

**Private Sector Engagement Working Group (PSE WG)
Teleconference, 29 March 2022
Participants List and Agenda**

5 April 2022

Participants

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|---|---|
| 1. Katie Garcia, USAID (Chair) | 14. Thierry van Helden, Netherlands MoFA |
| 2. Oliver Meinecke, BMZ | 15. Aizu Naho, JICA |
| 3. Tobias Zeller, GIZ | 16. Yoshiyuki Ueno, JICA |
| 4. Laura Allison, DFAT Australia | 17. Stefan Brantschen, SECO |
| 5. Daan van Thiel, EC | 18. Daniel Gronvius, Sida |
| 6. Erica Carvell, FAO | 19. Dominika Dor, UNIDO |
| 7. Tomislav Ivancic, FAO | 20. Emmi Ylinen, UNIDO |
| 8. Nirosha Gaminiratne, FCDO UK | 21. Keith Dokho, USAID |
| 9. Sean Turnbull, Global Affairs Canada | 22. Melina Heinrich-Fernandes, Holger Grundel,
Jim Tanburn, Ella Duffy, DCED Secretariat |
| 10. Annie van Klaveren, ILO | |
| 11. Ernstine Kornelis, Luxemburg MoFA | |
| 12. Pascal Fabing, LuxDev | |
| 13. Estelle Lyon-Chaudron, LuxDev | |

Apologies:

- | | |
|------------------------------|-----------------------------------|
| Gunter Schall, ADA | Joaquim Monteiro, Luxembourg MoFA |
| Ian Felton, FCDO UK | Luca Etter, SDC |
| Mika Vehnämäki, Finland MoFA | Lars Stein, SDC |
| Niall Cremen, IrishAid | Andrea Lilja, Sida |
| Takafumi Ueda, JICA | |

Key elements of the work plan for Jul 2022 - Jun 2023

The meeting started with an introduction by member representatives new to the PSE WG. The Secretariat then outlined the key steps involved in the approval of the DCED PSE WG's work plan, as well as the findings on members' key priorities emerging from interviews with 20 member representatives from 16 agencies (see full details in the PPT shared with the Minutes). The top priorities, all of which are supported by at least three member agencies, are as follows:

1. As a follow-up to the [scoping paper on Responsible Business Conduct \(RBC\) for PSE donors](#), members plan to hold another peer exchange on how to operationalise RBC considerations – including EU due diligence legislation – in PSE policy and programming. At least six members are keen to participate in this activity. Members would also welcome the participation colleagues focused on RBC and human rights aspects and/or DFI representatives in the exchange, as appropriate. A [two-page document summary](#), as some members had suggested, has already been published in March.

2. Updating the [2014 Guidelines on Demonstrating Additionality](#) in light of current practice is a continued priority for at least ten member agencies, and will be rolled over to the next work plan. While this work item will normally be implemented by the Secretariat, the work plan will include a back-up budget, in case the scope of changes and other parallel priorities of the WG necessitate support by an external consultant.
3. Members further plan to hold one peer exchange each on a) organisational aspects of PSE, e.g. the hiring and training of staff and different organisational set-ups to reflect the cross-cutting nature of PSE (supported by at least five agencies); and b) mobilising private finance for development, e.g. an overview of approaches used in different agencies and lessons learnt on when to use which types of non-grant instruments (supported by at least four agencies).
4. Other elements of the work plan will include knowledge management on PSE and coordination with other relevant organisations by the Secretariat; regular member updates on the latest developments in PSE; and the possibility of member-led webinars on recent or ongoing evaluations and reviews of their PSE work.

Members approved all proposed activities on a non-objection basis. Regarding a peer exchange on RBC, FAO noted that it would be of particular relevance to consider the capacity-building needs in producer countries to meet the requirements linked to due diligence legislation faced by importing companies. Luxembourg expressed a particular interest in the organisational implications of incorporating RBC into PSE programming.

Update on the latest developments in PSE by each member agency

The following updates on PSE were shared by members during the meeting; updates by agencies marked in *italics* were provided separately after the meeting.

BMZ

BMZ's new Minister, Svenja Schulze from the Social Democratic Party, will place increased emphasis on climate policy; a related thematic focus is to facilitate a 'just transition'. BMZ will also be pursuing a feminist development policy, which will also affect PSE programming.

DFAT Australia

DFAT continues to implement the [Business Partnerships Platform](#), with 19 ongoing partnerships in the Asia Pacific region. A thematic call for proposals focused on Carbon Markets is due to be launched in Vietnam. Federal elections are due to happen in May, with possible implications for development cooperation and PSE priorities.

EC

In February, the European Commission published its [proposal for a Corporate Sustainability Due Diligence Directive](#) which will cause obligations for companies to address adverse impacts in their supply chains. A wide range of accompanying measures at global, regional and local level is under discussion. It is expected that EU member states will adopt the new Directive into national law by the end of 2022.

FAO

FAO is part of an advisory group on the OECD-FAO guidance on [RBC in the agricultural sector](#). The group plans to create a platform for businesses and producer countries to enable discussion on important topics. PSE WG members can get in touch with FAO colleagues if they are interested in receiving more information. FAO has also published [Practical Business Tool on Deforestation, Forest](#)

[Degradation and Due Diligence in Agricultural Supply Chains](#). FAO further supports a few globally recognised commodity platforms, such as the [World Banana Forum](#).

FCDO UK

Only two staff members are currently focusing on RBC issues, as a number of other staff have been temporarily moved to work on Ukraine. A study has been commissioned to look at the economic case for RBC. A concept note can be shared with interested members; comments and suggestions of relevant literature are welcome. A draft report is expected at the end of April. A presentation of the final report to the PSE WG can be arranged at a suitable time.

GAC Canada

GAC continues to operationalise their [PSE strategy](#). GAC has a strong focus on mobilising private finance through non-grant instruments, and is currently finishing off another round of investments. Like Germany, Canada also has a feminist development cooperation policy and a strong interest in facilitating a 'just transition'.

ILO

ILO has a new Director General. [ILO is partnering with the Japanese Government](#) to check companies' foreign suppliers in Bangladesh, Vietnam and Cambodia for human rights violations. ILO is also collaborating with the EC on accompanying measures to the due diligence directive. ILO has launched a [self-assessment tool for companies](#) to check for compliance with the MNE declaration.

JICA

JICA continues to run its SDG Business Support Programme, which co-finances feasibility studies with the private sector. There is growing interest in measuring the social impacts of Japanese companies investing in developing countries as well as in the RBC agenda. In personal news, Yoshiyuki Ueno announced that he is moving to a different role and thanked PSE WG members for the useful collaboration.

Netherlands MoFA

A review of the Netherlands MoFA's work on integrating aid and trade has been finalised and can be shared with the PSE WG once an English version (or English summary) is available. The review includes important lessons regarding the opportunities and limitations of combining development corporation and international trade priorities. A new foreign trade and development policy has been submitted to parliament.

SDC

For the first time, SDC has published [data on its PSE portfolio](#) and estimated private sector funds leveraged in 2021. An internal project is ongoing on legal and financial administration aspects of PSE and is due to be finalised at the end of May; insights may be shared with the PSE WG later in 2022. The pipeline of impact finance projects is growing, for example with new projects in Tanzania and Zambia, and sectoral projects in the Fintech and clean energy sectors; these are open to co-funding from other donors. While RBC aspects used to be dealt with in a separate unit, they have now been integrated into the unit in charge of PSE.

SECO

An evaluation of SECO's PSE portfolio is ongoing. A new [SDG Impact Finance Initiative](#) has been launched in December and a call for proposals is underway.

Sida

PSE is an important internal focus for Sida. A review is ongoing on how to work more holistically to mobilise private capital. In parallel, a comprehensive review of all aspects of Sida's PSE work is ongoing; insights can be shared with the PSE WG once available. In addition, a recent study has revealed 168 Sida-funded projects with PSE elements; these will now be analysed in terms of their

rationale, activities and impact. Sida will further change the way it is working with Swedish companies: the format of the Swedish Leadership for Sustainable Development will be changed to allow for a broader scope of participants beyond Swedish companies and to focus increasingly on facilitating concrete projects, rather than just dialogue.

UNIDO

UNIDO has recently appointed a new Director General and his priorities are expected to include agriculture, climate action and vocational training. Two internal reviews are ongoing: one of UNIDO's PSE portfolio and the second of the organisation's due diligence processes for working with the private sector. Monitoring and measuring the results of PSE is of growing interest to UNIDO.

USAID

USAID is continuing to work on operationalising its PSE modernisation initiative, which has 8 key elements, such as the creation of a new relationship management system and a workforce programme focusing on attracting and training PSE professionals.

Next meeting

Preparations are ongoing to organise an in-person WG meeting on 8 June in Cambridge, UK, in the context of the DCED Annual Meeting – provided that enough members are willing and able to travel. Otherwise, a virtual meeting will be planned at a similar time. Anyone who plans to join an in-person meeting but hasn't confirmed their attendance yet is invited to email Jim Tanburn to register. For any other PSE WG issues, Holger Grundel will be the main contact point for members from mid May.