

**Private Sector Engagement Working Group (PSE WG)
Teleconference, 9 February 2023
Minutes**

22 February 2023

Participants:

- | | |
|--|---|
| 1. Sabrina Ramzi, GAC | 12. Valérie Donzel, SECO |
| 2. Tobias Zeller, GIZ | 13. Valérie Sturm, SECO |
| 3. Brian MacDonald, IDRC | 14. Daniel Gronvius, Sida |
| 4. Roselyne Yao, IDRC | 15. Michail Schuch, UNIDO |
| 5. Annie Van Klaveren, ILO | 16. Katie Garcia, USAID (Chair) |
| 6. Tomohiro Kuwabara, JICA | 17. Keith Dokho, USAID |
| 7. Ernstine Kornelis, Luxemburg MoFA | 18. Mandeep Jangi, USAID |
| 8. Pascal Fabing, LuxDev | 19. Tatiana Pulido, USAID |
| 9. Cheyenne Bannenberg, Netherlands MoFA | 20. Dagmawit Tessema, USAID |
| 10. Helene Ystanes Føyn, Norad | 21. Holger Grundel, DCED Secretariat |
| 11. Luca Etter, SDC | 22. Jim Tanburn, DCED Secretariat |
| | 23. Melina Heinrich-Fernandes, DCED Secretariat |
| | 24. Ella Duffy, DCED Secretariat |

Agenda

- Welcome by Katie Garcia (Chair) and brief introductions by new participants (5 mins)**
- Co-chair arrangements for the PSE WG (5 mins)**
- Member agency updates (35 mins)**
- Work planning for 2023/24 (Holger to chair) (5 mins)**
- Peer exchange on measuring value of private sector partnerships (Katie to chair) (35 mins)**

USAID will present its work programme to build the evidence base for effective private sector partnerships and share the results from its recent Enduring Results study.

Presenters: **Dagmawit Tessema**, Director of Institutional Support Team, USAID/Private Sector hub

Tatiana Pulido, Acting Managing Director of Evidence, Learning and Data Team, USAID/Private Sector hub
- AOB (5 mins)**

Welcome

Katie welcomed participants to the meeting. She ran through the agenda before inviting new participants from SECO, UNIDO and USAID to briefly introduce themselves.

Co-chair arrangements for the PSE WG

Members were delighted to welcome Tobias Zeller from GIZ as the new co-chair for the PSE WG. Tobias briefly introduced himself and expressed his excitement about working together with Katie to guide the work of the group.

Katie used the opportunity to emphasise that the WG is a forum to discuss the issues that are of most current interest to members. She highlighted that the conversation about next year's work plan will commence soon and encouraged members to think about the priorities they would like to see reflected in the new work plan.

Member agency updates

Global Affairs Canada

- GAC is continuing with the implementation of its PSE strategy.
- The International Assistance Innovation Programme was created in 2018 as a pilot programme for testing innovative financial instruments. A five-year review is currently being prepared to look at successes & challenges and formulate recommendations based on the Canadian context as well as lessons from other donors. Once completed, GAC would be happy to share the outcomes from the review with the group.

GIZ

- GIZ is supporting BMZ with a comprehensive review of its PSE portfolio.
- The BMZ directorate leading on PSE will change its name from 'Cooperation with the private sector' to 'Business networks'.
- Results monitoring for PSE will play an increasingly important role in the context of German development cooperation.
- 'Non-monetary' PSE activities to enhance the SDG contributions of the private sector without financial support from the German government are also of growing importance (e.g. through the new Act on Corporate Due Diligence Obligations and Supply Chains).

IDRC

- IDRC has commissioned a series of case studies on the outcomes of its PSE strategy, looking at what has worked well and how IDRC needs to change internally to achieve its strategic objectives for PSE. The focus is on lessons learned and the IDRC team would be happy to share its findings with the WG.
- IDRC has also started a landscape study on research for development which includes a sub-theme on PSE. The IDRC team would welcome being put in touch with research units in other member agencies that are working on PSE to share insights and relevant research findings.
- IDRC's MEL system for PSE is currently being revamped.

ILO

- A restructuring process is underway in ILO to align with the new DG's priorities.
- ILO has recently launched the [Forced Labour Observatory platform](#) which provides comprehensive national and global information to support governments and also inform companies' investment decisions.
- ILO's regional training on business and decent work will take place in May this year and focus on Latin America.
- The ILO is collaborating with the Global Compact (GC) to operationalise the GC's labour principles. This includes six new modules under the GC's learning plan for its Business and Human Rights Accelerator.

JICA

- A recent [presentation](#) of JICA's assistance scheme for Japanese businesses (SDGs Business Supporting Survey) sets out some of the results the scheme has achieved since its inception in 2010.
- Screening of proposals for this year is currently taking place and JICA expects to admit 60 new companies to the scheme from April.

Luxembourg MoFA & LuxDev

- As part of its growing move towards multi-stakeholder partnerships, Luxembourg has designed a new set of umbrella instruments to enable existing bilateral projects to engage with the private sector.
- The new instruments have several innovative features, including a focus on impact evaluation & rigorous evidence and responsible business conduct (RBC). Some payments to companies will be linked to achievements against certain RBC milestones. This is new for Luxembourg and relevant lessons from other members will be gratefully received. The new instruments have also been designed to build links with the impact finance sector.
- Several projects supported by Luxembourg already have MSD components, but the aim is now to develop a more systematic approach to MSD across the portfolio.

Netherlands MoFA

- Responsibility for PSE now sits with a new team focusing on coherence and effectiveness within the Department for Sustainable Economic Development.
- Last year the Ministry produced a new policy document on trade & development with three chapters on development, trade and the combination of development and trade. The role of the private sector sits within the third chapter. The current focus is on developing appropriate policies for the nexus between trade and development which includes PSE.

Norad

- Private capital mobilisation remains the main priority for Norad's PSE work. Norad has taken over the role of Co-chair for the Community of Practice for Private Finance for Sustainable Development hosted by the OECD.
- Currently waiting for Norad's funding for 2023 to be released by the Ministry for Foreign Affairs which will include guidance on Norway's priorities for the year.
- Norad currently has a funding call open for enterprise development in the renewable energy space. New calls for proposals are expected for blended finance to promote renewable energy & energy access as well as for accelerators and incubators in the 'green and blue space'.
- A consultancy is ongoing on potential blended finance approaches for agriculture in sub-Saharan Africa.

SDC

- SDC has completed its internal reorganisation. PSE is now part of a larger team which combines all economic development topics and also includes RBC and education. The number of people working on PSE has grown.
- SDC's PSE evaluation is about to be concluded. It will be presented internally in March and can be shared with the WG afterwards.
- Current programmatic priorities include impact-linked finance to incentivise impact investors to go deeper into certain sector and/or countries as well as identifying new opportunities to work with corporates – at a regional level in East Africa and through the Lab of Tomorrow.

SECO

- SECO has started to operationalise the findings from last year's PSE evaluation. A working group has been created to promote PSE across SECO's portfolio.
- Ongoing discussion about how best to capture what SECO is achieving in terms of capital mobilisation versus co-financing as part of PSE initiatives.
- The first winners under the design window for the SDG Impact Finance Initiative were announced last December.
- SECO is looking forward to co-hosting the next Annual Meeting of the DCED in Geneva between 19-22 June this year.

Sida

- A new tool and analytical framework for financial flows into partner countries have been developed with support from Sida's PSE hub which advised on the importance of incorporating private sector investment in this framework.
- Early signs that the new Swedish government is likely to prioritise PSE as part of Sida's work. New analytical work has been kicked off in this context. Firstly, a look at how development cooperation can encourage trade, entrepreneurship and economic development more generally and secondly, analysis of the links between development cooperation, trade promotion and foreign trade.
- The ongoing study articulating Sida's theory of change for PSE and measuring its outcomes is currently on hold pending clarity on potential new policy priorities.
- A new PSE help desk for Sida staff is about to be launched. This will include consultancy support for project development.

UNIDO

- UNIDO is going through a restructuring process in line with the priorities set by its new DG. This includes the creation of a new division for public-private partnerships which will be responsible for developing a theory of change and new approaches to PSE. UNIDO is keen to learn from other members who have gone through similar processes.
- The Learning and Knowledge Development Facility will host an event on 9 March in Stockholm on 'Partnering for Impact', funded by Sida. Outcomes from the event could be shared at a future WG meeting.

USAID

- The USAID Administrator announced the new [EDGE](#) (Enterprise for Development Growth and Empowerment) Fund at Davos last month as a \$50 million internal incentive fund to address critical budgetary and operational barriers to timely and effective co-creation with the private sector. The fund is open to any sectors and focused on core business interests. The idea is to launch new partnerships to unleash business capabilities and influence commercial operations to help achieve development objectives in more flexible ways.
- The US President's Emergency Plan for Adaptation and Resilience (PREPARE) is a call to action for businesses to help build climate resilience in partner countries. Ten companies have already made specific commitments to issues such as climate information, financial products, climate-smart food security and insurance. The initiative acknowledges that past progress with reducing CO2 emissions has at least in part come through strong public-private collaboration. The PSE-related focus is on highlighting what companies have already done while also securing new commitments.

Work planning for 2023/24

Holger briefly summarised the WG's activities during the current year compared with the original work plan. The planned technical exchange between members on RBC has not happened; instead the group has had several peer exchanges on a range of topics, with a particular focus on results measurement and management. Work on updating the DCED's Additionality Guidelines has begun and interested members are being contacted for interviews. The next WG meeting will include a discussion on the work plan for 2023/24 and members are encouraged to consider which topics they would like to see addressed.

Peer exchange on measuring value of private sector partnerships

Katie introduced her colleagues from the Private Sector hub who had been invited to present USAID's work on Enduring Results. This initiative aims to answer some of the key questions related to PSE, in particular whether it is an effective approach to achieve development outcomes and whether results from PSE initiatives endure even after donor support has ceased.

Tatiana Pulido introduced the LASER Pulse programme, a consortium of universities which has been carrying out research on the core factors that encourage or hinder achieving effective results through PSE. This research is an important element of USAID's wider *PSE Modernize* initiative and will eventually form part of the PSE Learning Lab which is being created as part of *PSE Modernize*. Tatiana introduced the Enduring Results series of studies which analyses private sector partnerships created by USAID and asks whether activities have been continued (sustainability) or scaled up (scalability) by the private sector after USAID support has ended.

Dagmawit Tessema shared the key findings from the latest Enduring Results [report](#). In addition to the common characteristics which have strengthened the sustainability and scalability of partnerships, the most recent study also identified [ownership](#), [trust](#) and [agility](#) as fundamental building blocks of partnership success. The report also includes guidance to USAID staff on how to create more successful private sector partnerships.

During the Q&A session WG members raised a range of questions, including what role host governments can play in successful partnerships, whether the studies show that PSE can achieve deeper impacts than other forms of development cooperation and whether the research considered increased sales and profits for private companies as evidence of enduring results.

AOB and date of the next meeting

There was no other business. The Secretariat will reach out to members with options for the date of the next WG meeting.