

**Private Sector Engagement Working Group (PSE WG)
Teleconference, 26 October 2021
Minutes**

18 November 2021

Participants:

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| 1. Tobias Zeller, GIZ | 11. Andrea Lilja, Sida |
| 2. Magdalena Weber, GIZ | 12. Emmi Ylinen, UNIDO |
| 3. Ian Felton, FCDO | 13. Katie Garcia, USAID (Chair) |
| 4. Venla Voutilainen, Finland MoFA | 14. Keith Dokho, USAID |
| 5. Urkaly Isaev, IFC | 15. Melina Heinrich-Fernandes, Holger Grundel, Jim Tanburn, Ella Duffy, Mike Klassen, DCED Secretariat |
| 6. Yoshiyuki Ueno, JICA | |
| 7. Naho Aizo, JICA | |
| 8. Nafis Muntasir, MasterCard Foundation | <i>Presenters:</i> |
| 9. Lars Stein, SDC | 16. Nicholas Bassey, USAID |
| 10. Luca Etter, SDC | 17. Mindy Covington, USAID |

Apologies:

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|----------------------|---|
| Gunter Schall, ADA | Matthias Altmann, EC |
| Julika Breyer, BMZ | Thierry van Helden, Netherlands MoFA |
| Andrea Koch, BMZ | Priscilla Boiardi, OECD |
| Lasse Moller, Danida | Massimo Bloch, SECO |
| Peta Mills, DFAT | |

1. Peer exchange on building staff skills for PSE: USAID's PSE competency framework

How to build staff skills and capacity for engaging the private sector is a long-standing focus and continued priority in the work plan of the PSE WG. For this call, USAID had volunteered to share recent internal developments in this regard, linked to the launch of a new PSE Modernization Strategy (document shared with the PSE WG ahead of the call), which provides a framework for creating built-for-purpose systems and tools to enable USAID to engage the private sector. Katie Garcia introduced the Strategy, of which workforce development measures are one of eight pillars.

One key element of workforce development is the newly developed PSE competency catalogue (document shared with the PSE WG ahead of the call). Nicholas Bassey and Mindy Covington presented the development process and contents of the competency catalogue, as well as lessons learnt (see the slides shared alongside these Minutes for details). Selected key insights include:

- Competencies are organised in three categories: Navigating USAID tools, processes and policies for PSE; Understanding and catalysing finance; and Originating and managing relationships. A key lesson has been to focus on 'universal' PSE competencies that cut

across sectors and technical areas. A clear and common language have also been critical, leading to the development of a new internal PSE taxonomy.

- Competencies are further organised into generalist-, practitioner-, and expert-level competencies, allowing individuals to assess where they stand and to acquire additional competencies as needed. For that purpose, there are plans to link competencies at each level to supporting resources and training offers on a dedicated intranet page. DCED members are also welcome to share relevant resources with Nicholas and Mindy – in particular on relationship management and catalysing finance – for possible inclusion.
- While the catalogue took about three years to develop, another key lesson is that it is an iterative process and will need to be reviewed and updated on a regular basis in consultation with internal PSE experts. For that purpose, USAID envisages 6-monthly reviews.

During the discussion, members expressed a particular interest in the following issues:

- There are similarities to the BEAM Exchange’s [Market Systems Development Competency Framework](#) and there may be opportunities for future exchanges on lessons learnt.
- Members were interested in the iterative approach chosen and wondered whether generalists and experts should be consulted in joint workshops or separately.
- Members were also interested in learning more about how to develop incentives for staff to acquire additional PSE competencies (e.g. by making certain training elements mandatory for middle management, or by considering PSE skills in the hiring process). In USAID, PSE competencies will be increasingly reflected in job descriptions and all staff will be expected to acquire basic PSE knowledge through an in-house training course. The competency catalogue has been designed deliberately in line with the [Foreign Service Skills Matrix](#) which USAID staff are very familiar with as a tool for career planning and progression.
- There was also some discussion about whether incentives should be focused on individuals, or on regional, country or sector unit targets. In the experience of the BEAM Exchange, it can help to not just leave it up to individuals to self-develop, but to involve bigger organisational units to create wider incentives (e.g. linked to hiring and performance assessment). While explicit PSE-related targets are currently not mandatory in USAID, individual units are increasingly expected to explain how they will engage with the private sector as part of their planning processes. More generally, USAID’s PSE Hub is reaching out to a wide range of departments to introduce the new PSE competencies and encourage their integration into core processes, e.g. staff planning and recruitment.

Members agreed to continue this exchange as they gather more experiences in this area, including through the PSE WG and bilateral discussions.

2. Update on the Scoping paper on Responsible Business Conduct (RBC) and PSE

This scoping paper has been initiated by members in 2020 to provide a better understanding of the Responsible Business Conduct (RBC) concept, the growing range of initiatives to promote RBC, and specific implications for donors engaged in PSE. As such it represents a unique effort to explicitly link discussions on RBC support to PSE. As the drafting process has taken a bit longer than anticipated, members were sent a partial draft of the paper ahead of the meeting, primarily for their information and possible high-level feedback.

The partial draft includes a full conceptual chapter, which reviews the RBC concept, different international and government instruments to promote RBC as well as key drivers from the perspective of companies that influence their adoption of RBC. The second part of the paper, which

reviews four government instruments to promote RBC in more detail and draws conclusions for PSE, now includes two full draft chapters, on Legislation and Regulation of RBC, and on Publicity and Endorsement of individual companies. Two other quite substantial chapters are still work in progress; they will focus on how governments facilitate and encourage RBC (e.g. through coherent policy frameworks, information and access to practical guidelines and standards), and on how governments, and in particular donor agencies, partner with individual companies and business platforms to drive the adoption of RBC.

Members did not have any comments on the draft so far. A full draft will be shared with members for their review ahead of the next meeting, envisaged for December (see below).

3. AOB and next meeting

A doodle poll will be organised to confirm the date of the next meeting, in early/ mid December. The focus of the meeting will be a presentation and feedback on the full draft of the scoping paper on Responsible Business Conduct. The Secretariat will also explore arranging calls with individual PSE WG members, to identify common priority themes for future meetings, including themes already mentioned in the work plan, and other emerging priorities.

Katie Garcia further noted that she is still interested in being joined by a Co-Chair; interested candidates can contact the Secretariat.

4. Member updates

BMZ/ GIZ

- Following the Federal elections in Germany, coalition talks are ongoing and it remains unknown who will lead BMZ going forward. Implications for PSE are therefore unclear.
- At the last PSE WG meeting, Tobias Lechtenfeld had presented Germany's new Human Rights Due Diligence law, which will come into force in 2023. Meanwhile, in the first half of 2021 alone, more than 300 companies have contacted Germany's [helpdesk](#) on Business and Human Rights for information. An FAQ list on the law, and an online tool for voluntary efforts by SMEs (who are not covered by the law) have also been developed. Both can be accessed on the [homepage of the helpdesk](#). In addition, BMZ is developing new support structures through its PSE programmes.
- Under the framework of the "[BMZ 2030](#)" reform strategy, there are standard indicators under development, including for PSE.

FCDO UK

- The consultation process for a new UK development strategy is ongoing.
- The G7 trade ministers have recently published a [statement on forced labour](#) in global supply chains, which is of relevance to the PSE WG's work on RBC.
- A government-wide focus in the upcoming COP26, with a focus on reducing emissions, climate change mitigation, and addressing the financing gap for a just transition, especially at the far end of supply chains.

Finland MoFA

- Venla Voutilainen introduced herself as Finland's new focal point for the PSE WG.
- Finland has recently launched a [Financing Roadmap](#) for the Sustainable Development Goals.
- In early October, Finland has hosted the [LDC Future Forum](#). A [report](#) on structural barriers to SME ecosystem development in LDCs was published in August.
- UNICEF is setting up an innovative finance centre in Helsinki.

- Finland's new PSE policy is still under development, and will most likely be finalised in mid-2022.

IFC

- IFC had a record \$31bn in new commitments last year in Africa and the Middle East.
- A new WBG climate action plan was agreed and the WBG will be represented at COP26.

JICA

- JICA has launched the [Ninja Accelerator Programme](#) in several countries across the Asia-Pacific region; 219 proposals were received, 15 accepted. In Africa, JICA's accelerator programme has supported 69 start-up businesses.

MasterCard Foundation

- MCF's PSE portfolio has grown significantly. Country strategies in seven countries are currently under development, with a focus on Private Sector Transformation
- MCF has entered a partnership with Africa CDC called 'Saving Lives and Livelihoods', which will, among others, provide 50m COVID-19 vaccines to Africa.

SDC

- In the context of SDC's reorganisation process, a new organisational structure has now been defined. The Inclusive Economic Development team, which includes PSE, has been strengthened.
- SDC's new PSE risk management framework is now being tested operationally and appears to work well.
- A yearly inventory of SDC partnerships is underway.
- The internal 'Heracles' project, which considers legal and administrative questions of partnerships, is ongoing. SDC will be able to share the results with the PSE WG in spring.
- The first cohort of SDC's training programme, the Public Entrepreneurship Academy, is finishing shortly. The second cohort is already fully booked. SDC is considering opening the course to participants from other agencies in 2023.
- SDC has completed its first replication of GIZ's Lab of Tomorrow process. A second pilot will be prepared next year.
- SDC further co-launched an impact-linked finance fund last year; it is now co-funded by foundations as well as Austria.
- Lars Stein also informed the group that he will be leaving SDC in mid-2022. He will still continue participating in the PSE WG in the coming months; Luca Etter will ultimately take on the role as SDC's PSE WG representative.

Sida

- Andrea Lilja introduced herself as Sida's new senior advisor, private sector collaboration; she will be replacing Anne Kullman and Suzanne Krook in the PSE WG.
- A number of competency building webinars were held with Business Sweden on Business and Human Rights.
- A strategic review of Sida's work in private sector collaboration will commence soon, including of Sida's support to the Swedish Leadership for Sustainable Development Forum, and the Swedish Investors for Sustainable Development Forum

UNIDO:

- UNIDO's General Conference will take place 29 November - 3 December 2021.
- UNIDO is also co-organising a conference on cyber equality and digital inclusion together with UNODC and embassies of Finland, Sweden, Norway on 4 November.