



The Donor Committee for Enterprise Development

Business Environment Working Group

Thursday, 6 December 2018

Minutes of the Meeting

CONFIRMED VIA EMAIL 21 DECEMBER 2018

PRESENT

Henrik Vistisen (MFA of Denmark) - host
Stefanie Springorum (BMZ/GIZ)
Severine Deboos (ILO)
Toru Homma (JICA)
Saki Ito (JICA)
Yuzuru Ozeki (Consultant to JICA)
Lucrecia Bertelli (Secretariat)

ON-LINE PARTICIPANTS

Alain Buehlmann (SECO)
Jim Tanburn (Secretariat)
Simon White (Consultant to BEWG)
Anastasia de Santos (USAID, afternoon)
Andreja Marusic (World Bank Group, afternoon)

APOLOGIES

Kåre Johard (SIDA)
Michelle McKenna (DFID)

Juergen Reinhardt (UNIDO)
Peter Stoffelen (Netherlands)

1. Opening and welcome

Stefanie Springorum (BMZ/GIZ), co-chairperson, welcomed all participants and opened the meeting at 10:00 CET.

2. Introductions

All participants introduced themselves and the agenda was confirmed.

3. Minutes of Last Meeting (17 August 2018)

The draft minutes was reviewed and approved.

AGREED: The Minutes of the Meeting (17 August 2018) were approved.

There was no business arising from the minutes of the previous meeting.

4. 2017-18 Work Item Updates

4.1 BER and Investment Promotion

Toru Homma (JICA) introduced the work item, providing background and an overall status of the project and its timeline.

Yuzuru Ozeki, the lead consultant on the project, gave a presentation of the Final Report.

Comments:

- How can donors assist in structural transformation? Have the consultants found cases related to services? Is there a potential service-led growth path for developing countries along with the conventional manufacturing-led growth path? Tangible cases dealing with capital and manufacturing were found. In Africa, Kenya, Rwanda and Tunisia might be interesting cases to see, but the scope of this study did not allow to explore more. It could be a separate project for follow-up case studies.
- Can practical conclusions or guidelines be developed? Executive summary could present concrete highlights of the report and make it easy to read. But as the contract with the consultant ended, the report will be published as it is and no further changes will be made by JICA. A policy brief will be prepared by Simon White trying to incorporate the suggestions made.

AGREED: The draft Final Report was approved. Simon White will forward this to the DCED Secretariat for artwork and uploading to the DCED website.

Simon White will prepare a draft Policy Brief, in liaison with Toru Homma and Yuzuru Ozeki. The draft Policy Brief will then be circulated to BEWG members for comments.

4.2 Creating Better Business Environments for MSEs

Simon White updated the meeting on the preparation of the draft Policy Brief. The current draft has been circulated for a second time. The first round of comments were all supportive of the draft, with some minor changes recommended. These changes were incorporated into the current draft.

AGREED: The draft Policy Brief was approved. Further, it was agreed to acknowledge only the agencies involved and not the individuals. Simon White to forward the brief to the secretariat for artwork and uploading.

Lunch break 12:30 to 13:30 CET.

4.3 Promoting structural and economic transformation through BER

Stefanie Springorum and Simon White provided a brief update on this project on behalf of Kåre Johard (SIDA) and Michelle McKenna (DFID). After a final revision of the terms of reference and search for suitable candidates, with the help of the World Bank, ODI (in the UK) have recently been contracted to undertake this work.

The corresponding workpiece of the MSD Working Group is currently tendered.

An initial kick-off meeting with the task team and ODI is scheduled for next week.

4.6 Business Environment Reform Webinars

Stefanie Springorum and Simon White presented an update on the BER webinar series. From a number of humble beginnings, the general feedback is very positive. The efforts should be continued, and practical examples shared.

60 minutes is an appropriate time for webinars, but it can be difficult to get into detail in this time. Thus, some topics warrant follow-up webinars. Alternatively, a second hour for detailed discussion could be offered for those interested.

External speakers were appreciated and make the webinars more attractive. Should it be necessary to pay for speakers, then a small amount has been budgeted for this purpose.

Other topics of interest:

- Gender and BER
- BER and Investment promotion
- Results measurement and BER (could be done in conjunction with the broader DCED on results measurement)
- Simon White reported on the expression of interest from the Canadian NGO, Mining Shared Value: webinar on local content and BER in the mining and extractive sector.

AGREED: The following future webinars were agreed:

- **February 2019: Local content and BER in the mining and extractive sector (Simon to coordinate)**
- **March/April 2019: BER and Investment promotion (Toru to coordinate)**
- **May 2019: Gender and BER (Anastasia to coordinate)**

4.4 Use of new technologies in regulatory delivery

Stefanie Springorum and Andreja Marusic provided a brief background and update to this project. The PRISM Institute has been commissioned to undertake this study. PRISM have prepared an inception report, which was circulated to members and can be commented until December 16th. The BEWG was grateful to the World Bank that Goran Vranic provides technical guidance to PRISM Institute.

Comments on the inception report:

- It will be important to use examples from developing countries
- Adopt a practical approach to this work, focussing on the pragmatic issues (e.g., focus on 4-5 case studies on what can be implemented).
- Like the peer review approach (i.e., engaging peer reviewers to review the selected case studies, concept note, the maturity model and toolkit, and obtain their inputs and feedback).

Feedback on the Inception report can be submitted to Stefanie Springorum and the consultant **until December 16th**.

4.5 Membership updates

ILO:

- Catching up with work items of the team. Work plans, a number of country assessments on BE, mainly in Africa and a couple in Latin America.
- Continued to support of their constituency in business reforms and the 'added value in BER' to work with representatives of the private sector. Pushing for private-public dialogue (AKA 'social dialogue').
- Interest to change from country approach to a more targeted sectoral approach. Trying to see linkages with different sectors and colleagues.
- 100-year anniversary next year and preparing various events.
- Global commission to think about the future of work, chaired by the president of South Africa and the Prime Minister of Sweden. Conclusions of the event will impact the work on the coming years: artificial intelligence, digitalisation, new forms of employment. Proactive on thinking forward.

JICA:

- Bangladesh programme on promoting investment and enhancing industrial competitiveness. The idea is to ensure linkage between local industrial development and promoting investments to come in at the same time. Trying pilot support to local companies in collaboration with foreign (Indian and Japanese) motorcycle companies, to see what kind support is needed in local companies. Aim is to see what happens with interventions on-the-ground and to see if they succeed to link up with foreign companies. This project has been working for 1.5 years.
- Myanmar has a similar project. It will be starting in February 2019 and the project will act for 5 years. There's donor coordination happening on the ground, including with GIZ and ILO.
- Developing cross-country studies including some pilot projects in Asia and Africa.
 - o New technology in manufacturing industries (IoT, robotics, AI, big data...), transportation equipment industry and electronics. 2-year study and pilot to test hypothesis on the ground. Focused on Asian countries but also referred to examples in Germany and USA, the most advanced in the field. (Stefanie said she could share the results of a survey in German industries). 4 or 5 countries are the focus: such as Indonesia, Thailand, Philippines, India.
 - o Start-ups and entrepreneurship study (incubators, accelerators, corporate venture capitals etc.). This study will be conducted in selected Asian and African countries. This study will also utilize JICA's existent platform 'Japan human resource development centre' in Mekong region countries.
- Japan has a platform TICAD since 1993 to work discussing development issues with Africa, co-organized with UN, UNDP, WB and AU. The 2019 TICAD will focus on 3 pillars and its primary pillar is likely to be science, technology and innovation (STI), which includes innovative business development in Africa. They have applied their KAIZEN methodology in more than 10 African countries for quality/productivity improvement and firm capability enhancement. They also work on the funding mechanisms for entrepreneurs.

SECO:

- Working on the 2017 to 2020 framework credit and they are preparing the next framework credit 2021-24 with largely same priorities. They have a multi-climate investment program with the international finance corporation. 4 to 8 years program. Countries: South Africa, Mozambique Ghana, Tunisia, Vietnam, Colombia, Peru, among others. In Tajikistan, for instance, they are supporting the government in improving business regulations. Other interventions in Albania too.
- It depends on how they define BER, they have a very "narrow" approach: support to regulatory reforms.

Germany-BMZ:

- New organigram reflecting the current priorities: Africa, Refugees & Migration. Positions are filled. Silvia Heer changed position, the new colleague responsible for Private Sector Development is Mr. Cieslik, who will get an introduction in January to the work of the DCED.
- Under the Marshallplan and G20 Compact with Africa, reform partnerships were formulated with African countries Tunisia, Morocco, Ethiopia first, then Ghana, Cote d'Ivoire, Senegal. Support is conditional on countries undertaking some reform measures. The Special Initiative focussing on private investments, education and employment for the first three countries is in the planning (factfinding mission), first implementation 2019. Three main pillars are:

- Cluster (selected growth sectors, industrial parks, reduce barriers to investment (from skills to customs)
- Business and Invest: foster sustainable investment along the global value and supply chain
- African Mittelstand: Conducive Business Environment, SME & Start-Up Promotion, SME Finance, Access to markets.
- In Middle East – skills, employment and infrastructure interventions.

Germany–GIZ:

- Discussion with the European Commission and has been asked to implement the EU external investment plan – TA facility together with British Council, Expertise France and DevLux, the component “support more conducive investment climate” has 3 pillars:
 - BE and Public-Private dialogue
 - Developing financial institutions
 - Make available lessons learnt

The PMU probably based in Brussels.

USAID:

- Focus on self-reliance: capacity and commitment. Focus on transaction specific support instead of economy-wide reform.
- A central development finance corporation is being created, centralising the different finance streams in the future.
- Preparing evidence brief on MSE growth (due early 2019); producing an employment strategic framework

IFC:

- Organisational change almost completed. PSD is split between two practices. Vice-president though is working on a more integrated approach.
- They recently have an annual donor meeting – some of the DCED members were present. Some interesting topics, some in line with BER WG: digitalisation, industrialisation and structural transformation, etc.

6. Any other business

There was no other business

7. Next meeting

The next meeting will be a teleconference.

AGREED: Next meeting will be in the second-half of March 2019. A draft work plan will be prepared in early March 2019, for discussion during the March teleconference.

8. Meeting closure

Stefanie closed the meeting at 15:20 CET. In closing, the Ministry of Foreign Affairs of Denmark (MFA) was thanked for hosting the meeting.

END OF MINUTES