



The Donor Committee for Enterprise Development

Business Environment Working Group Meeting

6-7 May 2015, Brussels

Minutes of Meeting

Approved by email on 29 May 2015

Present

Farid Hegazy (ILO) Chairperson

Lasse Møller (Danida)

Juergen Reinhardt (UNIDO)

Gayle Barnett (Canada)

Stefanie Springorum (BMZ/GIZ)

Gabin Hamann (EC)

Ana Goicoechea (World Bank)

Giuseppe Iarossi (World Bank, IEG)

Jim Tanburn (DCED Secretariat)

Simon White (Consultant to BEWG)

Christine Zhenwei Qiang (World Bank) – Day 2

Bin Zhai (World Bank) – Day 2

Roberto Echandi (World Bank) – Day 2

Lorenzo Nelli-Feroci (World Bank) – Day 2

Tom Ratsakatika (DFID) – joined for work planning discussions

Kees van der Ree (ILO) – joined for discussion on Green Growth BER

Eleanor Bell (DCED Secretariat) – joined for discussion on Green Growth BER

Apologies: Tim Green (DFID), Fulvia Farinelli (UNCTAD), Rick Meis (Netherlands)

Welcome and introductions

At 9:10AM, Farid Hegazy welcomed members and asked members to introduce themselves.

He thanked the EC for hosting the meeting.

Welcome and opening from the European Commission

Gabin Hamann welcomed members to the EC. He highlighted the importance of private sector development in the EC's work and the relevance of BER within this context.

Confirmation of agenda

Farid Hegazy outlined the agenda for the meeting and this was agreed to.

Sector Business environment reform

Juergen Reinhardt provided an introduction to the work item and outlined the status of the project. He indicated that the project has commenced much later than originally planned, but that it is now underway. This project has been funded with support from UNIDO, GIZ/BMZ,

UNCTAD, and the DCED Secretariat. Four sectors were selected for investigation: horticulture, mining, pharmaceuticals, and renewable energy. The study is guided by the following two lead questions:

1. What are the specifics of the business environment in the respective select target sectors (as compared to the overall/horizontal one) that require addressing – and in what way – in any effort to improve the operating conditions of businesses?
2. What action needs can be derived from the results of this analysis for a range of stakeholders (policy-makers, businesses, support institutions, donors, other) interested in and/or tasked with promoting the respective sector's growth and development?

Simon White then presented the current findings of the project based on the consultations that had been conducted to date. This was a work-in-progress presentation that focused on pharmaceuticals and renewable energy. Refer to PowerPoint presentation.

Discussion points:

- The presentation only focussed in pharmaceuticals and renewable energy — there have been delays in getting underway with the horticulture and mining sectors
- It should be noted that this work does not focus on the selection of sectors — these sectors have been chosen to better understand the approaches, tools, etc. that are being used when undertaking BER at the vertical (sector) level
- General BE issues can be validated by sector-BER issues, where they take a specific forms
- State-owned enterprises may resist reform as incumbents, but so too can other government or political party connected enterprises
- Important to establish the context for this work, i.e., to position this as an examination of BER within the broader context of industrial development in pharmaceuticals, etc.
- On mining, some agencies have information on artisanal mining — mining sub-sector still to be clarified

AGREED: It was agreed that the Sector Experts Meeting will be held in Copenhagen, beginning Monday, 15 June 2015 at 1PM

BEWG Work Plan 2015-16 – Part 1

This first part of the discussion on next year's work plan began with a review of the BEWG vision and strategic objectives. It was interesting to note that the BEWG has been operating for 13 years.

The vision was discussed. There was general agreement on the vision of the group. This was kept as it is. Similarly, the Strategic Objectives for 2014-15 were discussed and it was agreed to keep these.

The current work items of this year will carry over into next. These items were discussed:

- **BER for inclusive business** — this item is underway. Scoping paper will be completed by 30 June 2015. It is anticipated that an IB Annex will be produced in 2015/16. Canada, IDRC, UNCTAD and GIZ/BMZ are all eager to continue this work. Gabin indicated that he'd like to join the task team on behalf of EC. US\$20,000 was used for the preparing of the scoping paper. It is proposed that US\$10,000 be allocated to the production of the annex (based on the quality of the scoping paper).
- **Sector BER** — this is underway. Currently, the deadline for the report is 30 June 2015. However, this may need to be extended. Funds committed in (Trust Fund UNCTAD

US\$6,000) – Juergen to provide updated figures. It is proposed that US\$10,000 be allocated to the production of the annex (based on the quality of the technical report).

- **Green Growth and BER** — there is strong interest in this topic. A briefing on this took place on the second day. This item will continue into the forthcoming financial year.
- **BER and the Post-MDG framework (Sustainable Development Goals)** – this has been taken up by the UN. It was considered that this work item is completed and there is no need to take it into the next financial year.

Brainstorm on possible work items — topics raised:

- Issues arising from the WB IEG report
- Gender and BE (note UN report on *Transforming Economies, Realising Rights*)
- Ways to better demonstrate the link between BER and job creation (women and youth), including the BE for vocational skills development
- Sequencing reports, e.g., ways to better prioritise reforms (noting reports from IEG, ILO, LASER) — the “practice” of reform
- Mega-trends in BER (noting mega-trends in PSD discussion proposed for annual meeting)
- Decentralisation and BER — sub-national and local governments have an important role to play in the BE; decentralised reform can be driven by frustration at the national level; should be very practical in its focus
- Where BER is not enough — Rwanda — is often not producing the development outcomes we desire
- Feedback mechanisms for regulatory improvement
- How to implement regulatory reforms on the ground
- Productivity and BER — approaches to productivity and jobs — role of the BER (issue: increasing productivity can decrease jobs – what are these trade-offs and how can they be managed?)
- Collating Donor Guidance and Annexes — along with a possibility of updating the original 2008 guidance

Inclusive Business and BER

Gayle Barnett (Canada DFATD) presented an overview of the work item and introduced Chris Calvin (Consultant) to provide a presentation on the work to-date. Refer to presentation.

Discussion points:

- Need for a clear definition of an IB — currently using IFC definition
- Why are IBs good? What percentage of IBs would we like to see?
- IB includes the sale of products to the poor
- This is a scoping paper — designed to survey the broad terrain of IB and its links with BER
- The links between IB and value chain and market development were questioned/explored
- There was a view that a clear definition of IB is required — at least as a starting point with which to position and frame and discussion
- The group recommended that the DCED definition of BE and BER be applied, however, as this was discussed it was recognised that more than BER is likely to be required effectively promote IB and, therefore, there may be value to consider all related issues in the scoping working

- Starting points for inclusion — not all IBs start being inclusive, they become inclusive as they develop and mature — this issue will be considered in the scoping report, even though it may not be clear if the new business is, or will be, inclusive
- The distinction between investing in, or selecting, IBs and creating environments that make businesses more inclusive appear to be important
- There may be BEWG members who could be interviewed to share their views and their agencies' perspectives

Following this discussion, Farid Hegazy adjourned the meeting to 9:00AM, next day.

Day 2, 7 May 2015

9:00AM Farid Hegazy opened the day's proceedings and welcomed members. Given the number of new members joining the meeting, there was a round of introductions.

Green Growth and BER

Kees van der Ree (ILO) and Eleanor Bell (DCED Secretariat) provided an up-date on this work item. Kees provided a brief overview of the purpose of the project and reported that the consulting group to undertake this work will soon be appointed. Growing interest in the nexus between PSD, green growth and green economy promotion (e.g., South Africa, Peru).

It is anticipated that the consultant group will produce an inception report, which will be presented at the Green Growth Working Group meeting in Copenhagen on 16 June 2015.

AGREED: It was agreed that the BEWG and GGWG hold a joint meeting on this topic on 16 June 2015 – 3:30PM. One hour will be allocated for this discussion.

World Bank Group's evaluation on Investment Climate Reform

Giuseppe Iarossi, Lead Evaluation Officer, IEG Private Sector Evaluation, World Bank Group, provided an overview of the recent Independent Evaluation Group's (IEG) evaluation of investment climate reform.

- Refer to IEG Evaluation Report
- Refer to PowerPoint presentation

There was a general discussion of this evaluation and its recommendations.

The meeting expressed its gratitude to Giuseppe for a very interesting, thought-provoking presentation.

WBG Investment Climate Strategy

Christine Zhenwei Qiang, Practice Manager, Investment Climate, Trade and Competitiveness Global Practice, World Bank Group, presented the recently up-dated draft Investment Climate Strategy of the World Bank. This has been revised based on the recent IEG evaluation and the FIAS Mid-Term Evaluation.

IC Vision FY17-21: "Our mission is to catalyse IC reforms that foster business competitiveness, connect firms to markets, maximise the benefits of private investment, and create jobs".

- Refer to FIAS 2014 Annual Review
- Refer to PowerPoint presentation

There was a general discussion of this draft strategy, which will be presented to a partners meeting in Vienna in November. Christine invited members to this meeting and suggested that it might be useful for the BEWG to also hold its next meeting in Vienna in November. She will provide full details of the FIAS meeting once the dates have been set.

The meeting expressed its gratitude to Christine for her presentation and for the general support of the World Bank Group to the work of the DCED-BEWG.

BEWG Work Plan 2015-16 – Part 2

Farid Hegazy re-opened the discussion on work planning for next year. He proposed that no more than two additional work items should be chosen, with the support of at least three agencies. The brainstorm list from the previous day was re-visited and discussed.

New work items:

- 1 *Beyond National BER* — Scoping Paper on:
Regional BER — areas of focus (market size, movement of goods, movement of people) — regional integration
Sub-national (local) BER — areas of focus (local licensing, permits and other approvals, local economic development
Task team members: EC, Canada, World Bank, Danida (members want to consult with colleagues and then confirm their membership) — in addition, possibly DFID (Tom did not want to commit Tim Green without consultation)
- 2 *Gender and BER*: There is a lot of interest in this topic. The Women’s Entrepreneurship Working Group of the DCED appears to be dormant. There have been many studies. Possibly, this group could focus on BER and employment for women, including the aspects of skills development.
Task team members: BMZ/GIZ, ILO, UNIDO, World Bank (members want to consult with colleagues and then confirm their membership) — DFID too many be interested
- 3 Preparation toward a plan for information-sharing or training in BER — this would be an initial consideration of a way forward. In 2015/16 this would be an initial investigation, with a view to piloting an initiative in 2016/17.

AGREED: The meeting agreed to the following:

- 1 The above work items will be further investigated with the potential task team members listed above. Simon to prepare draft outline for new work item and liaise with task team members.
- 2 Simon White to continue providing logistical and coordination services to the group, as outlined in previous work plans.

Agency updates

Canada

- Examining development finance mechanisms and stimulating investment opportunities
- Global Finance Exchange (GFX) — with other agencies
- Work on remittances (beginning by looking a funds leaving Canada for other countries)

UNIDO

- Revising Technical Cooperation Guidelines

Danida

- National elections coming soon (maybe June) – if a change of government, this could lead to a reduction in the aid budget (focussing on Africa, growth, stability, security)
- Shift from sector programming to country programming (e.g., Kenya US\$200m) — a very different way of working — new guidelines — big challenge
- Focus on green growth — one of four priority areas — combining environmental and industry approaches to green growth within country-level programming

Swiss

- Agency motto: Development equals Employment and Income
- Plan to support green building program with IFC

World Bank

- Christine's presentation provided a comprehensive overview
- Trade and Competitiveness has Vice Presidential Units — creating synergies across various products — Integrated Solutions (e.g., green growth, SMEs)
- Publication on, how we work

GIZ/BMZ

- Focus on digital Africa
- G7 Presidency — women and economic development initiatives — Conference in 9-10 November to consider results achieved and implications for post-2015 agenda
- Financing for Development — looking at mobilising private finance of climate change
- Responsible business forum
- Launch of a platform on Green Investment in June
- Inclusive business is still a major topic — Inclusive Business Action Network launched

European Commission

- June: European Development Day — discussion on various topics, including private sector engagements, private sector partnerships, financial inclusion, etc.
- Very involved in the Financing for Development conference in Addis Ababa
- Bending facility for Africa — access to finance of agribusinesses
- Evaluation of BizClim
- Meta-evaluation on PSD programmes
- Thematic Programme on Global Public Good and Challenges
- Working with GIZ/BMZ on the Inclusive Business Action Network
- Gabin will be taking leave, point of contact will be Maria

International Labour Organization

- International Labour Conference in June will be discussing enabling environments for sustainable enterprises as part of the general discussion on small and medium-sized enterprises and decent and productive employment— technical document is available from the DCED website.

Any other business

Lasse Møller requested that the key reports and presentations referred to during the meeting would be distributed to members. Simon White undertook to do this.

Gabin Hamann asked about DCED training. In 8 September in Nairobi the DCED will be presenting a one-day overview on PSD programming for embassy and agency staff working in the east Africa region (i.e., PSD training for non-PSD specialists). Details on this will be provided via the DCED newsletter.

Next meetings

Sector BER Experts Meeting

Monday 15 June 2015, 1:00PM, Copenhagen

BEWG Meeting

Tuesday 16 June 2015, 1:00PM, Copenhagen

In November, the World Bank (FIAS) will hold its partners meeting in Vienna. It was agreed that this would be a good opportunity to meet again. This would be discussed and finalised during the meeting in Copenhagen when the date for the Vienna meeting is established.