

**Private Sector Engagement Working Group (PSE WG)
Teleconference, 04 April 2023
Minutes**

21 April 2023

Participants:

- | | |
|----------------------------------|---|
| 1. Gottfried Traxler, ADA | 12. Alexander Otgaar, Netherlands MoFA |
| 2. Tomislav Ivancic, FAO | 13. Zoë Rouwhorst, Netherlands MoFA |
| 3. Nirosha Gaminiratne, FCDO | 14. Luca Etter, SDC |
| 4. Tobias Zeller, GIZ (Co-chair) | 15. Massimo Bloch, SECO |
| 5. Roselyne Yao, IDRC | 16. Emmi Ylinnen, UNIDO |
| 6. Annie Van Klaveren, ILO | 17. Katie Garcia, USAID (Co-chair) |
| 7. Naoki Nakayama, JICA | 18. Keith Dokho, USAID |
| 8. Mei Saito, JICA | 19. Holger Grundel, DCED Secretariat |
| 9. Naho Aizu, JICA | 20. Jim Tanburn, DCED Secretariat |
| 10. Pascal Fabing, LuxDev | 21. Melina Heinrich-Fernandes, DCED Secretariat |
| 11. Danièle Gelz, LuxDev | 22. Ella Duffy, DCED Secretariat |

Agenda

- 1. Welcome by Katie Garcia and Tobias Zeller (Co-chairs) and introductions by new participants (5 mins)**
- 2. Work plan for 2023/24 (Katie to chair) (30 mins)**
- 3. Planning for in-person WG meeting as part of the 2023 DCED Annual Meeting (Tobias to chair) (20 mins)**
- 4. Member updates (Tobias to chair) (30 mins)**
- 5. AOB (5 mins)**

Welcome

Katie and Tobias welcomed participants to the meeting. Katie ran through the agenda before inviting new participants from ADA, JICA, LuxDev and Netherlands MoFA to briefly introduce themselves.

Work plan for 2023/24

Holger briefly introduced the draft work plan for 2023/24 - which had been shared with the group in advance – with the following proposed priorities:

1. Facilitating regular peer learning on priority themes and ongoing initiatives in PSE
2. Organising a substantive in-person learning event as part of the 2024 DCED Annual Meeting
3. Updating the DCED guidelines on demonstrating additionality (carrying forward work which has started in 2022/23)
4. Continuing to update, enhance and disseminate the DCED knowledge offer on PSE

He emphasised that these are suggestions for discussion and encouraged working group members to reflect on these proposals and propose potential additions based on member agencies' priorities for PSE. Melina highlighted that it has been more difficult than expected to organise interviews to kick-start work item 3. She invited feedback from member representatives as to what might lie behind this and whether this should influence if/how this work item might be taken forward.

Katie opened the discussion by highlighting that the traditional emphasis on peer exchanges and mutual learning reflects the group's understanding of PSE as an evolving approach to development rather than a distinct thematic area. She encouraged participants to reflect on whether the focus on demand-led peer exchanges should remain.

FAO praised the group's previous focus on Responsible Business Conduct (RBC) and requested for this to be included in the new work plan. RBC increasingly links private sector supply chains in a growing number of sectors with core development challenges such as child labour and deforestation. **FCDO, GIZ, ILO** and **LuxDev** supported this proposal. **LuxDev** and **GIZ** proposed that sharing lessons from the implementation of recently introduced supply chain due diligence legislation might be one area to focus on. In response, **Katie** noted that the OECD's Development Assistance Committee (DAC) has included RBC in its most recent report. She endorsed the inclusion of RBC as a new element in the work plan and suggested that the DCED Secretariat together with the group's Co-chairs will consider what the specific questions might be for this topic. This could include a more holistic look at both the potential benefits and challenges related to the growing RBC movement.

SECO endorsed the proposal to continue with peer learning as a core part of the group's work plan. In particular, further exchanges around organisational aspects of PSE would be welcome as **SECO** moves to implement the recommendations from its recent PSE portfolio evaluation. Similarly, a discussion of the key conclusions and recommendations from recent PSE evaluations completed by several members would be of interest. The Secretariat will check with the OECD's EvalNet in case there are plans to produce a summary of recent evaluations of donors' PSE portfolios. **SECO** also remains interested in continuing the conversation about measuring PSE additionality. **UNIDO** would also welcome a continued focus on organisational aspects of PSE with strategies and innovative partnership instruments for PSE as potential topics. **GIZ** supported the proposed focus on PSE evaluations and strategies and encouraged the group to consider applying to the DCED trust fund for consultancy support to help synthesise lessons from recent PSE evaluations carried out by members (unless OECD's EvalNet has plans to do this). This proposal was also supported by **SECO** and **LuxDev**. **LuxDev** proposed that consultancy support might also be sought for future work on RBC once the group has determined which specific strands it would like to explore further. Katie suggested that the group should use the upcoming DCED Annual Meeting to narrow down its priorities for future work on RBC.

Planning for in-person WG meeting as part of the 2023 DCED Annual Meeting

Tobias introduced this item by confirming 19-22 June as the dates for this year's DCED Annual Meeting in Geneva. The PSE WG is scheduled to meet for a full day on Tuesday 20 June. He proposed as initial topics for the WG meeting:

1. Lessons from member agencies' PSE evaluations
2. Progress and next steps for updating the DCED guidelines on demonstrating additionality
3. Responsible Business Conduct

SDC endorsed the first item and suggested that the common themes from the evaluations WG members have carried out should be summarised and shared with the group ahead of the meeting. Potential questions to explore together could include appropriate definitions/scope for PSE (esp. which sub-themes and activities to include as part of PSE portfolios), how to demonstrate additionality of PSE activities, and how to make PSE portfolios more strategic. A potential idea for more dynamic interaction might be for each member agency to share its most promising innovation for PSE (without this turning into a sales pitch). SDC's suggestions were supported by **IDRC, ILO** and **SECO**.

Melina suggested that the Secretariat would approach those members who have recently completed PSE evaluations with a view to drawing out the key strands and recommendations as proposed by SDC. This could serve as a basis for discussion in Geneva. **Tobias** agreed and proposed that the Co-chairs with support from the Secretariat would sketch out a draft agenda for the WG meeting in Geneva based on the above suggestions.

Finally, **Jim** asked all WG members who plan to be there in person but who have not yet confirmed this to the Secretariat to do so as soon as possible to facilitate planning.

Member agency updates

ADA

- ADA is restructuring its Business Partnerships programme which is its main vehicle to engage with the Austrian private sector. This is also linked to the upcoming EU supply chain law which is generating significant demand from companies for government guidance, including on how the private sector can engage more effectively in development cooperation. This is particularly relevant for SMEs because they generally lack the resources larger companies can mobilise.
- A second priority topic for ADA is working in fragile contexts in light of the crises affecting several of ADA's partner countries.

FAO

- FAO recently held a webinar on responsible sourcing, sustainability-driven trade requirements and agricultural supply chains which included the World Trade Organization (WTO), the World Business Council on Sustainable Development (WBCSD), the International Cooperatives Alliance, the Asociación de Exportadores de Banano del Ecuador and others. The focus was on enabling agricultural cooperatives and other producer organisations to access global markets in the context of proliferating RBC standards.
- FAO and OECD will be launching the [OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains](#) in July at a high-level event held at the UN Food Systems Summit in July. The OECD-FAO Business Handbook helps companies understand how they can introduce practical measures to reduce deforestation taking place in commodity sourcing. It is based on the [5-step framework of risk-based due diligence](#) in the [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#).
- The next meeting of the [OECD-FAO Advisory Group on responsible agriculture supply chains](#) will take place in June for its 50+ members. Meetings are based around business and government technical learning discussions to drive dialogue and thought leadership among its members. The next meeting will feature a discussion led by ISEAL on how companies can use standards and certification schemes to support steps 3 and 4 of the risk based due diligence framework.

FCDO

- The UK has recently published two new strategies. The first is a refresh of the UK government's Integrated Review which accords a central role to development cooperation. Development priorities include the delivery of clean and green infrastructure and investment, a focus on food insecurity and malnutrition, greater emphasis on rights for women and girls, and working across the UK government to reform the global financial system with a view to promoting greener economic growth.
- A new strategy on women girls is about to be launched which will commit the FCDO to a focus on gender equality through at least 80% of its aid programming by 2023.
- UK ministers participated in the first OECD RBC Ministerial in February and signed the declaration to promote and enable RBC.

GIZ

- A new PSE strategy is currently being finalised. This will include a new M&E system for the entire PSE portfolio. A consultancy is about to commence to develop the system.
- A process has been kicked off to better coordinate PSE and foreign trade promotion.
- The agencies that provide advice to companies on Germany's new Act on Due Diligence Obligations and Supply Chains are reporting growing demand from companies for their services.

IDRC

- IDRC is continuing with efforts to collate case studies for projects that have achieved development outcomes through PSE. This is not a formal evaluation; instead the purpose is to gather lessons for the continued implementation of IDRC's PSE strategy. A first draft of the report should be available in May.
- IDRC is also working to further flesh out its theory of change for PSE, in particular suitable indicators to track progress with the implementation of the PSE strategy.
- A leadership transition is currently taking place. The roles of IDRC President and VP for the Programme Partnerships branch will be filled on a temporary basis pending the appointment of permanent candidates for both roles. The focus on PSE is expected to be maintained.

ILO

- The ILO helpdesk for business is experiencing growing demand for advice on effective due diligence in light of new supply chain legislation at national and EU levels. The ILO is expanding its guidance to companies through a [dedicated website](#). This includes links to databases with country-specific data on issues such as child and forced labour.
- An overview of ILO resources for the private sector has been published, including the business networks facilitated by the ILO and the tools and resources specifically aimed at companies.
- Upcoming trainings include a course on effective investment facilitation and sustainable development aimed at investment promotion agencies, a new online course on RBC and forced labour facilitated by the ITC (19 June – 7 July), and a Massive Open Online Course in Latin America (from 23 May) on sustainable enterprises and decent work.

JICA

- JICA's new PSD strategy (so-called "Global Agenda") includes three priority areas: business enabling environment and industrial policy, implementing the kaizen approach, and innovation with start-ups. Theories of change, KPIs, monitoring systems etc. are currently being produced for these three areas. More information might be available by the time of the Annual Meeting in June.

LuxDev

- PSE is still a relatively new approach for LuxDev and there is strong interest in learning from the experiences of other WG members.
- LuxDev's focus has been on putting in place the right programme instruments, staff capacity and policy directions for PSE - including a cross-cutting focus on RBC and creating links with development and impact finance initiatives.
- There is also a growing focus on MSD to accelerate the transition beyond education and TVET towards employment generation.

Netherlands MoFA

- The Ministry has developed a [theory of change for PSD](#) together with a knowledge agenda which aims to answer a range of questions on issues such as additionality, how best to engage with the private sector and how to encourage companies to contribute to progress towards SDG8 (which relates to decent work and economic growth).

SDC

- SDC's PSE evaluation has been completed. The key recommendations are for SDC to be more strategic in its PSE efforts, to better demonstrate impact, and to communicate better about PSE. A final published version of the evaluation will be available soon.
- SDC has recently completed its first direct investment in the BUILD investment fund which has been originated by UNCDF. This is a new way of working for SDC, bridging the gap between traditional development assistance and investment. A small number of similar direct investments is likely to follow.
- SDC is co-funding a study on how to scale financing for social enterprises. Social enterprises form an important part of SDC's PSE work, especially in least developed countries, and SDC would be happy to share the study with interested colleagues.
- SDC's organisational restructuring has been completed. As part of this, thematic advisers with PSE expertise will be deployed globally including in Nairobi, Dhaka, Pristina, Amman and Tbilisi. SDC is keen to learn from other members that work through a similar structure.

SECO

- SECO is working to operationalise the key recommendations from its PSE evaluation, including how to strengthen the network for PSE within SECO in the context of limited resources and using innovative design thinking. SECO would welcome exchanges with other members on this during the upcoming meeting in Geneva.
- The second call for proposals for the SDG Impact Finance Initiative has just been launched. The call will be open until the 1st of May and target SDGs 14 & 15.

UNIDO

- UNIDO is exploring options for a new CRM system as a tool for personalised engagement with the private sector. Lessons from other WG members in this context will be gratefully received.
- Similarly, UNIDO would be interested in hearing from others on good practice experience with regard to governance structures of multi-stakeholder initiatives.

USAID

- A meeting of the Agricultural Innovation Mission for Climate ([AIM4C](#)) will be taking place in Washington DC (8-10 May). This is a joint initiative by the US and UAE governments to address climate change and global hunger by encouraging greater investment in climate-

smart agriculture. USAID will host a side event to push for greater commercialisation of climate-smart agriculture.

- The due date for applications to the [EDGE fund](#) - which was launched under USAID's PSE Modernize initiative as a \$50 million unearmarked internal incentive fund to promote partnerships with the private sector – was on 7 April, but future funding rounds are expected.
- Work is continuing to engage private sector partners on fertiliser distribution and precision agriculture. This includes funding for the African Fertiliser Agribusiness Partnership under an existing agreement with the Alliance for A Green Revolution in Africa (AGRA). This will facilitate access to fertiliser and technical support for 100,000 vulnerable farmers.
- USAID has recently published reports on its work to make [coffee supply chains](#) more sustainable and on [farmer-centric data governance](#) (in collaboration with the Bill and Melinda Gates Foundation).

AOB and date of the next meeting

There was no other business. The Secretariat will reach out to members with the proposed agenda for the next WG meeting on 20 June in Geneva.