

## Terms of Reference

### Towards achieving mutual benefits through Private Sector Development: Review of donor approaches and experiences

30/03/2026

#### Introduction to the DCED and background to this assignment

DCED is a forum for bilateral donor agencies, foundations and UN organisations working to promote economic opportunities through Private Sector Development (PSD). Member organisations come together to share experience, identify innovations, and formulate guidance on effective practice.

Practical exchange of experience largely happens in seven thematic Working Groups, namely Market Systems Development (MSD), Results Measurement (RM), Market creation for SME finance, Private Sector Engagement (PSE), Green Growth (GG), Women's Economic Empowerment (WEE) and Business Environment Reform (BER). The Working Groups develop annual work plans with work items of common interest, for example by commissioning research papers.

In recent years, and in particular since 2025, DCED member agencies have faced growing political pressures to pursue and demonstrate mutual benefits from PSD, i.e. for partner countries as well as the donor country. For some agencies the (explicit) pursuit of domestic interests through aid, including PSD, is a new trend; others have pursued an integrated aid & trade agenda for some time, but also see a step change in policy direction towards a mutual benefits agenda. Within the DCED, this shift, and the associated operational and organisational changes within donor agencies, has been the subject of exchanges within several DCED Working Groups; dedicated cross-Working Group discussions at the DCED 2025 Annual Meeting, and a widely attended DCED-wide online exchange in November 2025.

In follow-up discussions, a group of DCED members from the PSE, RM and Business Environment Working Groups has expressed an interest in a structured review of experiences and current practices among donor agencies, to facilitate learning on how to effectively pursue mutual benefits without compromising development effectiveness.

#### Objectives

With the shift towards a mutual benefits agenda being a work in progress in many agencies, the overall vision of this assignment is to help guide ongoing work in member agencies and to inform continued discussions within the DCED and in individual agencies on key issues and effectiveness considerations going forward.

In light of this, the DCED seeks to commission a mapping study to better understand

- a) *how* synergies between domestic (trade and other) benefits and PSD objectives are being pursued by donors – while coping with risks/ pitfalls of this approach and continuing to ensure development effectiveness; and

- b) *what* examples/ evidence exist of mutual benefits achieved through PSD, with lessons learnt on effective practice.

Specifically, the study should generate insights into

1. how different donor agencies define/ categorise domestic benefits linked to PSD
2. different approaches/ changes being made at policy, organisational and operational/ programmatic level to pursue mutual benefits
3. if and how different ODA and non-ODA instruments are applied in conjunction to work towards mutual benefits
4. mechanisms under discussion or in place to maintain a focus on development effectiveness principles in practice, and to distinguish between ODA/ non-ODA
5. considerations by donor agencies regarding options and limitations for measuring and capturing donor benefits
6. (other) key issues encountered and how these are being dealt with
7. lessons learnt from past examples of PSD where domestic benefits have been demonstrated on what mutual benefits can be achieved and how

#### *Definition of PSD for the purpose of this study*

PSD is defined here as the range of approaches used by donors to promote sustainable and inclusive economic opportunities in partner countries. PSE is considered as a particular approach or modality to achieve PSD (and other development) outcomes. Given that PSE often involves direct engagement of donor country companies towards (private sector) development outcomes, several DCED members have a particular interest in better understanding and communicating the more immediate and tangible linkages to economic and other interests of donors that PSE may offer. In addition, there is a wider interest among DCED members in learning how other PSD approaches such as Business Environment Reform, and the development of specific markets, value chains or industries, can generate short- and longer-term mutual benefits for both donor and partner countries.

#### **Scope of work**

The assignment will primarily build on interviews with key donor agencies with either recent or long-standing experiences in pursuing mutual benefits through PSD, complemented by a review of available literature on the topic (including evidence that supports or does not support the mutual benefit agenda) and any documents shared by donor agencies. Findings will be consolidated in an overarching report and presented to DCED members in-person (at the DCED Global Seminar) and online.

The report is expected to cover the following elements:

## **1. A conceptual framing chapter including**

- 1.1 a conceptual overview, ideally including a graphical representation, distinguishing between different non-ODA funded investment, trade promotion and other domestic agendas by donor on one end of the spectrum; ODA-funded PSD activities; and different types of potential synergies/ overlaps between these agendas (i.e., 'mutual benefits').
- 1.2 a review and summary of different theoretical mechanisms (e.g., export-import/ import-export; outward/inward investment, preparation for future trade) for achieving different types of mutual benefits, and the roles of different PSD approaches (PSE, BER, sectoral approaches) and donor country organisations in those mechanisms (including donor agencies and non-ODA funded entities)
- 1.3 a review and summary of existing high-level evidence on whether different types of mutual benefits can/ or cannot be achieved through PSD (e.g., [Kiel Institute](#), 2025)

## **2. A stocktake of how different agencies are pursuing mutual benefits in PSD including**

- 2.1 the formal basis for pursuing mutual benefits, its legal status and how it is communicated
- 2.2 how mutual benefits are defined and categorized, and through which types of ODA/ non-ODA and specific programmatic portfolio(s) and PSD approaches they are being pursued; this may include temporal aspects (e.g. short, medium and long-term benefits) as well as distinguishing between direct and indirect benefits (which may or may not be temporal in nature). The consultant/s could also look at geographical factors (e.g., if donors have specific focus countries for mutual benefit and what criteria they use for this).
- 2.3 changes/ measures taken at organizational level to pursue mutual benefits. This should include an assessment of any changes at HQ level: organizational changes within donor agencies, other relevant donor country entities and changes in cross-government collaboration amongst different entities, with the view to pursue mutual benefits in a more effective manner; it should also include changes at any post/ embassy level.
- 2.4 changes/ measures taken to operationalize the pursuit of mutual benefits through the use of different ODA/ non-ODA instruments, policies or blended approaches, including the role of development finance as well as 'unfunded' approaches (influencing/ convening)
- 2.5 the risks and pitfalls with regard to ODA principles, state aid rules, and broader development effectiveness considerations encountered/ being discussed by agencies, as well as mechanisms in use or under discussion to avoid/mitigate risks and protect development effectiveness principles and rules in a responsible manner (including, for example, minimum criteria/ 'no-go' areas)
- 2.6 whether and how partner country governments are being involved in the mutual benefits agenda
- 2.7 considerations by donor agencies to date regarding options and limitations for measuring and capturing donor benefits; this may include looking at measurement frameworks or approaches in use (i.e. qualitative, quantitative, or a mix), as well as any specific indicators used.

2.8 1-3 past PSD project/ programme examples per donor agency (where available) of short-term and/or longer-term mutual benefits achieved, based on interviews and/or publicly available research

### **3. An analysis of donor-specific findings, including**

- commonalities and differences in 2.1-2.4 above
- possible implications/key issues for further discussion by donors and their programmes on effective practices for delivering domestic benefits while ensuring development effectiveness
- OECD DAC perspectives on current practices

### **4. Presenting findings and key issues for further discussion to members**

#### **Outputs and timeline**

The total expected level of effort is approximately 45-50 person days. If more than one expert is proposed for the task, the total number of expert days cannot be increased; it must be divided among the consultants. The assignment will involve travel to Nairobi by the consultant (or at least one of the consultants, in the case of a team of contractors) for a presentation of (preliminary) findings of the assignment at the DCED Global Seminar. Presence will be required on 16 and 17 June.

The assignment has 7 intermediate and final outputs:

Output 1: Identification of donor agencies and other key stakeholders (e.g. OECD, EC, potentially donor country private sector associations) to be interviewed and any further possible prioritisation of research questions (in collaboration with the DCED Secretariat and focal points of a task team of member agencies); the stocktake should cover at least 5 or more donor agencies, ideally a mix of agencies with longer-standing and more recent experiences in shifting towards a mutual benefits agenda.

Output 2: Literature review

Output 2: Completion of interviews with selected donors and key stakeholders

Output 3: Drafting stocktake of donor approaches to pursuing mutual benefits

Output 4: Drafting project/ programme case studies of mutual benefits achieved

Output 5: Presenting draft findings at DCED Global Seminar in June (at least on outputs 1.1, 1.2 and 2)

Output 6: Drafting final report, including concise Executive Summary

Output 7: Online presentation of findings to members

The consultant(s) are expected to work closely with the DCED Secretariat in this exercise. Note that drafting process may also involve periodic online exchanges on preliminary results with interested DCED members, who will form a task team to oversee the assignment.

## Selection criteria and contracting procedure

This opportunity is open to a consultant or a team of consultants. If a single consultant does not possess all the specific skills listed above, they are expected to form a team that can address the different requirements.

The consultant(s) should meet the following criteria:

- At least a Master's degree in a relevant topic (e.g. economics, social science, climate and environment studies)
- At least 15 years of experience in PSD, including demonstrated knowledge of private sector engagement, business environment reform and aid for trade related aspects
- Experience or demonstrated knowledge in donor countries' trade promotion architecture
- Strong track record of working in or with donor agencies and knowledge of OECD and EU rules w.r.t to ODA eligibility and state aid
- Strong track record in producing accessibly written reviews of literature and experiences, mappings and/or other technical reports.

Proposals should include a cover letter explaining the consultant qualifications, a brief financial proposal and CV(s). This assignment will be contracted on behalf of the DCED by the International Finance Corporation. Travel will also be arranged through the IFC. If you have a World Bank vendor ID, please include it in your proposal. Proposals should be sent to [admin@enterprise-development.org](mailto:admin@enterprise-development.org) by 17 April 2026. Only shortlisted consultants will be contacted.