of the private sector and the public aid, developing aid. And in fact, I am in the first Minister, and I was appointed in February this year to be a Minister of both trade and aid. That's the first time in Denmark and I think in the world, that, the Dutch were the first in fact. So we are two

Ministers. But this reflects the development that we see and the thinking that we see where we have both to realize that the developing countries, their needs have changed during the last ten years. When I visit an African country today, they of course, are partners. They still ask for developing aid, to some extent, but today, they also ask, can we have Danish investors and can we have Danish trading partners. Can we use your technology? Can we use your capacities when it comes to our strongholds in green technology or renewable energies?

So simply, there is a need for more private sector investment, from the countries, from developing countries. And therefore, it is a part of our strategy to strengthen that link, and we also know that nine out of ten new jobs in developing countries are created in -- have to be created in the private sector. So that is why we now are putting so much emphasis in our whole development strategy, on private sector. And I also see because, the core, the core background and the underlying value if you can say so, in our developing strategy, is human rights and the respect for human rights, because we think human rights are drivers also in creating development. Also, in trades and growth, and that for example, if you don't create equality for the genders, then you get female, women, into labor markets, you won't have the growth that is necessary for countries to develop. So we see the private sector also being kind of competitors on ground in developing countries for the values we believe in, and for human rights, that is the core, the kind of idea behind our developing aid and so on. Of course, for the companies this is about earning money, sure. It has to be. That's what they have to do. But that can be done when, still when you base your production on sustainability and that's what would be the thinking of how we try to combine private sector with our developing strategy.

MR. INGRAM: Thank you. Tara or John, Jane -- the Minister's laid out a compelling picture of the role of the private sector and PPP's in development. And let me prompt each of you to talk a little bit about how they play a role in your work in your organizations, and let me prompt you a little bit, Tara. Why does MasterCard have an interest in PPPs? Why does Master want to work with U.S. government, particularly AID and other development agency? What is a PPP to you? And is there a distinction between how MasterCard worldwide, the corporation views it in MasterCard, the foundation? And while you're talking, I want John to think about the Minister's talked about your Danish sister agency, IFU. And the concept that it focuses on our additionality. And so, explain to us a little bit the role of OPIC in this space, particularly as you see how there's a changing role of the private sector in development and whether or not OPIC shares that concept of additionality. And Jane, you've done more work in thinking on PPP's than everybody in this room put together. So what's a PPP for you and what's its role in development? Tara?

MS. NATHAN: Okay. So first of all, thank you very much to George and to Brookings for inviting MasterCard here to talk about this subject that is actually very near and dear to our hearts. I know a lot of folks on the panel here and Jane knows that our CEO is very passionate about this area that we call public private partnerships. First I'll give a one or two line reality check on who MasterCard is, because most people think we're a credit card company, and we're not, so that's the big ah ha that I'm going to give you. We don't issue credit cards, folks. Go home and tell everybody.

MR. INGRAM: I've got one in my wallet right here.

MS. NATHAN: We are a technology company in the payment space, and so what does that mean? We build networks. We build financial infrastructure. And that financial infrastructure lays the roads, establishes the rules and the operating structure and then has an enforcement mechanism that makes sure that payments are safe, secure, simple and all those lovely things that make you comfortable to whip out your card and to go use it anywhere from Brooklyn to Lagos, right? So that's what we do. So if you think about that as MasterCard from a core competency and capability perspective, you know, when we look at what our strategy is and our CEO sent out a very daring, I think, and bold new strategy about five or six years ago, which was to say, our company is not about credit, and we're not about fighting with these, what we are is about battling cash, right? So our real market is cash. Fifteen percent of the world's transaction actually happens within the banked world, within the banked or the served world, but 85 percent of all transactions happen in cash. So if you think about what that means, in order for us to actually engage in this, on this war on cash, it means going to serve the unserved and the unbanked. And there's about 2.5 billion people globally, we estimate, who currently have no access to financial infrastructure. And so as we as a network, as a technology provider, sort of start thinking about this enormous challenge of how do you get to 2.5 billion, who frankly don't have, in a lot of cases, a financial identity -- they don't even have a national identity, and if they do, they definitely don't have a bank. I mean, Citibank isn't serving these people, not to pick on Citibank, my former employer so I can say that. (laughter) You know, Citibank's not serving them. And forget about not serving them, and forget about -- and PASA isn't serving a lot of these folks, right? So even what we think of as traditionally some of the alternative payment providers, aren't really able to get to a lot of these 2.5 billion, often because those services don't exist or because the products, either the capability doesn't exist, either because the business models don't exist, or because the products and services that right them don't exist, or like I said, just the identity doesn't exist.

So going back to your question George of why do we care about public private partnerships? Well, we care about financial identity and identity. We care about corporate transparency; we care about government fraud and abuse. These are things that the development community calls rule of law. We care about delivering values of exchange, okay, over a safe and secure network. Humanitarian community calls that humanitarian assistance, right? We care about building acceptance networks. The development community thinks about this as economic formalization.

So in a nutshell, our business, what we came to find, is that our business increasingly was the business of governments and of the development community. And so for us, the public private partnership means, so there's an easy way to approach this, right? So if we're expanding our core business franchise, we could just sort of take, okay, we serve the top three percent. We could go down to four, and then five and then six right? That's one way to do it. And we are doing that as well. But I think what our real approach is, how can we leverage the power of our franchise, the power of our technology, the power of our technical expertise, to do something a little bit more -- not a little bit more actually -- much more audacious and much more bold, right -- which is to serve the 2.5 billion, all right? As the Minister correctly pointed out though, we need to have partners to do this. Not just from a regulatory perspective, right? Not just from a regulatory support and enforcement but frankly from a financial perspective, because we're going to need help to de-risk some of these investments that we're going to have to make in building out infrastructure that is just not going to be our first financial priority, right -- as a company. I think I hit all your questions.

MR. INGRAM: Yeah, that's good.

MS. NATHAN: If I didn't then you can --

MR. INGRAM: Come back, that's good.

MS. NATHAN: You come back.

MR. INGRAM: John?

MR. MORTON: Thank you very much and thank you George and to Brookings for hosting this conversation as well. So I thought before I addressed your question straight on, I'd just reflect on why I think this conversation is so timely and maybe put some brief numbers in perspective here. I represent an agency called the Overseas Private Investment Corporation. We are the U.S. government's development and finance institution. Our mission in life is to do as the Minister was mentioning, to catalyze U.S. in this case, U.S. investment into emerging markets for development purposes. So we are a development agency but we are a private sector focused development agency and for 37 consecutive years, we've done this in a financially self-sustaining way, returning capital, money, to the U.S. taxpayers every year. So in many ways, every deal we do could be considered a public private partnership. We are a public entity. We use scarce amounts of public resources to catalyze large amounts of private resources and we do so in a self-sustaining way in much the way that IFU in Denmark does. And we have counterparts in all of the G8 countries and G20 countries, the alphabet soup of acronyms that we all share in our respective fields.

I think it's worth focusing on the fact that when OPIC was spun out of USAID 40 years ago, the volume of, or the percentage of flows from the U.S. to developing countries, of the total, the percentage that was officially U.S. assistance in the form of aid was about 85 percent, so of all the outbound U.S. flows, about 85 percent was aid. Fifteen percent was private capital. That today is the exact opposite. So now we're in a world where the vast majority of flows from the U.S., from the U.S. soil into emerging markets, are private capital. Is that a bad thing? No, it's a reality, and what it means though, is that the impact and the ability of public dollars to meaningfully affect policy change, is much more limited than it used to be, as a percentage of total. It's just a reality. So the question I think we are -- we pose as an agency, deal with every day, is how should we as a U.S. government agency, and as the policy makers around us, how should we use tools like OPIC to more effectively catalyze private flows to address issues or problems of global importance -- development challenges -- so water, sanitation, health care, energy provision, both on grid and off grid. And those are the challenges that we get up every day thinking about. How do we take private sector capital, and this gets to the additionality question, how do we get private sector capital that isn't flowing, or isn't flowing as rapidly as we would like to see it, into sectors that we as either a U.S. government or as a global development community care about. How do we expedite those flows? And I think that the development finance sector, whether it's IFU or OPIC or CDC or Pro-Parco of FMO or DEG, have a pretty good handle on how to do this. There are tools, whether it's risk mitigation tools like loan guarantees, political risk and assurance, et cetera, that have really proven quite effective at mobilizing capital and doing so in a self-sustaining way. Now, does that allow us to address every development challenge? Absolutely not. Humanitarian relief is an area, for example, where there are not very simple, straightforward private sector solutions. Humanitarian relief will be enabled by the tracks that MasterCard lays to enable those funds to flow, but it's not necessarily an area where OPIC sees big growth from a sustainable private sector investment standpoint over a long period of time.

The one area where I will highlight and then address the additionality question straight on is in the area of green growth. There has been in the last five years alone, a seismic shift in the sustainability, the financial sustainability, of green growth opportunities around the world, the convergence of cost curves on renewable technologies that have gone through the floor, and the rising realization in developing countries that renewables provide a sustainable long term stable cost solution to meeting their energy needs I think is an area where we all see rapid growth. OPIC has gone over the last five years from doing 10 million dollars a year in renewable energy to over a billion dollars a year in each of the last three years. And those are deals that we are doing supporting U.S. companies that are investing in.

So I really applaud the Danish government's leadership in this area. I will say that the Danish Climate Investment Fund is one that when I heard about it from the first time from Pension Denmark CEO, Torben Pedersen, I said tell me more about this. We need to be creating more of these partnerships with our institutional investment community, and helping them get comfortable with these investment opportunities that are available in the climate area in particular.

Just to conclude on the question of additionality. I think this is something that we struggle with a lot in the development community and I'll just end with the reflection. The higher the leverage ratio that one aims for, the less likely you are to be additional. So we could have a tremendous leverage ratio next year by dropping a dollar into every billion dollar power plant around the world and claiming we had a billion to one leverage ratio. And I think there's an instinct within the development community to try to maximize leverage ratios. I will only say from observation that some of the most important additional deals that we have done over the last year are the ones where we take 75 percent of the risk on our own balance sheet. That hotel in South Sudan -- think about a hotel in South Sudan. If you want that hotel to get built, you're going to find some private capital but it's going to be largely with public risk guarantees. And so I think that that's just a challenge that I'll throw out, this additionality versus leverage conflict that is often not talked about as transparently as I think it could be.

MR. INGRAM: Point. Thanks John. Jane.

MS. NELSON: Thank you. Thank you George and thanks for having us here, and thank you Minister, for your comments, and also for Denmark's incredible leadership and particularly I think in the area of innovation on aid and partnership, because I think many of the interesting new facilities and ideas often come from you and your Scandinavian neighbors, so thank you, thank you for that.

In terms of how I would have defined public private partnerships, I mean, to me there of any sort of example of an agreement or an institutional arrangement where the public and the private partners are not only agreeing to share risks and resources and benefits, but also accountability for the outcomes of whatever they're working on and what particular issue they're looking at, and I think the Minister commented on the fact that we have even more rigorous, on the accountability issue when it's a public private partnership, than the normal private private partnerships. That's how I sort of define it broadly.

I think to me that probably, there are extreme levels of public private partnership that I think are really worth thinking about and understanding and analyzing better. And the first is what I would call sort of project based or sort of implementation partnerships, where you've got often an individual company with OPIC or IFU or with USAID, focusing on delivering a particular either business solution or humanitarian solution in a particular place. And I think we obviously have hundreds of thousands of those examples. And I think we -- and there's opportunity for many many more of those, where you've got the individual public player and an individual private player, you're working either along a particular value chain. Coca-Cola's been partnering with USAID on bringing small haul to farmers into their agricultural value chain. Unilever's partnering with DFID in the U.K. to do the same thing. In South Sudan, SABMiller has partnered with DFID saying we wouldn't be going there on our own but we'll go with your support, so you've got those examples. You also have, and I see Pamela Passman in the audience here, when Pamela was at Microsoft, there was a pioneer in getting USAID on your department for corporate responsibility and citizenship funding of companies on a whole range of education, health, community development initiatives, which might not have been long term commercially viable or a commercial project for the company, but certainly had business benefits for the company, and the company is bringing its core capabilities to the partnership. So I think that's sort of one level where there's opportunity in both the sort of value chain main stream investment space, as well as the sort of community development humanitarian space where you can have a sort of project based partnerships between companies and either the donors or other public bodies.

I think the second level of public private partnerships that has enormous potential and is really beginning to gear up is what I would call sector based platforms where you get groups of companies within the same industry sector, often working with a group of donors or governments, either, and I think the Minister gave us some great examples, either to improve standards and respect for human rights and environmental management across an entire industry sector, and or to mobilize resources on a sector wide basis. So what would be some examples? In the agricultural sector, the Minister mentioned palm oil. The round table for sustainable palm oil, you get the big players in the industry together, with government so improve standards in productivity in the palm oil value chain. The new alliance for food security and nutrition, is another sort of agri-based example which is looking at mobilizing resources across an entire industry sector and each of the companies involved will then do their own individual projects, but they're using sort of a platform model to either set standards on an industry wide basis or to mobilize resources on an industry wide basis. And I think you're going to see more and more of those type of examples across industry sectors, and also across development sectors -- so the Danish climate facility, some of the health partnerships.

And then third and last, I think there's a, somewhat linked back at the global alliances where -- which can be both about sort of setting standards or mobilizing resources, where you get a number of companies across different industry sectors working together, and I think an interesting example of that, which is not mobilizing resources, but was, during Climate Week, when I think it was 73 governments and the U.N. and a number of donor agencies have signed this Leadership Coalition on Climate action with nearly 1000 companies, but it's investors and companies signing up to it. So it's a good example at the global level, getting the private sector and the public sector working on broader sort of international rule setting and advocacy for rule setting around particular global challenges.

So I think when we think of all three of those levels, there's enormous potential in all three of them and on both of those sort of commercially viable partnership basis as well as on sort of humanitarian assistance partnership.

MR. INGRAM: Thank you Jane. I'm going to pose one more question to the panel and then open it up to the audience. And Minister, a number of us have been working for a while on trying to figure out how to strengthen development finance instruments, and on social impact investing. And earlier this year, actually just in September, the G8 received a report on impact investing that was preceded by a report by the U.S. Advisory Committee and some other national advisory committees and it looked at impact investing from the point of view of both domestic regulations and how you build up international instruments -- governmental instruments. And one of the main recommendations on the domestic regulatory side was modifying regulations in order to facilitate pension funds, and I'm fascinated that you mentioned that you've got pension fund money in Denmark going into your Climate Fund, but to facilitate pension funds and foundations directing more of their investment into developing countries. And so I'm curious as to what you see is the potential here, and maybe Denmark doesn't -- maybe Denmark's done it, but what needs to be done at a national level, at an international level to facilitate ways to tap into these big sources of money and ways to development, to strengthen development investment instruments. And Tara, when you get into this, talk about MasterCard's role in helping to promote inclusive growth in a little more specificity on what you see as your role on humanitarian assistance. And John, if you'd talk about OPIC's role in investments -- impact investing and Jane, what's the potential here? Is social impact investing the bright new future or is it just going to be a niche in development?

MR. JENSEN: Well thank you very much, also thanks for the nice words said about the Danish developments on this. Well I think that trying to create an environment where you have private funding growing to also that support what we could call public interest, which I would say it is when you talk about climate change, you talk about social corporate responsibility. I think it's very important to also respect that all the different stakeholders of course, have different goals. And you have to have these goals to meet. You have to have the discussion, the dialogue and in a way prove that the different goals can meet and of course, it's often that a discussion will come that it's not possible to have a bottom line -- grow the bottom line -- when you invest in social improvements of climate improvements and I just think we have to prove that that is wrong. I think that is wrong and that's what I think that the Danish pension funds have realized, that it's a condition for further progress, for further growth, that you try to support this sustainability, because that will be the key factor of the future, that we can act in a sustainable way. So I think that respect is very important, and to have that dialogue and to agree on that, that each of the stakeholders can still reach their goals going together --

this is important. And what can then be done? Well, as I said, of course, Denmark is acting very actively within the European Union in order to talk to like-minded countries there who have the same kind of approach to this, also trying to get the Union being more involved in this area. In fact in December, we're going to have a discussion and also make conclusions in the European Union on how the private sector should engage more in developing countries, and I hope that we, on that level, can promote some of the ideas of this funding, this kind of funding that we have been doing in Denmark. And also others on the European continent have the idea of doing so. So of course, it's also about establishing the political framework and the political will to go that way. So, and the same thing could be done globally, to a certain extent, through the World Bank to through others. So that's come for me to say the way to move forward here.

MR. INGRAM: Maybe you should invite Tara and Jane to come to that E.U. gathering.

MR. JENSEN: Oh yeah.

MR. INGRAM: Tara.

MS. NATHAN: Humanitarian aid -- so one of the things -- so MasterCard has a global partnership with the World Food Program. And what we do via that partnership is we leverage MasterCard infrastructure to deliver humanitarian aid on a prepaid card. So right now, for example, we're serving over 1.5 million beneficiaries in Lebanon and in Jordan, okay, because of the result of the Syrian crisis. What do we do? We leverage -- so we leverage core capabilities to deliver humanitarian aid in a much more, in a cheaper manner, in a manner that's more effective and more accountable.

MR. INGRAM: There's no cash, there's no vouchers.

MS. NATHAN: There are no vouchers.

MR. INGRAM: There's no all that administrative overhead.

MS. NATHAN: Right. Now let's take it a step further. So my team is now working on a new innovative product to actually take it a step further, which is, so now, the way we're doing it with the World Food Program has -- involves banks, because it's an actual pre-paid card instrument. So it's really taking what we do from a core perspective and extending it to the humanitarian world. What we're doing now is we convened a bunch of NGO and humanitarian actors, brought them in, including the World Food Program, to say, tell us your real pain points, and they said, you know what? In many contexts, we're not actually able to use full financial instruments, because of KYC, Know Your Customer requirements or local regulation, et cetera, et cetera, so the time to implement is prohibitive. We need to be able to be on ground in T plus three days essentially, or this is useless. So what we did is created a whole new -- we're in the process actually of ideating real time, we're going to -- pardon me, of developing real time. We're going to be launching this before the end of the year, is an electronic voucher, which now leverages your same card technology, chip card technology, but now, instead of having dollars or dinars or whatever on it, you actually have -- you can do anything from bags of rice to quarts of oil to you know, pounds of chicken type of thing. You can establish multiple purses. You can have biometric identification for the illiterate and the innumerate. And so now you've found a whole new way to leverage the network, okay? It's not even about transferring currencies. Here's where the PPE aspect comes into it for me. Because for me, when I say public private partnership, it's not about CSR, because to me CSR is great, it has its place, but it's not sustainable and not scalable. The way we think about PPE is how do you leverage it from a scalable sustainable perspective? So I've got to come up with a business case. I've got to find a way to make this sustainable long term. Again, one way of making it sustainable is de-risking from public sector. But the other way is, as we're building this product, which is now, like I said, a voucher product with a new type of acceptance device and a new type of card device, we're building it with the thought in mind that as we go out and give these cards and give these acceptance devices, can they at some future later date be switched on? Can they be enabled to now allow true payments to flow across them? So now what you've enabled is, you've gone to the most affected populations, the most sort of excluded populations, you've given them not just an aid tool, but you've given them something that can ladder them to financial inclusion and frankly enable the whole market. Because then, what happens typically, right, is the humanitarian aid organizations pull out after the crisis is over. What happens crisis plus one, crisis plus two? You have to foster economic development. Now what we've done is laid the tracks or the financial infrastructure, to actually enable commerce to happen. So to your point, we also know that in many economies, international remittance is actually the largest driver. It exceeds ODI; it exceeds foreign direct investment as well as other kinds of aid. So now we've laid the tracks to actually enable that. And that's to me, what the power of the PPP is, because you've created now a sustainable infrastructure that started with something that was humanitarian and that had that sort of development objective, and you've turned it into something that potentially could have commercial legs.

MR. INGRAM: So you brought the underserved into a financial network that extends beyond the crisis.

MS. NATHAN: Absolutely. And built the local economy as well.

MR. INGRAM: Built the local economy.

MS. NATHAN: Mm-hmm.

MR. INGRAM: Yep. Great. John.

MR. MORTON: Sure, so George, you asked me to kind of comment on the question of impact investing and OPIC's role in it and how we see this.

MR. INGRAM: Is that all you do given the fact that you have a development filter?

MR. MORTON: Well, so sure. I think I'd be curious if we had more time and I won't do it now, to see a show of hands for how many people have heard of impact investing and then have each of you write it down on a slip of paper what it means and then read them all. And I guarantee, no two definitions would be the same. And we find ourselves in the midst of this world as well, where, and Jane has been living in this world for far longer than I have been, where impact investing is this new hot thing. And in fact, it is concern among the people who have been dwelling and living in the field for a long time that there's a bubble and it's going to overheat. And the biggest concern we have is that the institutional capital and the capital that we really need to come into the sectors of impact, will have some bad first experiences and get cold feet and run away and not come back for a long time. So that's a concern that we have. I think the biggest, where OPIC come out on this question is, you know, a purist will tell you that an impact investment is only an impact investment if the investor has the intent, the intent -- the specific intent of not only returning their capital but of accomplishing a social and an environmental benefit at the same time. Now that person may care less about the actual result of that investment than about the intent up front. So you have an intent, and you have an outcome. And often times those two things aren't necessarily aligned. There can be best intentions, that go very bad, and any development project that goes bad at the end of the day didn't accomplish its development objectives. On the other hand, you have greedy capitalist pigs flooding the emerging markets with no intent of doing anything good, but at the same time, accomplishing lots of good along the way. And so our goal on this, our -- OPIC's view on this matter is that this sector of impact investing is a very important one. It promises the dawn of a new awareness of corporate social responsibility, of intentionality that is critically important when thinking about the responsibility of a business investing into fragile immature markets. But what we are trying to do, where we are leaning in, where we are putting our incremental business development dollars, is in getting institutional capital, private capital, to flow into sectors where we are very confident that there are strong prospects for financial returns first and foremost, in sectors where there happens to be environment and social benefits -- the ones I mentioned before -- renewable energy in particular, green growth sectors, water, agriculture, forestry, healthcare. So we are less focused as an agency on the intent question up front, because it's kind of imbedded in everything we do as an agency, but we don't apply that screen to the types of clients we work with. We're really trying to catalyze as much private flows as possible into the sectors that we have determined as a government are a top priority.

MR. INGRAM: Good. Thanks. Jane.

MS. NELSON: I very very strongly agree with what John has said. I most entirely agree with what John has said. I just finished a project with Exxon Mobil in Papua New Guinea and it's a 19 billion dollar pipeline that they just completed and they're just going into production. And that's got a massive development impact. And they didn't go in -- you could argue they didn't go in with the intent of the impact, but in their case, they dove in and increasingly companies are going in with the intent of an absolute minimum of, you know, if you're making -- and whether it's foreign direct investments or domestic investment of if it's portfolio investment, where you are at a minimum you're looking to identify and mitigate any potential negative impacts. Because I mean all investment has an impact. And so how do you respect human rights, and identify and mitigate the risks of having a negative impact, and then how do you, for every dollar invested, try to ensure that the development impact is as broad as it can be.

And so I think that there definitely is, and whether we're going to call it (inaudible) but a new thinking on social first and get a return on it. So don't just give your philanthropy or you traditional CSR but have a social intent and try to get some type of return on it. And that's fine, but the -- I think it will always be relatively niche. I think the big dollars and the big opportunities are how do we mobilize the pension funds to support infrastructure and agriculture and water and health and sanitation in emerging markets where there -- and make sure that we are measuring both the financial returns but also being very explicit about measuring the development impact. I mean, how do we make sure that every major FDI investment is also conscious of what exposed potential negative and its positive impacts can be and measures and reports on those, you know, rather than getting too caught up in and being too pure on motives and definitions.

MR. INGRAM: Great. Thank you. All right. We're going to turn to the audience. There are two microphones. Please introduce yourself and we have limited time, so be concise. And Michael, you're standing right next to a hand in front of you I think.

MR. BUDOVSEN: Yes. My name is Michael Budovsen. I am from Uniglobal Union, representing more than 20 million workers worldwide. And I should say that being Danish, the Minister and I actually haven't met before, so this is not a planted question. (laughter) I think this has been some very interesting points of views from the whole panel, both as a global trade union, but also as a board member as a pension fund fund in Denmark, and I must really commend you for this, also this item where you combine good CSR sustainable jobs and a good business plan, financial inclusion, coming from the banking sector myself. And in Denmark, we have very good experiences with development projects in the (inaudible) Council where the basis is forming or supporting local trade unions. So I would hear something about your view concerning the trade union involvement or the trade union role in public private partnerships.

MR. INGRAM: I have to ask you -- are you a constituent? (laughter) Please.

MR. JENSEN: Well thank you. And for sure, we haven't met before and that is in a way peculiar, because before I went into Parliament, I was 18 years working for the Danish Federation of Trade Unions. (laughter) So I'm a trade unionist myself and of course, that also influences the kind of concern but also the strength I see in trying to improve labor standards and environmental protection and this. And I have to say that our experience, from Denmark, and I think I can take a number of my Nordic colleagues and Scandinavian colleagues into that, is of course that having a cooperating labor market has been really important to the development of our economies and our ways of also doing business. So this, that you have organized partners in the labor markets who are partners to governments, or can be, and often are, also when it comes to engaging internationally, has been very important. So this kind of tri-path model -- we in fact try to build that into our developing activities. Also when it comes to the PPP, and in fact, in Denmark, with the pension funds, are governed by the employers and workers together. They in fact are the truly, the pension funds. So there is by the institution, a kind of common thinking. But what is very important is that trying to export this kind of tri-path model also seems to work, as I see it. And the projects I've been following where you are trying to strengthen trade union and trade union organizing and organizing of employers, have an impact. But when it comes to the pension funds, you also have to say that the pension funds are there because they have to have a revenue for the pensioners. So there's no kind of thinking of you just do things because you have a soft heart for something. You have to have the revenue also. But the thinking is that you can have a revenue by acting in a sustainable way and that I think is the very important thing here, that the path for future growth grows through sustainable action and that's why I think we can find a common agenda in this, between the partners in the PPPs.

MR. INGRAM: Jane, when I looked at the AID PPP database briefly, and there are 3000 organizations involved, I didn't see a trade union down. They have -- they've been involved in those sector or global platforms?

MS. NELSON: Absolutely, and frankly, and the audience probably won't be surprised, much more so from the European side, sadly, than what we see here in the states. So, and you know we could probably see more of that here in the states, but certainly on the European side, I think you see, get at all three of those levels and at the sort of you know, sort of project based level, or individual company based level, there are global framework agreements between a company and you know, a trade union, which are implemented on global basis. You know, we don't have nearly enough of those, but I think those are for potential. And then certainly at the sector level, you know, and often with the (inaudible) involved and the (inaudible) itself, is probably one of the best examples of that tripartite structure which has been around for years, of employers, workers and governments. But things like the benefactors' program and you know, some of the agricultural initiatives that I'm aware of at the sector level, certainly some of the textile initiatives, you know, particularly in some of the very challenging places like Bangladesh are increasingly you know -- the trade union movement is demanding a place at the table and getting it and deservedly so. But it's an area where I think we need to do more work and both the trade unions and other (inaudible) civil society representatives bodies. I think you know, we need a PPE -- I don't recall the people --

MR. INGRAM: PPP? PPPT? (laughter)

MS. NELSON: But I think being a lot more conscious, particularly because of some of the accountability challenges that civil society is at the table as both a partner in problem solving but you know, also as a partner in looking at accountability and impact.

MR. INGRAM: John, you want to just say -- answer?

MR. MORTON: I would just, really briefly -- for two years prior to being Chief of Staff, I was the Vice President for Investment Policy, which was, you know, on a bad day, I referred to it as the compliance shop within OPIC, and we were the ones that went out and looked at environment, social, labor, human rights issues in our portfolio. My observation on this, and I'm sure -- I think you would agree, I hope you would agree -- is that on the environment side, there's a fairly clear lines of distinction between what constitutes let's say a category A, a category B and a category C project, in terms of their environmental risk. And a subsequent set of requirements that are imposed upon a company or an investor who's involved in that type of project. On the labor side, it's much less clear. It's much murkier. And therefore, there is ambiguity within organizations like ours that are trying to be leaders, with respect to how far we can go, how far we should go, how far we can go. And we certainly run into resistance on labor issues in countries far more than we do on environmental issues, because there isn't this baseline political acceptance of what's appropriate. Right -- every one, every project that OPIC does has to have a right of collective bargaining, a right of being able to join a union, by definition. We make sure it's on the ground. Is it always working? I don't know. I hope so. Is it really always? I don't know. And do we lose projects to other funders who don't have those requirements? Absolutely -- a front page piece in the New York Times today about the Asian infrastructure development bank which is being discussed. I can pretty much guarantee this is not a political statement --that that bank if created will not have the same standards around these issues that the current set of multilateral and regional development banks have. And part of the reason they will not have those standards is because they will want to implement projects faster and with more direct results. So watch that space, if you're concerned about labor issues, because I think that's a big and important one.

MS. NELSON: Human rights more broadly, yeah.

MR. MORTON: And human rights more broadly, pretty sure, yes.

MR. INGRAM: Let's take two questions, ma'am on the right here, and then this one here.

MR. THOMSON: I'm Tommy Thomson. I'm actually the CEO of I-View so if you allow just a quick comment. Because some of the issues brought out about responsible investments from institutional investors co-investing with the fund, actually we find that we've now had four investment committee meetings, which is the new governance structure in the fund, and on that committee we have pension fund representatives sitting, including your friend Tom Pedersen. And I can say that from a development perspective, we share exactly the same position. And there are no conflicts. Obviously, what we do is we seek to now invest the money wisely, which has now been raised fulfilling two purposes -- creating development but doing it from a commercial platform. And those two things we fully share. The practical aspects that we face are really getting pension funds comfortable with investing in developing countries. This is new territory for them, so the focus is more on turning their attention towards that and teaching them what it means in terms of risks of investing in developing countries.

MR. INGRAM: Thanks for adding to the conversation.

MS. NELSON: It's a fascinating governance model which is worth exploring for other government finance institutions.

QUESTIONER: My name is (inaudible). I'm a researcher at Brookings.

We've been looking at PPI investments in Africa and one of the things which sort of standout are that while funding is going in, it's creating some hot spots and some orphans. So is there a natural mechanism which will develop to sort of balance it out, or if there isn't going to be a natural mechanism, what needs to be done and who should be doing it? Thank you.

MS. NELSON: Can you give us a bit more of an example when you're saying, what would you see as the hot spots and orphans, how you --

QUESTIONER: So there are some countries which attract a lot more PPI funding.

MS. NELSON: Yeah.

QUESTIONER: Typically, South Africa, I mean I'm looking from African perspective; it's either the MENA region or South Africa, and a few other countries. If I am looking at sectors, it's predominantly ICTs where the revenue stream is much better defined than long term projects. And then seaports, what's missing out are other transport areas like roadways, railroads or bridges and airports, so there are these hotspots and the rest get, as I called, or as Jeff Goodman would call it, orphans.

MR. INGRAM: Okay, John?

MR. MORTON: Yes, there are hotspots. We see it for sure. Our job is to try to -- we have a mandate to work in the poorest countries in the world. We give higher priority to projects in the lowest income countries, which tend to be those where there is less capital flowing, although that's not always the case. And we try to -- we try to encourage investment into sectors that are -- where there is not commercial finance flowing, in order to be additional. There's a limit to how much we can do that obviously, if there aren't bankable projects. We fail at addressing the orphan issue. I will say that I think groups like IFU and OPIC and others like us spend a lot of time thinking about and trying to innovate products in product innovation for sectors in the poorest countries. I'm happy to speak with you offline afterwards about some of the examples that we've done recently to incentivize investment into Afghanistan, South Sudan, Haiti. Those aren't places that we would normally see a lot of investment flows into, but because of the work that we've done, tweaking some of our projects, extending the tenures of our loan, further risk mitigating capital flows, we've been able to be successful.

MR. INGRAM: Tara, those are the countries you're trying to function in.

MS. NATHAN: Yeah, well I was just going to say, just to add to it, I think that's the real charm or the benefit of the PPP right? Because for corporates like us, it really does, like I said, help to de-risk our entry into some of these environments and you've mentioned some of the countries that you know, I'm being coerced into. And we've willingly gone, because the financial aspect has been de-risked for us, so I think that's the charm of the PPP.

MS. NELSON: I think that building on those two points, I think one of the areas we need to look more sort of carefully at is PDPs with domestic companies in some of these more challenging markets and often obviously the private sector's very weak in those markets, even the domestic private sector, but I think there are going to be relatively few multinationals accepting some of the sectors that you identified that are going to go into fragile or conflict affected or the lowest income markets, so I think A, you know, continuing all of us to fight the good fight on trying to keep aid levels and commitment to aid high because additional aid is going to continue to be important, B, and you're looking at opportunities to work more in partnership with domestic companies, and then C, the multinational companies that really are willing to go to some of the more challenging areas, working where possible with them. But I think the other challenge at the moment is, it's not only the point you raise that you know, hot spots and orphans, but also, you know, there is this growing criticism and there's been some discussion at the Bank meetings this last week on particularly health partnerships and PPPs and education PPPs, where there, in some case, some of the health PPPs -- the Oxfam and some of the other NGOs and even the banks independent evaluation group are saying I might be increasing in equality, in health care and are actually not serving the poorest of the poor. So coming back to the really understanding the different objectives and impact that PPPS is going to get I think more important as we go forward.

MR. INGRAM: Okay, Michael, we have two questions right there.

MS. PARLOW: Thank you. Thank you for excellent presentations. So I'm not sure I'll get this -- oh, my name is Anita Parlow. I've been working Harvard MIT project on artic and sub artic fisheries and do corporate social responsibility, crisis management response in oil gas and mining.

MR. INGRAM: Closer with the microphone?

MS. PARLOW: Sorry. So to start with just saying, about I don't know, about seven years ago I happened to be in Dubai and had a conversation, it was on sugar refining, of all things, and there was a fellow, a plantation owner from South Africa who said it was the darndest thing that when wages started to be paid more, and housing provided and healthcare, that their productivity went up four fold, rather than an assumption that it might move the other way. So and as mentioned by this excellent panel, we seem to be kind of moving into new terrain at a variety of levels and to take the point of China, and development agency, et cetera, it doesn't have to be China. And so I'm wondering if there are kind of two folds of questions that are unfolding here and what you would say to it. One is sort of at the -- can I call it the micro-level, that the issues that have to do with what happens on the ground with respect to development, and the issues you've been talking about in terms of human rights, environment, implications, impacts on labor, on community, et cetera. And then the levels where people are talking about carbon fuels and climate change and global warming and my particular interest happens to be artic and artic offshore. And there have been law suits brought by, for example, by Greenpeace et cetera against OPIC amongst others and standing was in fact granted. And so I wonder, when one moves into issues that have to do with climate change and such, how does one approach strategically speaking, to get everyone sitting at the table where the points of view are so distinct, that it might me a bit difficult and we probably don't want a situation like, well, we'd like to move toward resolution I would think. Thank you.

MR. INGRAM: And Michael, right behind you? That lady right there, yes.

MS. STRICKLER: Hi, my name is Gail Strickler. I'm the Assistant U.S. Trade Representative for Textiles and Apparels. So everything re -- and prior to that, I ran a sustainability institute regarding textile and apparel trade. My question -- one of my biggest problems in my previous life, running the sustainability institute and one I deal with regularly now, in terms of public private partnerships and encouraging investment. I've spoken to OPIC about this when we worked together on Haiti. We've spoken to MasterCard when we worked on issues regarding foreign workers in Asia. How do we encourage -- what can we come up with, with this illustrious panel, how can we come up with ways to protect the private sector when it's doing the right thing and something backfires. Because what I have found in my outreach to so many private companies is that they do the right thing, we push, we've helped them, they help us, we put them in Haiti, we put them in El Salvador, we put them in Africa. And then the risk, particularly with CSR issues, environmental issues, labor issues, is it can backfire on them. And until we find a way, either with some kind of monitoring system that says yes, they did everything we wanted them to do but this happened, and I could give a million examples but you guys all know it if anybody else, they can look it up online, or see me. How do we protect the ones who are really doing the right thing, in order to encourage the kind of investment that I really believe is potentially out there?

MR. INGRAM: All right, thank you. So we have two questions, one on how do we bring people together around climate change, and the second, the need to protect the private sector from unintended consequences once they get involved in some of these countries, and I'll put both questions to all panelists and you can choose one or both questions.

MR. JENSEN: Well thank you very much. And on the last question, in fact, I don't think I have the kind of perfect answer because it's of course, as a business, it's always in a way, you are taking a risk and going into some business, even though that you are doing things that we think are the right things to do, it's still a risk and the best way, or the way we can in some way from government side or from the public side, is of course to in a way take some of that risk together with the private companies when they go in on things that we think are the right things, or have some economic incentives in order to support that. But still, at the end of the day, there is no -- not, I don't know of any ways where you can come and rescue if it really backfires on you, that you do investments and do the right things, and then suddenly things happen. I'm not sure I know the examples that you want to put forward, but still, I don't think there is a kind of magic formula for that. And the best thing we can do is to try to share the risk with the private companies. When it comes to how we gather people, and also financial resources on the value chains issue of course that's a huge question. And also one of the big challenges, and it will have to be resolved or to be answered -- this question when before we are deciding on the post-2015, many of those. And we have the financing conferences in Addis Ababa July next year where you have to discuss how we finance the goals or coming there. So what I can tell you is that besides doing this kind of initiatives of trying to get some financial private funding into the climate change challenge, which is important and which can be of course extended, then Denmark is also engaged in a global institution which we organized together with Korea, called the Green Global Earth Institute. And the idea of that institute is, and this is a south and north based group. We have southern countries there. We have northern countries there. And both donors and receiving countries in the board. And this institute is about helping governments, assisting governments in forming strategies and also implementing strategies on how to combat the effects of climate change and have -- make up green strategies in each and every country. And I think that is one way to do that, because if not, on governmental level, and the different Minsters of Finance in the different countries. Now I'm mentioning (inaudible) that ministry, because I have the idea that this is like it is in Denmark. The key ministry, in order to have something to happen, you have to influence on that level, and you have very few institutions that try to provide advice and help into strategy making, and also implement strategies on that. So that would be one thing also that could be perhaps extended. We have so far good results with the work on the institute.

MS. NATHAN: I think building --

MR. INGRAM: Jane and John and Tara -- we have one minute a piece, before we come to our hard closing time.

MR. JENSEN: Sorry.

MS. NELSON: Well I think building on that point on the question on how you can be around really difficult challenges -- I think one of the key roles that governments in general can play but you know, particularly, I think some of the bilateral development agencies and development finance institutions, is playing a convening role and you know, we saw that. One great example is the extractive industries transparency initiative, you know, and that was I mean, you know, a very very tough issue when EIPI was first set up. And it was the British government that said okay, we will convene key players, governments, and companies and investors around this difficult issues. So I think the round table on sustainable palm oil is another example and so in the artic case, I don't know who that -- what the institutional convener would be, but that institutional convener role is something I think we underestimate and you know, need to encourage and study better. And I think that's about the only way to get us a relatively -- and no convener is independent or without self-interest but relatively neutral and certainly respected and trusted institutional convener for these difficult conversations, and or setting up institutes.

MR. INGRAM: And that's the role we heard in August from Rockefeller Foundation, that they see as a key role that they could play.

MS. NELSON: Yeah. Rockefeller Foundation, I think the bilateral agencies, you know particularly the ones that you know, are the smaller ones, you know, are more often more trusted to play that role. And then very quickly, on the corporate risk side, you know, I agree with the Minister. You can help de-risk particular investments. I think you might be referring also to reputation risk of things going on. There is no way around that. Everyone sort of says, you do corporate responsibility or sustainability reports or do impact assessments of the project. And even when you do that and you have independent impact assessments, you can still be criticized or you can be doing a great project in one country and you have a major problem in another country. So you know, unfortunately, I don't think there's an easy answer other than for any particularly large country getting engaged in these projects, certainly look to have independent assessments done on the partnerships and on the projects as much as possible. And you know, secondly, be transparent when things aren't going right, and then thirdly, recognizing that there always is going to be a certain core of activists who are going to disagree and campaign and if you don't have those independent impact assessments, you don't have much of a foot to talk on to those activists. So I think the impact assessments are probably like one of the best ways to protect the reputation.

MR. INGRAM: John or Tara -- 30 seconds.

MR. MORTON: So, I think that a -- I think that extractive industry standards and guidelines, palm oil standards and guidelines are necessary but not sufficient. I think what, where these reputational issues happen where companies get burned is at the project level. So my -- the one suggestion I would have in the area where we are definitely spending much more time now than we were even two years ago, is on community engagement and active collaboration with communities on the ground who are likely to be affected positively or negatively by a project. So the standards are good. They help us define what level of engagement and at what -- how detailed to go. But I really do think that one area where corporations have not invested enough, and where DFIs have not been perhaps had their antennas up enough, is on community engagement before a project becomes implemented. So I would say that's my biggest point here. The second point is, I do think NGOs in general have to realize that we are in the midst of a seismic change and that the private sector is now the driver. They are in the driver's seat. So the question is not, is the private sector going to continue to affect government outcomes? The answer is how they can shape it. And we continue to receive, I would say, a frustrating amount of feedback from NGO partners, collaborators, who don't seem to realize that this is not a trend that is going to disappear. It's here for good. So you need to help shape those private capital flows in more constructive, then assuming that any company that sets foot on the ground in Liberia, in Haiti, is trying to take advantage of the population. It's just not the case anymore.

MR. INGRAM: John, great message.

MR. MORTON: Thank you.

MR. INGRAM: Tara -- 15 seconds.

MS. NATHAN: Well, I can do it to 30 seconds. Oh, now you've cut me to 15. (laughter) I'm going to -- just picking up on the points that were made. I think convening is important but just building on John's point, I think it's about trust. So you can bring the parties to the table, but you have to have faith in each other's intentions. And corporates are in this space, and what I see, time and time again, is this concept of, we've got our eye on you, we're watching you, you know, in the post-2015 MDG conversation. There was very much this concept of mistrust of the corporate intention. And I think that's something that has to break down.

MR. INGRAM: Mr. Jensen, at this point I normally would let you, offer you to make a closing remarks and give us messages, but I think you've given us a lot of messages today, very good messages.

MR. JENSEN: We all have I think.

MR. INGRAM: You've got a schedule to keep.

MR. JENSEN: Yeah.

MR. INGRAM: And listening to your remarks, listening to Jane tell us about how Denmark is on the cutting edge here, we wish you luck with your European colleagues and we're going to be paying more attention to Danish policy I think. Tara, John, Jane, thank you very much, and Minister, thank you for bringing us together and taking the time for being with us.

MS. NELSON: Thank you.

(Applause)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

) Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016