



The Donor Committee for Enterprise Development

## Green Growth Working Group (GGWG)

Minutes of Meeting, Geneva & Online, 19 June 2023

v. 25<sup>th</sup> July 2023

### Participants (23)

- Mette Grangaard Lund (Chair, ILO)
- Antoine Coste (WB)
- Daan van der Meer (NL MoFA)
- David Neven (FAO)
- Emi Mitani (ILO)
- Florian Güldner (BMZ/GIZ)
- Isaac Cowan-Gore (ILO)
- Jonas Grunder (SECO)
- Karen Suassuna (ITC)
- Katherine Nichols (USAID)
- Margo Lobbezoo (NL CBI)
- Md. Abu Saieed (UNIDO)
- Megumi Hirano (JICA)
- Patrick Obonyo (IKEA Foundation)
- Ragnhild Høyvik (Norad)
- Rana Fakhoury (UNIDO)
- Takafumi Ueda (JICA)
- Ella Duffy (DCED Secretariat)
- Holger Grundel (DCED Secretariat)
- Isabelle Gore (DCED Secretariat)
- Melina Heinrich-Fernandes (DCED Secretariat)

#### Online

- Ingela Juthberg (Sida)
- Kerry Max (GAC)

**Apologies:** Martha Melesse (IDRC)

Mette Grangaard Lund opened the meeting, welcoming participants to Geneva. A round of introductions followed, where people also shared their everyday green tips.

### Member agency updates:

#### JICA

Megumi Hirano updated the group. She provided an update on the ACCE facility, which received US\$ 5bn funding in May 2023 to support private sector businesses' response to climate change in areas such as renewable energy and forestry. JICA are still focussing on global infrastructure investments and financial inclusion, particularly through mobilising public and private climate finance; they see potential in these areas for meeting the ambitions of the Paris Agreement. Co-financing with other donors, DFIs and private institutions is increasingly important, and **Megumi welcomes bilateral conversations and ideas for engaging more with these institutions. Katherine Nichols (USAID) offered to connect to discuss the theme of finance for infrastructure.**

## **GAC**

Kerry Max explained that GAC comes to green issues through the angle of inclusive sustainability, focussing on nature-based solutions and livelihoods. They use blended finance models, with a focus on partners' green credentials, to support programming. FinDev Canada also supports climate investments with a growth aspect, predominantly in Africa.

## **Sida**

Ingela Juthberg updated the group. Sida are providing support to UNDP on universal biodiversity credits. They have several guarantees related to climate change objectives in several regions, and proposals for a programme on nature-based benefits have been received recently. There is ongoing work internally on increasing staff capacity, for example through training in collaboration with ILO and Helvetas on integrating a green angle more in MSD projects.

## **USAID**

Katherine Nichols updated the group. USAID have recently launched a climate action plan to 2027, with project and interagency learning processes built in. It reflects the post-Covid context, and focusses on supporting mitigation and resilience through considering energy, land use, alternative sources of energy and the people most vulnerable to climate impacts. USAID has a field presence in 80 locations, and are working with their missions to align green strategies and economic growth support. They are also currently working on developing their programmatic tools and partnerships, including working on the global alliance for trade facilitation. In USAID's economic growth unit specifically, they are revising their climate action plan; learnings from these DCED meetings will feed into that work.

## **IKEA Foundation**

Patrick Obonyo shared that IKEA launched a US\$ 1.5bn fund to help developing countries access renewable energy at COP27. This will benefit mostly African governments, improving energy access in rural areas and helping build cooperations with DFIs and other financial institutions. IKEA are also working on the intersections between green issues, enterprise development and livelihoods, and are looking to launch an evidence fund on doing these in tandem under the umbrella of 'climate-sustainable enterprise development'.

## **BMZ/GIZ**

Florian Güldner updated the group. BMZ is now more strongly mainstreaming social and environmental aspects in their programming for bilateral cooperation and project design. The respective strategy paper on sustainable economic development is in final stages of approval. This follows a general trend of BMZ moving towards more systematic approaches and pursuing a 'socio-ecological (economic) transformation'. This is also prominent in the current BMZ Africa strategy published in January 2023.

## **Norad**

Ragnhild Høyvik updated the group. Norad are currently looking at food security and climate adaptation innovation in agriculture and clean cooking in Sub Saharan Africa. As part of this, they are funding incubators to encourage SMEs and entrepreneurs to innovate, and partnering with financial institutions that can scale up promising solutions. NorFund (Norway's DFI) also now has a very large green fund.

### **World Bank**

Antoine Coste updated the group. The World Bank are currently implementing their 2021-2025 climate action plan, which sets out the requirement that at least 35% of all WB financing must have adaptation or mitigation co-benefits. Every project also must be aligned with the Paris agreement; green issues are a larger priority under the new president (as of 1 June 2023). There is ongoing work towards building an evolution road map for the WB Group, modernising the plan to tackle global problems. On trade and private sector development specifically, there is a portfolio on green trade and investment at the firm level, focussing on green technology adoption and on specific sectors like tourism or green industrial parks supported e.g., by SECO. They are still thinking about the best ways of structuring approaches and frameworks, particularly how to link green competitiveness/PSD work with green energy work e.g., carbon pricing or green industrial policy.

### **SECO**

Jonas Grunder updated the group. SECO have approved the second phase of their CHF18 million global eco industrial parks program with UNIDO. This phase focussed on circular economy integration and resource efficiency, building on a successful first phase. Relatedly, they have published an orientation paper on how their work can contribute to a circular economy (CE) and are now working on an overarching framework for promoting CE in developing countries. SECO also recently launched ENCORE, a project supporting financial institutions to be nature-positive by integrating biodiversity risks in their thinking, developed by the Natural Capital Finance Alliance in partnership with UNEP-WCMC and the MAVA Foundation.

### **UNIDO**

Md. Abu Saieed updated the group. UNIDO has a new director-general, who has steered focus towards innovation, climate action and sustainable supply chain. UNIDO and UNEP have recently established the Global Alliance on Circular Economy and Resource Efficiency (GACERE), considering to promoting circular economy and meeting the target of climate change mitigation. Other updates relate to green industrial policy, which Abu indicated he would discuss in his presentation.

### **ITC**

Karen Suassuna updated the group. ITC approved the '[Green Moonshot](#)' strategy last year and are now focussing on the first pillar of that, which includes activities around increasing the voice of SMEs in key international fora. ITC will be part of a Trade House at COP28 with

WTO and UNCTAD, focussing on what needs to change in trade to deliver on just transition. The second pillar of the Green Moonshot is on data, and they have developed a digital tool for SMEs. ITC are also involved in the European Commission's legislative proposal for a Corporate Sustainability Due Diligence Directive (CS3D), and in the Broadening Climate Smart Network initiative, a data bank on standards and sustainability for buyers. Lastly, they will be working with a Brazilian research company on a paper on value chain development in forestry in the Amazon region.

## **Netherlands**

Margo Lobbezoo provided an update from CBI, where they are greening the execution of their programmes. As part of this, programmes that have already become greener are becoming targets for new programmes. Internally, staff are travelling less, and, in programmes, CBI are encouraging importing by sea rather than by air. Margo is also Co-Chair of the DCED Market Systems Development Working Group. They are currently finalising a guide to greening MSD which will likely be available to be shared within a few months.

Daan van der Meer provided an update from the Netherlands MoFA department for sustainable economic development, noting that there is also a department that covers green issues more broadly. In his department, they are increasingly mainstreaming just transition principles and see a lot of opportunity for this, but also the need to balance trade-offs.

## **ILO**

Isaac Cowan-Gore updated the group. An informal working group at unit level in ILO is leading on aligning the narrative around and mainstreaming green within PSD projects (e.g., value chain development, informality). Isaac is personally involved in the work on greening MSD in the MSD WG, and the Green PSD Navigator has been useful in informing that work. Mette added that ILO has updated the Just Transition Guidelines, highlighting that there are 10+ just transition policy briefs and new country studies on industrial policy and industrial parks [available online](#). 49 countries have now signed the just transition pledge including, most recently, the USA. She shared insights from a recent COP28 preparation meeting on measuring employment effects in green projects and the different trade-offs when investing in different areas (e.g., renewable energy, resource efficiency). ILO have also launched a new partnership with a Dutch NGO on measuring jobs in a circular economy. The first product, a literature review of decent work, jobs and circular economy, is [available here](#). One key insight is that 84% of studies focus on the global north, with little mention of informal businesses.

## **Green Industrial Policy: Evidence and case studies:**

Mette (ILO, Chair) introduced the session with a reminder that the GGWG currently has a new green industrial policy work item, led by BMZ/GIZ. Md Abu Saieed then took the floor and presented UNIDO's perspective on greening industry and green industrial policy. He emphasized the importance of industry in the green agenda and provided examples of;

- UNIDO's in-country work, e.g., with the private sector in Kyrgyzstan, Colombia and Morocco on resource efficiency,

- the Uruguay government on circular economy promotion, introducing annual circular economy awards, a Circular Opportunities Sectoral Fund, and capacity building workshops, and
- with the Indonesian government to bring together different ministries and develop a common green industry standard.

Abu also highlighted UNIDO's division on capacity development, statistics and industrial policy advice, which conducts research (on demand) for member states on needs and demands for advancing inclusive and sustainable industrial development. They also support member states through the [EQuIP toolkit](#), as well as [practitioner's guides to strategic industrial policy](#), and [open-access e-courses on green industrial policy](#).

Katherine Nichols (USAID) questioned whether UNIDO have experienced any political backlash with their toolkits, and Abu clarified that the process of engaging with and applying the toolkits is led by national governments, which leaves less room for political backlash. The discussion then turned to how green industrial policy connects with nationally determined contributions (NDCs), and Abu elaborated on his experience working with Cambodia; clean technologies promotion for reducing carbon emissions have been incorporated into Cambodia's green industrial policies and reflected in their long term low-carbon development strategy.

Katherine (USAID) and Patrick Obonyo (IKEA Foundation) discussed evaluating green industrial progress and how 'success' is measured. Abu also elaborated on his experience in Kyrgyzstan, where UNIDO assessed green industrial progress, using indicators like material and energy efficiency and emissions, and to what extent policy and regulatory frameworks reflected the assessment findings. UNIDO also assessed institutional gaps and whether/how green industries were contributing to decent employment. Based on assessment findings, UNIDO put together an action plan outlining necessary actions and responsibilities of different ministries. In Kyrgyzstan, the 2019 cabinet approved UNIDO's action plan for Green Industry and is now implementing it. The process of supporting member states differs depending on the country's status and the way they would like to proceed. For example, some countries already have policies in place, but request UNIDO's work on implementation.

Jonas Grunder (SECO) shared that the biggest challenge in his work on eco-industrial parks (EIPs) is financing. Abu shared that UNIDO has some work on SME financing, sharing an example from Kazakhstan on financing green SMEs in retrofitting buildings to meet government emission standards. UNIDO also worked on EIP symbiosis opportunities in China and how to make bankable projects to upscale symbiosis options. In addition, UNIDO hosts the [Private Financing Advisory Network](#) (PFAN) to gear finance for SMEs. Abu agreed that more work is needed on linking up finance and firms. Katherine urged the group to focus on this relationship, and the implications of interactions at different scales (e.g., industrial policies and SMEs).

## Update of the ILO Just Transition Guidelines

Mette (ILO) began this session with an interactive game, before introducing the concepts of green jobs and a just transition. She provided a timeline of the evolution of the concept, definitions and frameworks. The main outcomes on just transition from the 111<sup>th</sup> International Labour Conference were:

- endorsement of the ILO Just Transition Guidelines of 2015,
- reaffirming the role of the private sector,
- introducing clear references to youth, indigenous and tribal peoples, and equity,
- introducing the need for sustainable transition plans at both enterprise and sectoral level, and
- introducing a new framework for action across the four elements of a just transition.

Mette also touched on the COP28 meetings in Bonn, highlighting the difference between the ILO's labour rights approach and their human rights approach. COP28 will focus more on nature-based solutions, food and water. Mette then opened the floor to the room to share whether/how the concept of a just transition is being applied.

Karen Suassuana (ITC) noted that the ILC is a closed meeting, but that open meetings on just transition would be good. In her experience, trade professionals do not necessarily think about inclusion in their use of 'just transition', but she sees the value of such conversations.

Margo Lobbezoo (CBI) shared that they still use 'decent jobs', and thanked Mette for her presentation.

Florian Güldner (BMZ/GIZ) shared that the just transition is an important concept in their work. The BMZ minister Svenja Schulze notes just transition as a priority for her ministry.

Katherine shared from a USAID perspective; they haven't used the concept much yet, but Katherine sees that just transition in enterprise development will be interesting and needed, particularly the inclusivity angle. She commented that this will be particularly needed in the Balkans, which have seen a lot of funding to economic growth but not necessarily green or inclusive growth. Mette shared that conditionality was talked about a lot at the ILC.

Margo (CBI) began a conversation on informality, questioning how informal workers fit in to a just transition. Mette shared that informality was a recurring theme at the ILC; green financing and just transition should push formalisation, as otherwise informal workers are at risk of becoming even more vulnerable. Social protection and reskilling are really important in a just transition as sectors change and shift; she spoke on the example of the abrupt closing of coal mines in Wales and the continuing economic and social effects of that today. Formalisation is also important in terms of buy-in; one would be more in favour of a just

transition if one knew one had a safety net when jobs shift or change. This is a topic that ILO are set to do more research work in.

Katherine (USAID) shared on the role of multi-national corporations in informal economies, particularly where they encourage or sustain abuses and bad employment practices, so informality stays attractive. Mette shared that (for the first time ever) the ILO have value chains (rather than supply chains) mentioned in the [Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#) (the 'MNE Declaration'). Value chains include informal economies and mention of responsible business conduct, which allows the ILO to work more directly with businesses on responsible business conduct.

Florian (BMZ/GIZ) reflected on who represents employers at the ILC and whether companies use just transition as an excuse not to take more immediate action in the climate crisis. Mette explained the structure of the ILC; delegates represent governments, workers or employers, and each group has a spokesperson (apart from governments, who can speak as a group). The employers group largely represents formal SMEs, and Mette stressed that buy-in is important; there needs to be a social want for transition, for there to be a transition. Therefore, transition needs to be very well thought out; the consequences of job or sector losses need to be planned for and negative effects mitigated (e.g., through reskilling).

Antoine Coste (World Bank) explained that his team does not often use the just transition wording, but it is possible that colleagues in a different team use it. Antoine linked the discussion to green industrial policy, and suggested that just transition principles be built into the new work item explicitly. Mette added that she is excited for the planned inclusion of just transition wording in the green industrial policy work item. She would also like to see mention of digitalisation be reflected in the green industrial policy item; this link was discussed at the ILC.

Karen (ITC) moved the conversation to circular economy, proposing that circularity could be a lens through which to see connections between different parts of the just transition guidelines. She spoke on the example of waste pickers being 'invisible', as the informal nature of the work means there is no data on them. Mette agreed that there is potential for big deficits in decent work under a circular economy; that is where applying a just transition lens could come in. She would like to see much more data collection on circular economy; data accounting for, and showing the climate impacts of, such jobs. **Mette suggested that the GGWG have some deep dive conversations on specific topics within circular economy in the coming year.**

Patrick (IKEA Foundation) shared that he is impressed by the framework, but they do not use the wording of just transition. Instead, they use 'ambitious corporate goals' and focus mainly on reducing emissions in the global north. They also look at governance; holding governments accountable but also meeting the needs of individuals. Recent work has considered where

each organisation's responsibility ends in a value chain, and has looked at the benefits of sellers being responsible for the entire value chain through extended producer responsibility (EPR). Mette reflected that the next frontier in the social dimension of climate change will be in the supply chain.

#### **AOB, thanks and closure**

Takafumi Ueda (JICA) asked for more information on the green industrial policies work item, commenting that it is a broad topic. He is interested in the wording being used, and commented that it is interesting that industrial policy as a concept is becoming popular again. He also asked the room how their agencies define circular economy. **Mette offered to share an ILO definitions document**; their definition is largely based on the Ellen MacArthur Foundation definition. **Ingela Juthberg (Sida) also offered to share circular economy-related materials. Ella Duffy (DCED Secretariat) will also share a [briefing note on circular economy](#), authored by the DCED Secretariat in 2021, which covers definitions.**

Ella also reminded the group of meetings happening the following day, and shared an invitation to a book launch event with the ambassador of Eswatini happening that evening.

### **Joint Session between Green Growth Working Group (GGWG) and Women's Economic Empowerment Working Group (WEEWG)**

Minutes of Meeting, Geneva, 20 June 2023

#### **Gender and a Just Transition Towards Environmentally Sustainable Economies and Societies for All**

*Session led by Mette Grangaard Lund. and Emanuela Pozzan (ILO)*

Mette began with an icebreaker exercise asking questions to the room on the importance of being climate conscious and inclusive (in terms of gender) when thinking of development. In her presentation, she emphasized the impact of climate change on jobs; shifting to greener economies is likely to grow the labour market with some jobs transformed and some jobs substituted. It is important to use a gender lens when taking a green approach because otherwise men are likely to get more jobs as compared to women. Mette introduced ILO's [Just Transition Guidelines towards environmentally and sustainable economies and societies for all](#). The just transition concept takes an inclusive approach when thinking about transitioning towards a green economy.

Emanuela continued and explained how the link between the care economy and the concept of a just transition is still not explored enough. The care sector has a higher percentage of women as compared to men, and can have a fundamental role in teaching future generations on green practices while also creating jobs during transition. Emanuela stressed that gender



mainstreaming is popular, but organisations often fail to recognize the importance of having an enabling environment for women.

The session was well received in the room. The members in attendance asked questions related to specific sectors and requested examples of how certain jobs will be impacted with just transition, including in mining, teaching, and health care sectors.