Business Environment Community of Practice

In-person meeting, Nairobi, 15 June 2026

Minutes

Participants

GIZ, co-chair

Sida

FAO

Gatsby Africa

FCDO

JICA

DCED Secretariat

Online participants:

World Bank, co-chair

ILO

GIZ

SECO

Consultant for industrial parks study

Agenda

1. **Recent publications**
2. **Updates on current work items**
3. **Member agency updates**
4. **Proposed new work items for FY26-27**
5. **Ongoing industrial parks research and case study selection**
6. **World Bank presentation on new country private sector diagnostics**

1. Recent publications

Karin Wedig provided an overview of the four studies published last year by the Business Environment Community of Practice (CoP) last year.

- The capital mobilization study found that long-term policy commitments, regulatory clarity and predictability are essential for investor confidence. It stressed collaboration with DFIs and MDBs, which also bears on current Exco membership discussions.
- The competition policy study found that competition can speed up the green transition, but only with complements. Active environmental regulation is needed to prevent greenwashing and free-riding, and brown externalities should be priced. Sector-specific measures work best; broad exemptions risk entrenching incumbents. Relevance is limited in low-income countries, where basic competition frameworks come first.
- The SME study found that SMEs are significant polluters and must be actively included in sustainability practices. Barriers are access to green finance, regulatory complexity and capacity gaps. It recommends simplified regulation, tailored business environment reforms and capacity building.

- The whole-of-government study, published last week, covers Kenya (nascent approach) and Costa Rica (well established). Common challenges are overlapping mandates, coordination fatigue and resource constraints. Kenya's framework looks strong on paper, but implementation is untested.

2. Updates on current work items

- **Stocktake on donor approaches to mutual benefits.** This is a cross-working-group study involving the Business Environment, PSE and Results Measurement groups. The Business Environment Working Group contributed US$14,000 from funds not used for an earlier AI study, toward a total envelope of approximately US$49,000. Kristin O'Planick and Anastasia de Santos, ex-USAID colleagues now working as consultants, have been contracted to implement the work. Research has begun about a month earlier and remained at an early stage, while a focus group discussion had already served to gather initial members inputs. Completion is expected in autumn 2026. A focus-group discussion had already gathered member input. Members who wished to contribute further were invited to contact the Secretariat to arrange an interview with the consultants.
- **Economy-wide effects of industrial parks and economic zones.** Progress with this work item were discussed at the meeting (see section 5 below.)

3. Member agency updates

- **Gatsby Africa:** Gatsby Africa is working on a shift from work in individual sectors towards supporting governments on sector prioritisation and industrial policy. In Tanzania, Gatsby has supported an economic transformation vision and subsequent planning, and is examining special economic zone incentives and long-standing tax exemptions. It is planning work in Rwanda on firm upgrading and coordination between agencies, while its work in Kenya aims to stimulate debate on inclusive economic transformation.
- **FCDO:** Reduced aid spending is prompting a review of how FCDO delivers its development work. Business environment support is expected to align more closely with investment mobilisation, cooperation with development finance institutions, and strengthening local systems. Support for inclusive and systemic growth remains central.
- **JICA:** Members reported that Kaizen activities now cover 44 African countries, up from 27. Recent Africa Kaizen conference themes have included digital Kaizen, special economic zones and global value chains. Four African institutes have been certified as Centres of Excellence and are sharing expertise with neighbouring countries.
- **SECO:** SECO is reviewing its business-enabling-environment partnerships with the World Bank Group, including FIAS and an IFC-implemented investment climate programme. Changes within the World Bank Group and tighter public budgets make prioritisation and co-financing decisions more difficult. SECO is also looking to diversify its partnerships through engagement with the OECD Investment Committee.
- **ILO:** The team's direction remains focused on inclusive MSME policymaking and the enabling environment for sustainable enterprises. Additional updates could be shared in writing later.
- **World Bank:** The World Bank currently has a strong focus on predictable regulation and private investment for job creation, with a stronger sectoral focus in its investment facilitation work. There is

high demand for assessments related to the WTO Investment Facilitation for Development Agreement and growing attention to putting **Business Ready** benchmarking results into use.

- **GIZ/BMZ:** In German Development Cooperation, there is a continued move away from isolated regulatory fixes towards a broader economic transformation agenda. BMZ is placing greater emphasis on investor confidence, strong institutions, partnerships and mutual interest. The aim is to improve conditions for long-term, resilient domestic investment—not to unlock individual deals or crowd out local firms.
- **Sida:** Sida's current engagement on business environment work is relatively limited at the moment, much of it channelled through multilateral partners. Sida is considering how such work could support private investment, but future engagement remained uncertain ahead of Sweden's autumn election.
- **FAO:** FAO is taking a value chains approach and is working with governments on more joined-up agri-food systems strategies and investment plans. These plans seek to address on- and off-farm activity alongside nutrition, climate adaptation and agribusiness development. Coordination across ministries remains a practical challenge that FAO is following and documenting.

4. Proposed new work items for FY26-27

Members held brief, initial discussions on the work items proposed for FY26-27. They include:

- Work item 1: Local value creation along trade and infrastructure corridors, with interested agencies including GIZ (task team lead), FAO, World Bank, JICA, Gatsby, ILO; and
- Work item 2: Building local ecosystem capacity, with support by FCDO (task team lead), FAO, ILO and GIZ

Discussions on work item 1: Local value creation along trade and infrastructure corridors

The proposed $45,000 work item would examine economic policies that foster inclusive, sustainable growth along trade and infrastructure corridors, with a focus on local value creation rather than infrastructure alone. Its three proposed questions cover productive linkages between lead and local firms, sectors with strong local-linkage potential, and decent jobs and environmental standards.

- **Scope:** Participants discussed how to define the subject (e.g., trade and development vs infrastructure corridor). The concept of infrastructure corridors was seen as to narrow, although a combined reference to trade and infrastructure corridors could be an option. Terminologies such as economic corridor or development corridor could also be considered to convey capture wider aims including trade facilitation and inclusion. The group also discussed advantages and disadvantages of looking into on specific corridor in depth or reviewing several cases.
- **Evidence and political economy:** A literature review was suggested before selecting corridors or designing interviews. Participants also flagged the need to examine why some corridor projects have not delivered expected economic benefits, including freight politics and competing interests.
- **Follow-up:** GIZ will liaise with the World Bank on an initial draft of the ToR. The final scope and case studies will be discussed further on that basis.

Discussions on work item 2: Local ecosystem capacity for private investment

The proposed work item seeks to address thin pipelines of investable businesses in less-developed markets and gaps in businesses' investment readiness, including governance and financial management. The

approach described was to map the local ecosystem and its capacity needs, rather than assume that business development service providers are the constraint in every country.

- **Scope questions:** Participants asked how this work would relate to business environment reform and to the SME Finance Working Group's planned work on business development services. Donor–DFI coordination, short-term programmes' difficulty attracting expertise, and informality's effect on the bankable pipeline were also raised.
- **Response and follow-up:** Participants suggested comparing notes with the SME Finance Working Group to clarify overlap and complementarity, before defining the scope of the work item in more detail.

5. Ongoing industrial parks research and case study selection

The consultant, Ulla Heher, outlined research on whether industrial parks and special economic zones can deliver wider economic benefits, rather than only attracting investment, creating jobs and increasing exports. The proposed paper will examine the mechanisms needed to spread benefits beyond the zone: supplier linkages, firm upgrading, skills development, technology diffusion, regulatory learning and environmental standards. Ulla cautioned that these outcomes do not arise automatically; without deliberate design and management, zones risk becoming costly enclaves.

The paper is expected to combine a review of evidence and emerging trends with four case studies and practical policy recommendations. Ulla put forward Penang (Malaysia), Tangier Med (Morocco), Costa Rica and Rwanda as possible cases, while also considering Ethiopia, Vietnam and Turkey. Members asked Ulla to make the selection criteria for the four case studies explicit. The initial list was seen as weighted towards middle- and upper-middle-income countries. Members wanted a mix of income levels, including low-income or least-developed-country settings, and suggested that both positive and problematic experiences could offer useful lessons. They also asked the paper to explain what each case was selected to illustrate, rather than treating any one zone as a best-practice example in every respect.

The discussion identified several dimensions to balance across the cases:

- **Ownership, financing and operation:** public, private and quasi-public arrangements may create different incentives and different degrees of alignment with national strategies. Members asked Ulla to distinguish who finances a zone from who operates it.
- **Zone model and sector focus:** the sample could include export processing zones, special economic zones and industrial parks, as well as sector-specific and mixed zones. James asked whether a sectoral cluster makes it easier to build local linkages than a mixed zone.
- **Benefits beyond the zone:** It was suggested that the study could examine the level playing field between firms inside zones, which may receive incentives, and firms outside them. Some members also asked for attention to skills upgrading, job creation, labour standards and due diligence. Members also raised local supplier linkages, regulatory learning and the risk of zones operating as enclaves.

Members then discussed possible cases and sources of evidence. They included:

- Arise's privately developed zones in Benin and Côte d'Ivoire as a way to examine land, tax incentives and local integration.
- Tanzania's smaller, mixed export-processing zone

- Rwanda was discussed both for its existing mixed industrial park and for newer, more agri-food-focused parks. FAO noted that agro-industrial zones can face fragmented land and resources, or infrastructure without sufficient supply, and offered relevant publications.
- Other suggestions included examining different models within Ethiopia, considering Vietnam or Morocco as middle-income cases, and drawing on World Bank experience with industrial zones and the Africa Economic Zones Organization's information. It was also questioned what new insights the Penang/ Malaysia case would add, given the existing literature on its skills-development experience.

Ulla welcomed the suggestions but noted the difficulty of covering every dimension in only four cases. She asked members to send evidence, contacts and further comments promptly so she could arrange interviews within the research timetable. Karen proposed a to pass on any additional written feedback by members towards the end of the week.

6. World Bank presentation on new country private sector diagnostics

Jeff Chelsky, World Bank Group, outlined the redesigned Country Private Sector Diagnostic, which focuses on constraints to private investment in selected subsectors rather than broad private sector development.

Jeff Chelsky, World Bank Group, presented the World Bank Group's revised Country Private Sector Diagnostic (CPSD 2.0). The redesign aims to reduce overlap with other country diagnostics and produce a shorter, more selective document. Its focus has narrowed from broad private sector development to key constraints that, if removed, could enable private investment in specific subsectors. The diagnostic is intended to inform the Country Partnership Framework, Bank Group activities and recommendations to governments. Sector selection considers potentially profitable opportunities for domestic and foreign investors, development impact—particularly jobs—and government openness to concrete action. Each sector receives no more than five to seven near-term, verifiable recommendations, avoiding subsidies and tax preferences.

In the discussion, participants asked about job estimates, reform costs, links to UNDP investor maps, coverage of services and non-tradable sectors, government uptake, and verification. Jeff acknowledged that estimating jobs from subsector reforms is difficult: the figures use Bank Group methods and stated assumptions, but are not presented as precise measurements. Jeff also explained an annual stock take is being prepared for the first 12 CPSDs. It will track whether recommendations have been adopted or are under discussion, and whether they have informed Bank Group operations or investments. Morocco was the first published post-pilot CPSD; Angola, Djibouti, Malawi and the Republic of Congo were awaiting publication clearance at the time of the June 2026 meeting.