



Business Environment Working Group Meeting

11 December 2017

GIZ Building, Eschborn, Frankfurt, Germany

Minutes of the Meeting

Approved by BEWG Members by email 22 January 2018.

PRESENT

Farid Hegazy (Chair and ILO)

Stefanie Springorum (GIZ)

Andreja Marusic (World Bank Group)

Henrik Vistisen (Denmark/Danida)

Peter Stoffelen (Netherlands)

PARTICIPATING BY SKYPE OR TELEPHONE

Juergen Reinhardt (UNIDO)

Alain Buehlmann (SECO)

Toru Homma (JICA)

Melinda Kelly (Canada)

Liliana de Sá Kirchknopf (SECO)

Jim Tanburn (Secretariat)

Melina Heinrich-Fernandes (Secretariat)

Simon White (Consultant to BEWG)

APOLOGIES

Fulvia Farinelli (UNCTAD)

Kåre Johard (SIDA)

Welcome and introductions

At 10AM Farid Hegazy (Chair and ILO) opened the meeting and welcomed everyone. All participants were invited to introduce themselves.

Meeting Agenda

The agenda of the meeting was adopted.

Minutes of the Last Meeting (13 June 2017)

AGREEMENT: The Minutes of the Last Meeting had been previously approved by email and were noted. However, it was agreed that on page 4 the headings for the work items 1 and 2 were erroneously repeated and this should be corrected.

There was no business arising from the Minutes.

Business from the BEWG work plan

2. Business Environment Reform (BER) and Investment Promotion

Toru Homma (JICA) joined by telephone and provided an update of the progress made on this work item with a PowerPoint presentation. The process of procuring a consultant is underway and should be completed by end-December 2017. However, the project should still be able to keep on track in terms of submitting a draft in May 2018 for consultation at the BEWG meeting in June 2018 and a final version by September 2018 as stipulated in the PowerPoint presentation.

The following points were raised during the discussion:

- JICA has sought a competitive tender for the consultant(s) to undertake this work, which requires the firm to be registered in Japan, but allows any nationality;
- JICA has contributed significant extra funds to this work item;
- The workshop described in the TOR is more likely to be a meeting item at the BEWG meeting in June 2018;
- The timeframe is very tight, but it was agreed to stick with it as much as possible;
- The scope of the study, outlined in the TOR, is very broad and there will be a need to narrow it somewhat.
- Questionnaires should be sent to DCED member organisations as well as some appropriate organisations such as development finance institutes in consultation with DCED members;
- The recent report by the World Bank should be reviewed when refining the scope of the study: World Bank (2018) *Global Investment Competitiveness Report 2017/2018: Foreign Investor Perspectives and Policy Implications*. Washington, DC: World Bank;
- There is no reference to the DCED Standard in the TOR—it would be useful to ensure this is included in the study, which could involve an analysis of the theory of change used to assess BER and investment promotion;
- It may be useful for the BEWG to appoint a consultant who can act as a link between the JICA-commissioned consultants and the BEWG to ensure easy access to BEWG members, coordinate input, and ensure linkages between the study and other DCED publications.
- The study shall observe national differences in lines of authority between donor agencies, MFAs and DFIs, including national differences in the level of DFI's self-governance and national disclosure issues related to DFIs operation.

AGREEMENTS:

- 1. The group thanked JICA for its support and leadership on this work item.**
- 2. The inception report (to be prepared by the contracted consultants) should provide greater clarity on the focus of the study, which is currently quite broad. This will require a clear description of the gap in current knowledge regarding BER and investment promotion.**
- 3. The BEWG will commission a consultant to support the work of the JICA-commissioned consultant. Farid will liaise with Toru on this matter.**

2. BER and Micro and Small Enterprises (MSEs)

Farid Hegazy (ILO) provided some background to this work item and highlighted the concern regarding the broader, economy-wide impacts of focussing BER specifically on MSEs, such as when legislation is introduced for enterprises of specific size classes.

Simon White presented an inception report for this work, which was then discussed.

- The objectives of the review were confirmed, without the need to focus solely on agricultural-based MSEs;
- While informality should not be excluded from the review, there are many other papers that deal with this topic and, thus, this review should only deal with this issue where it is relevant;

- The central theme of this review should be on the issues associated with focusing BER on enterprises of different size classes and the specific functional areas of BER where this is done;
- The nine research questions presented in the inception report are too many and should be reduced to three or four;
- It may be useful to consider the data gaps (i.e., the use that governments make of data provided by MSEs and how this might be improved);
- Agencies such as GIZ are focusing much more on the ecosystem for private sector development, including the mapping of ecosystems, thus, it may be useful to include a consideration of the system approaches to MSE-oriented BER;
- The workshop referred to in the inception report is unclear and it may be better to consider the use of a webinar to distribute the findings of this review.

AGREEMENT: Simon White will revise the inception report based on the meeting's recommendations and circulate it to the Task Team for comment.

3. BEWG Webinars

Stefanie Springorum (GIZ) gave a presentation on the background and purpose of this work item, which included the results of the member survey on their use of webinar platforms and expectations regarding BEWG webinars.

The DCED reported that members are interested in webinars and various means through which the organisation's work can be better disseminated.

The purpose of BEWG webinars should to disseminate work to a broader range of donor and development agency staff and programme partners.

AGREEMENTS:

- 1. Commission the preparation of one video or animation dealing with the role of the BEWG and the Donor Guidance and its annexes.**
- 2. Prepare two webinars (i.e., live events) around specific work items or products. The topic of Public Procurement could be the first to explore in this regard.**
- 3. Explore how the BEWG can work more closely the DCED Secretariat and BEAM exchange (which are now working together).**

The meeting adjourned for a lunch break from 12:30 to 2:00PM.

After the lunch break, Melinda Kelly (Canada) and Liliana de Sá Kirchknopf (SECO) joined the meeting by Skype.

4. BER and Labour Productivity: draft Policy Brief

Liliana de Sá Kirchknopf (SECO) presented an update on this work item, as Alexander Widmer (who previously led this Task Team) is no longer on the BEWG. She described the importance of the topic and highlighted the key findings of the technical report.

Simon White spoke to the Policy Brief, which Michael Morlock had produced. The following issues were raised in the discussion:

- While there was a concern regarding the age of some of the data used, it was recognised that this is an issue with the technical paper and in the policy brief care should be taken not to draw lessons from clearly outdated data;

- The draft is in good shape, but could be more policy focused (i.e., providing clear policy messages);
- Try to reduce the space taken up in the acknowledgements section;
- Expand on the key messages;
- Try to make the brief shorter—with more pithy messages;
- Where possible, highlight numbers used to justify policy messages;
- Remove Table 1.

AGREEMENTS:

- 1. Simon White will liaise with Michael Morlock on the revisions proposed above.**
- 2. The DCED Secretariat is kindly requested to assist in preparing a common Policy Brief design, in which acknowledgements, etc., can be contained in a space-saving manner.**

5. Public Procurement for SMEs: draft Policy Brief

Andreja Marusic (World Bank Group) provided an update on this work item. She highlighted the growing importance of this topic within the World Bank Group, which is illustrated by the likely inclusion of this topic as a new indicator in the annual Doing Business assessments.

- Simon White then spoke to the draft Policy Brief, which William Nielsen had prepared. The following points were raised:
- This draft is more consistent with what a Policy Brief should be (i.e., has clear policy messages);
- It would be useful to state that public procurement for SME development is a potential approach;
- Strengthen the point that public procurement for SME development is an instrument used by a number of governments in developed and developing economies.

AGREEMENTS: Simon White will liaise with William Nielsen on the revisions proposed above.

Other Business

Agency updates

World Bank Group: a new restructure will be initiated on 1 January 2018 in which the Global Practice on Trade and Competitiveness will be split, with the BER component moving to join the Macro Investment and Trade Global Practice. This brings BER closer to the central work of the Bank.

Germany: the negotiations for forming a new government are not affecting GIZ, but BMZ is awaiting these outcomes.

UNIDO: largely business as usual, with the re-election of the Director General and a general conference held two weeks ago.

SECO: new framework programme cycle commencing to 2020, in which PSD is the same, but technical and vocational education and training becomes a new topic. SECO continues its support to the World Bank Group for investment climate reform in 20, yet to be identified, countries.

Next Meeting

It was agreed the next meeting will be a teleconference to be held in late March 2018.

Close of meeting

Farid closed the meeting at 3:30PM and thanked GIZ for hosting.