



The Donor Committee for Enterprise Development

Business Environment Working Group Meeting

2 July 2013, The Hague

Meeting Minutes

(Approved by email on 1 August 2013)

PRESENT

Farid Hegazy, ILO, Geneva (BEWG Chair)

Lasse Møller, Danida, Copenhagen

Andrei Mikhnev, World Bank Group

Alexandra Oppermann, GIZ, Bonn

Marc Banzet, Foreign Affairs, Trade and Development
Canada (former CIDA), Ottawa

Juergen Reinhardt, UNIDO, Vienna

Steffen Kaeser, UNIDO, Vienna

Arnold Jorge, AusAID, Canberra

Dag Larsson, NORAD

Jan Eriksen, NORAD

Matthias Altmann, EC, Brussels

Christiane Schimeck, UNIDO, Vienna

Lilia Naas, ITC, Geneva

Kim Tran, Dutch Min. of Foreign Affairs, The Hague

Daniel Keller, Consultant

Martin Kellermann, Consultant

Johanna Speer, BMZ and DCED ExCo

Melina Heinrich, DCED Secretariat

Ashley Aarons, DCED Secretariat

Simon White, Consultant

APOLOGIES

Natalie Skerritt, DFID, London

1 MEETING OPENED WITH INTRODUCTIONS

Farid Hegazy opened the meeting and welcomed all members.

Members introduced themselves. It was recognised that this would be the last meeting for Dag Larsson, a long-term member from NORAD, who will be replaced by Jan Eriksen. It was also the last meeting for Kim Tran. The name of Kim's replacement will be provided in the coming weeks. Finally, Neil McCulloch from AusAID had emailed prior to the meeting to indicate he can no longer participate in the BEWG. Arnold Jorge, representing AusAID and Jan Eriksen were welcomed to the meeting.

2 BUSINESS ARISING AND MEETING AGENDA

There was no business from the last meeting. The meeting's agenda was adopted.

3 REPORT ON WORK ITEMS

3.1 BER and Structural Competitiveness

Juergen Reinhardt gave an update on this work item, describing the initial preparation of the Background Paper by John Weiss and the subsequent finalisation of the Annex to the Donor Guidance since the last BEWG meeting in March. The completed Annex has been uploaded to the DCED website.

The need to promote the Annex, along with other annexes that have been and will be produced, was then discussed. It was agreed that attention should be given to this matter. Some members indicated that it might be useful to consider a revision of the original 2008 Donor Guidance and that a compilation of the Donor Guidance and its annexes might be useful.

No decisions were taken on this matter as it was agreed that this was a work planning issue that would be discussed later in the meeting.

3.2 Guidance on BE diagnostic tools

Neither Natalie Skerritt nor John Primrose from DFID was available to speak on this topic. However, Simon White read-out the following email from John Primrose:

The project looking at investor perceptions of risk in fragile environments is now progressing quickly. We've interviewed 19 firms of 25 and we hope to finalise the remainder of interviews within the next two weeks. Provisional results have been interesting and we look forward to giving a detailed read out to the group at the next meeting:

Provisional results indicate:

- Varying levels of sophistication in risk modelling depending on foreign investors in fragile states – with more of a trend from non-OECD firms focusing on potential over an assessment of the business environment.
- As predicted variance in valuation of business environments depending on sector of firms – with certain sectors being particularly sensitive to reform.
- Highly sophisticated business environment modelling from extractives firms; but similar approaches from other established market or efficiency-seeking firms.
- Overall very inconsistent use of policy maker tools (such as doing business rankings), instead risk ratings such as EIU being utilised.

The results are just coming in now, but we look forward to giving a full read out and circulating the reports shortly. The connections provided from the BEWG were invaluable in getting introductions with these firms – many thanks to the group for your support.

Prior to the meeting, Natalie Skerritt indicated that the DFID representative to the BEWG would soon be changing. The group will be advised of the new member in the coming weeks.

A number of members indicated the relevance and importance of this work item. However, there was some concern regarding its status as a BEWG work item. It is unclear whether this is a DFID work item to which the BEWG is contributing or whether it is a BEWG work item in which the BEWG has a say in the final report. While either option is acceptable, it was considered desirable to seek clarification on this matter.

It was agreed that the BEWG would await further clarification from DFID on who its representative on the BEWG will be and the status of the draft report.

3.3 Quality Infrastructure

Andrei Mikhnev provided an introduction to this work item, highlighting the relevance of quality infrastructure (QI) to business environment reform. While business environment reform focuses on the behaviour of businesses within the policy, legal and regulatory framework, QI is concerned with the products businesses produce. Steffen Kaeser spoke further on the background to this work item and its current status. Daniel Keller and Martin Kellermann then presented the report highlighting the revisions that had been made since the last meeting in March.

Following this presentation, the meeting discussed the report. All agreed with the relevance of the topic and appreciated the quality of the work produced.

It was agreed that the final revision of the report should include a stronger introduction in which the relevance of QI to business environment reform was clearly described. BEWG members would have until 15 August 2013 to provide their final comments on the draft. The consultants would then submit a final version of the document by 10 September 2013.

A consultant would be appointed to prepare a draft Annex to the Donor Guidance on this topic for circulation to members in late September 2013.

4 B.E.W.G. WORK PLANNING 2013-14

Farid Hegazy presented the draft BEWG Work Plan for 2013-14, which had been submitted to the DCED Executive Committee a few weeks ago. He indicated that the BEWG should consider this draft and propose any changes necessary before the plan is adopted.

The outcomes of this discussion are contained in the revised BEWG Work Plan 2013-14. This document is attached.

5 MEASURING B.E.R. RESULTS

Lasse Møller introduced this topic and provided a background on the work that has been undertaken to date. Simon White presented the draft Annex to the Donor Guidance on Measuring BER Results and the four case studies that have been prepared. He highlighted the revisions that had been made to these documents since the last meeting in March 2013, which was a joint meeting with the Results Measurement Working Group.

The meeting expressed its pleasure with the drafts and approved the Annex.

It was agreed that the Results Measurement Working Group would be provided with the opportunity to comment on the draft Annex before it was submitted as an official Annex. The DCED Secretariat would be asked to copy-edit the document and lay out the Annex in a fashion consistent with the other annexes.

6 COOPERATION WITH THE GREEN GROWTH WORKING GROUP

Kim Nguyen Van, chairing the Green Growth Working Group, during a pre-agreed time slot presented a possible collaboration with the BEWG. The GGWG has prepared a mid-term strategy, which includes a stock-take of green growth initiatives in PSD. The GGWG proposed to collaborate with the BEWG in the preparation of a concept note on business environments for green growth. The GGWG would produce a first draft of this note by the end of 2013. This would identify areas for future collaboration. It would then be discussed at a joint meeting of the GGWG and the BEWG in the first quarter of 2014.

It was agreed that the BEWG would collaborate with the GGWG on the preparation of the concept note and that the GGWG would take the lead in this activity.

7 ANY OTHER BUSINESS

There were no addition business items discussed.

8 NEXT MEETING

It was agreed that the next face-to-face meeting would be in November 2013. Juergen Reinhardt offered to host the meeting in the UNIDO offices in Vienna. The precise date of the meeting will be communicated later, once the opportunities link with meeting with other meeting events in Vienna was determined.



The Donor Committee for Enterprise Development

BUSINESS ENVIRONMENT WORKING GROUP

Work Plan July 2013- June 2014

FINAL VERSION (2 July 2013)

1 Overview

1.1 Strategic aim

The DCED established the Business Environment Working Group (BEWG) in 2002 to serve as a platform for professional peers to share information and knowledge on donor-supported business environment reform in developing countries and to identify, promote and support good practices in this field. The BEWG strives to help agencies and their programme partners to strategically and effectively position business environment reform as a part of an integrated private sector development strategy and to enhance the synergies between these reforms and broader development objectives. While the BEWG primarily serves the interests of member agencies working in this field, it also endeavours to reach out to and programme partners (i.e., developing country governments, business membership organisations and other civil society organisations), to directly learn from and contribute to the work of these actors. The mission of the BEWG is to serve as a multi-donor platform for sharing knowledge, experience, and best practices in supporting business environment reforms. The BEWG supports its members in their efforts to deal with the political and technical challenges they experience in designing, managing, financing, and measuring business environment reform programmes.

1.2 Vision

Our vision is that development and donor agencies provide support to business environment reforms in the most efficient and effective way applying best practice and global knowledge.

1.3 State synergies or areas of collaboration with other working groups

The BEWG has not established any formal arrangements with other working groups. However, a number of BEWG members are also members of other working groups, including the Results Measurement Working Group and the Green Growth Group. Close cooperation and coordination took place in the past year on result measurement of BER with the Results Measurement Working Group, to the extent that a joint meeting was held in March 2013.

1.4 Main recent achievements of the group and associated costs

During the 2012-13 financial year, the BEWG was involved in the following activities:

1.4.1 Measuring BER Results: a draft annex to the Donor Guidance has been prepared providing guidance to donor and development agencies on what to consider when establishing a monitoring, evaluation and results measurement systems for business environment reform support programmes. This includes four case studies.

COST IN 2012-13: \$16,000

1.4.2 Industrial Policy and BER: an annex to the Donor Guidance has been prepared on how industrial policy can be used to complement business environment reforms in order to increase investment levels, promote economic growth and create more and better jobs

COST IN 2012-13: \$34,700.00 (supported by BMZ and UNIDO)

1.4.3 Quality Infrastructure: a report has been prepared analysing donor practices in supporting reforms that focus on the business environment aspects of quality infrastructure for products

COST IN 2012-13: \$66,000 (supported by SECO and UNIDO)

1.4.4 Guidance on diagnostic tools for intervention design and implementation: a survey of the business environment diagnostic tools used in conflict-affected states, 'Investor Perspectives on Emerging Market Investments'. This is the first part of the work, which would lead to donor guidance on this topic.

COST IN 2012-13: \$50,000 (Activity supported directly by DFID)

The budget below presents the main areas of income and expenditure for the Financial Year 2012-2013 (i.e., to 30 June 2013).

BEWG BUDGET INCOME AND EXPENDITURE 2012-2013

WORK ITEM & SOURCES	AMT (US\$)
Measuring BER Results SOURCE: DCED Trust Fund funded the consultancy costs for the preparation of the four case studies and draft annex to the Donor Guidance (US\$16,500)	16,000.00
Industrial Policy and BER SOURCES: GIZ (EUR 11,647) and UNIDO (EUR 14,624) directly funded the consultancy costs for the preparation of DCED Working Paper and draft annex to the Donor Guidance	34,700.00
Quality Infrastructure SOURCE: SECO (US\$ 30,000) and UNIDO (US\$ 36,000) directly funded the consultants	66,000.00
Investor Perspectives on Emerging Market Investments' SOURCE: DFID directly funded and managed this work item	50,000.00
BEWG coordination and support provided by Simon White SOURCE: DCED Trust Fund (\$13,700 fees, \$6,300 travel related costs)	20,000.00
TOTAL SPENT (Anticipated by 30 June 2013)	186,700.00

1.5 Main goals for 2013-14

The goals for the BEWG in this period are continued from the previous years. These are to:

- Be better able to articulate the link between business environment reform, private sector development and the achievement of broader development outcomes, and to cite evidence that demonstrates this link; and
- Continue to provide practical information, knowledge and resources that help donor and development agencies, and their programme partners, to design, manage, finance, and measure business environment reform programmes.

2 Planned activities: 1 July 2013 to 30 June 2014

2.1 Activity: Measuring BER Results Initiative

The purpose of this work item is to better understand and measure the contribution business environment reform makes to broader development objectives. Key activities (1 July 2013 to 30 June 2014):

- Develop a commonly agreed list of model objectives, indicators, milestones and means of verification for typical Business Environment Reform programmes.

Task Team Leader: Lasse Møller

Funds required: \$15,000

Funding source: Requested from Trust Fund

2.2 Activity: Quality Infrastructure

Based on the report on donor practices in this field, the BEWG will formulate a guidance note on to guide donor and development agencies on how best to support the improvement of quality infrastructure in developing and transition countries. Key activities (1 July 2013 to 30 June 2014):

- Consultant commissioned to prepare first draft of Donor Guidance Annex (5 days).
- Printing and distribution of QI Report.
- Completion and dissemination of donor guidance.

Task Team: Andrei Mikhnev, Juergen Reinhardt, and Steffen Kaeser

Funds required: \$20,000

Funding source: SECO (\$5,000) & UNIDO (\$15,000)

2.3 Activity: Business Environments for Inclusive Business

NEW

The objective of this project is to address how donor and development agencies can support the growth of inclusive businesses through facilitating a conducive business environment. This would involve the development of a concept note, then possible annex to the donor guidance on inclusive business. It will build on the ideas developed in the context of the G20 Inclusive Business Workshops and would lead to a summit-like event similar to the informality conference in the second-half of 2014. The main output would be donor guidance on business environment reform for inclusive business, leading to increased inclusive business activity in developing countries. The programme would commence on 1 July 2013 and conclude on 30 June 2015. Key activities (1 July 2013 to 30 June 2014):

- Consultant commissioned to produce a concept note that frames the issue in terms of business environment reform.

Task Team: Marc Banzet, Alexandria Oppermann, and a representative from the Netherlands.

Funds required: \$25,000

Funding source: still unknown (possibly CIDA). It is planned to also approach inclusive business groups for fund raising.

2.4 Activity: Complementing BER with IP

Building on the principles contained in the Donor Guidance Annex on BER and IP, the BEWG will examine the ways in which these approaches can be effectively used to achieve desired economic and social development goals, including the creation of more and better jobs and the establishment of national innovation systems. The specific activities to be undertaken in the 2013-14 Financial Year are still to be formulated.

Task Team: Alexandria Oppermann, Juergen Reinhardt, and Matthias Altmann.

Funds required: \$35,000

Funding source: Unknown (possibly GIZ/BMZ)

2.5 Private Sector Engagement in Policy Dialogue

The Secretariat for the Global Partnership for Effective Development Cooperation is currently developing an indicator framework to assess how far the commitments made in the Busan Outcome Document have been reached. One of the ten indicators to be developed aims to capture progress in private sector involvement, i.e. the engagement of partner countries with representative business associations in a policy dialogue. The BEWG will contribute to the shaping of this indicator.

2.6 Guidance on diagnostic tools for intervention design and implementation

The BEWG is awaiting advice from DIFD regarding their representation in the Group and the status of this item. No budgetary allocation is requested for the 2013-14 Financial Year, since another \$50,000 was already committed by DIFD for this work item.

3 Budget: 1 July 2013 to 30 June 2014

<i>Item</i>	<i>Contributed by members</i>	<i>Requested from Trust Fund</i>	<i>Total US\$</i>
2.1 Measuring BER Results Initiative	0	15,000	15,000
2.2 Quality Infrastructure	20,000	0	20,000
2.3 Business Environments for Inclusive Business	25,000	0	25,000
2.4 Complementing BER with IP	25,000	0	25,000
2.6 Guidance on diagnostic tools for intervention design and implementation	50,000	0	50,000
BEWG Coordination and Support (Fees: \$13,700, Travel: \$6,300)	0	20,000	20,000
Total	120,000	35,000	155,000