

Business Environment Working Group

Meeting, 16 June 2025, Geneva

Minutes

Participating agencies

World Bank [online and in person]

ADA

FAO

GIZ

ILO [online]

ITC

JICA

SECO

Sida

DCED Secretariat

BEWG consultant

Welcome, introductions and confirmation of the agenda

Pilar Salgado Otonel (BEWG co-chair) joined the meeting online and welcomed everyone. She reminded the meeting of the shared BEWG mission: to support more effective and coherent donor and development agency approaches to business environment reform (BER). She noted that its work is grounded in the belief that a well-functioning business environment is essential to inclusive, sustainable private sector development, particularly in low-income and fragile contexts.

Acknowledging the void left by USAID and the loss of their long-standing contributions to BEWG dialogue and technical work, Pilar noted that the need for business environment reform is more urgent than ever. Weak institutions and burdensome regulations restrict private sector activity, delay recovery, and weaken resilience in our partner countries. Indeed, less than a week ago, the World Bank released its June 2025 Global Economic Prospects report, emphasising this point: revitalising private investment and unlocking growth in developing economies depends on stronger institutions and smarter regulations. The report highlights that foreign investment in developing countries has been steadily falling, especially relative to their economies' size. This decline is caused by both global challenges and country-specific issues. Meanwhile, local private investment hasn't recovered to pre-pandemic levels, hindered by uncertain policies and weak institutions that make it more difficult for businesses to plan and grow. In this context, the BEWG's efforts to support targeted, evidence-based business environment reforms are not just timely—they are crucial to enabling sustainable growth, attracting private capital, and supporting a fair and green transition.

Following the opening of the meeting, all participants introduced themselves.

Update on work items

Simon White, Consultant to the BEWG, provided a brief update on all work items. The table below summarises this.

ITEM	STATUS	DATE
Reforming Business Environments for Private Sector Capitalisation [GIZ funded]	August	1 July 2025
	Presentation today	

BER and Competition Policy for a Green and Just Transition [GIZ funded]	On track: June 2025 Presentation today
Whole of Government Approaches to MSME Development and Formalisation	July 2025
BER to Improve Economic Resilience to Global Shocks	Completed: November 2024
Implication of New Environmental Regulation	Completed: November 2024
Enabling the Regulatory Environment for the Digital Economy	Final revisions to this week
Renewed SME Agenda in the Context of the Green and Just Transition	On track: November 2025

Insights from recent technical studies

1: Business Environment Reform and Competition Policy for a Green Transition

Tobias Leeg (GIZ), the focal person of the work item task team, provided a short introduction to the item and its background. Jamie Smith from the Impact Loop presented the emerging findings of this BEWG-commissioned study, which seeks to answer the following questions:

1. How can competition policies, laws and authorities support the green transition in developing and emerging economies?
2. How can donor and development agencies support business environment reforms that enhance, harmonise and complement competition policies so that industrial policies, especially those with environmental and social objectives (i.e., GIP), do not lead to undesirable distortionary effects on national, regional and global competition?
3. What are donor-supported business environment reform trends supporting competition policies and authorities towards a just and green economic transition in developing and emerging economies?

This research was based on a systematic analysis of competition agency activities and academic literature, and impact on green transition; the formulation of a generalised theory showing how competition policy supports green transition, which was to be validated through stakeholder engagement; and five country case studies with stakeholder interviews (i.e., Mexico, China, India, Austria, and South Africa).

A Q&A discussion followed the presentation.

This GIZ-funded work item is due for completion over the summer.

2: Reform of Business Environments for Private Sector Mobilisation for Sustainable Growth & Climate Resilience

Philip Walker, Centre for Development Finance Studies, provided an overview of the emerging findings of the BEWG-commissioned report. This was based on more than a dozen interviews with relevant agencies (e.g., IFC, KfW, BMZ, OECD, SECO, World Bank, embassies) and three structured case studies (South Africa, Vietnam

and Senegal/Zambia). The study focused on how BER can meaningfully enable mobilisation in emerging markets, emphasising climate resilience sectors and capital flows.

A Q&A discussion followed the presentation.

This GIZ-funded work item is due for completion in August 2025.

Presentation of 2025-26 work plan and budget

Simon White described the process of preparing the draft work plan and budget, which the DCED is due to approve later in the week. The two proposed work items for 2025-26 are:

1. **The Role of AI in Regulatory Reform (\$45,000).** This item seeks to assess the effectiveness of AI-driven tools and approaches in enhancing regulatory reform processes supported by donor agencies in developing economies. This will involve identifying best practices and potential challenges in deploying AI for regulatory reform, focusing on ensuring sustainable, context-appropriate solutions in donor-funded business environment programs. This objective seeks to uncover lessons learned, barriers to adoption, and strategies for mitigating risks such as algorithmic bias or capacity gaps, thereby informing future donor interventions and policy design.
2. **How local industrial parks can catalyse national business environment reform (\$20,000).** This item assesses how industrial parks in developing economies can catalyse business environment reform and broader economic and social development by fostering innovation, strengthening linkages with the mainstream economy, and promoting the diffusion of regulatory best practices beyond park boundaries.

These work items were discussed, with the following issues raised:

1. Participants shared some concerns that the first work on Ai may be too broad and would benefit from more focus.
2. There was also a concern that there were not enough agencies participating in the task team. Siobhan Kelly (FAO) indicated that an FAO representative may be able to join the task team, as did Sandra Yu from the ILO. Thus, the task team would be made up of the World Bank (Focal Point), FAO and ILO.
3. The second work item was considered important and relevant. There was some discussion about revising the title (i.e., it was unclear whether “catalysing” reforms was the focus). There was also a concern that the budget allocation was insufficient. The World Bank expressed an interest in joining the task team on this item.

The annual BEWG budget for 2025-26 is presented below. The DCED Secretariat will undertake BEWG coordination.

Item	Contributed by members	Requested from TF	Total US\$
The Role of AI in Regulatory Reform	0	45,000	45,000
How local industrial parks can catalyse national business environment reform	0	20,000	20,000

BEWG coordination and support [Provided by DCED Secretariat]	0	0	0
Total BEWG	0	65,000	65,000

AGREEMENT

The following agreements were made regarding the 2025-26 work plan and budget:

1. The work plan and budget were approved for submission to the DCED Annual Meeting for final approval.
2. A Scope of Work (including terms of reference and criteria for consultant selection) would be prepared in consultation with the work item task teams. This will ensure the focus of each work item, budget allocations and timeframe for deliverables would be refined and agreed upon.
3. The following preliminary task teams were agreed:
 - a. The Role of AI in Regulatory Reform: World Bank (lead), possibly FAO and ILO.
 - b. BER and local industrial parks: ILO (lead), GIZ, JICA, Gatsby Africa, and World Bank.

Future of the BEWG

The meeting acknowledged the decline in BEWG membership engagement in recent years and discussed some of the issues surrounding this:

- BEWG works best when its meetings combine work item management issues with technical discussions.
- Most members enjoy receiving technical inputs (e.g., draft or final reports) that can be discussed and considered with agencies' experiences.
- A more decisive shift towards economic policy is appreciated.
- Promoting a "multi-donor perspective" on shared challenges and lessons learned is essential.

AGREEMENT

It was agreed that 2025-26 would be a year to take stock. With a minimal work plan (i.e., two items), the BEWG will reflect on how it can improve membership engagement and whether members want the group to continue beyond June 2026.

Nominations/election of co-chair

Tobias Leeg (GIZ) offered to take on the position of BEWG co-chair and was duly elected by acclamation.

Any other business

Melina Heinrich-Fernandes (DCED Secretariat) warmly thanked Simon White for his coordination and support to the BEWG over the years.

Meeting close

Pilar Salgado Otonel welcomed Tobias Leeg as the new co-chair and thanked everyone for their active and positive participation