



**KINGDOM OF BELGIUM**  
Federal Public Service  
**Foreign Affairs,  
Foreign Trade and  
Development Cooperation**

# **The Belgian Development Cooperation**

## **Private Sector Development**

# Agenda

- The ecosystem
- Facts & vision
- Rethinking the way it works
- Some PSD initiatives



# The Belgian public ecosystem

- **DGD (Development Cooperation Department of the FPS Foreign Affairs)**
  - Develop overall strategy of the Belgian Development Cooperation
  - Allocates funding
- **Enabel (Development Agency)**
  - Operationalizes the Belgian governmental cooperation in its 14 partner countries
  - Provides expertise to other donors
- **BIO-Invest (DFI)**
  - Invests & supports (in)directly SMEs in developing countries to enable them to gain access to growth within the framework of the SDGs.
  - Funded with at least 40\*10<sup>6</sup> € annually
  - Covers 52 countries



# Facts and vision

- **Organizational changes**

- PSD team created at
  - DGD: service D2.4 - 'one-stop-shop' (also in charge of D4D)
  - Enabel (Development Agency)

- **Key consideration**

- Support enterprises to present bankable projects rather than providing new funding sources



# Rethinking the way it works (1/2)

- Update / review previous PSD strategic note
- Develop synergies between the different actors of the Belgian Cooperation
  - Public: DGD, Bio-Invest (DFI), Enabel (development agency)
  - NGOs, Academics, ...
- 5 clusters identified
  - (1) SDG as a compass : impact indicators, monitoring, criteria to consider ?
  - (2) BE comparative advantage ?
    - Experience, scale of means, ...
    - Other ways to proceed ?



# Rethinking the way it works (2/2)

- 5 clusters identified (next)
  - (3) Financing arrangements
    - fit for purpose ? guarantees, loans, blending, impact bonds, ...
    - Additionality and market distortion: shared vision & lessons learned ?
  - (4) Division of labour, synergies & complementarities
    - Known issues, opportunities
    - Coordinated approach (sector, value-chain, region, ...)
    - Relation with development banks
  - (5) Differentiated approach
    - Act according to specific context of a country / region and not in a generic way



# Some PSD initiatives (1/4)

- **Business Partnership Facility**
  - Lever to reduce risk for private investors
  - We support
    - Profitable business initiatives contributing to at least one SDG
    - Partnership consisting of at least one business entity
    - Project located in country on BIO's list - 52 developing countries
- How ?
  - Non-refundable matching funding;
    - between €50,000 and €200,000;
    - max. 50 % of the total investment
  - Continuous call for projects between 2019-2023; two rounds of selections per year with a yearly budget of €2mio
  - Initiated and funded by DGD
  - Operational management by King Baudouin Foundation (KBF)



# Some PSD initiatives (2/4)

- Business Partnership Facility (next)
    - Evaluation criteria
      - Development effects
      - Sustainability
      - Innovation, reproducibility and scalability
      - Additionality
      - Impact on the sector or the market
      - Experience and capacity of the beneficiary
      - Degree of co-financing
      - Efficiency
      - Inclusiveness
      - Synergy and complementarity
- (+ external screening of the enterprises)





# Some PSD initiatives (3/4)

## - Beyond Chocolate

- Belgian and international private sector engaged: chocolatiers, civil society, supermarkets, universities, ...
- Commitment of all the stakeholders to raise the living income of the small producers
- By 2025
  - all the chocolate produced / sold in Belgium shall comply with a relevant certification standard
- By 2030
  - cocoa growers will earn at least a living income
  - deforestation due to cocoa growing for the Belgian chocolate sector has ended
- (By December 2019, the partners shall have agreed on measurable indicators).

This example created expectations of other sectors: coffee, palm oil



# Some PSD initiatives (4/4)

- Innovative Financial Instruments
  - New legislation adopted (2019)
  - Implementation on-hold due to 'current affairs' ...



# Thank you

## Questions

?

?

?

?

