



The Donor Committee for Enterprise Development

Minutes of the 36th Annual Meeting

Hosted by ILO, ITC and UNCTAD¹, 9-10 July 2014, Geneva, Switzerland

17th September 2014

These Minutes are presented in chronological order, with the Business Day on 9th July, and the Thematic Discussion on 10th July (the [Working Group](#) meetings on 8th July have been Minuted separately). The Thematic Discussion focused on PSD and Job Creation, and the debates have been outlined in more detail in a separate [Synthesis Note](#) on our [Employment Creation page](#). Nonetheless, the Business Day (“Members’ General Assembly”) is important to the functioning of the DCED as it is the governing body, according to the DCED’s Charter. A list of participants is attached as Annex 1, distinguishing members from non-members.

I. DCED Business Matters, Wednesday 9th July 2014

Arancha González, Executive Director of the ITC, and Petko Draganov, Deputy Secretary General of UNCTAD, welcomed participants on behalf of the hosts.

Working Groups: Progress and Plans

Working Groups on results measurement, green growth, business environment reform and women’s entrepreneurship presented their group’s progress and plans. This was followed by an overview presentation, which highlighted progress towards the 3-year strategy adopted in 2013. It also summarised other work of the DCED, for example on knowledge management, public-private partnerships, and PSD in Conflict-Affected Environments.

Results Measurement Working Group (RMWG) During the last year, six programmes commissioned formal audits of their monitoring systems. DFID issued guidance on ‘Evaluation and the DCED Standard’ and a well-known course on evaluation (IPDET) featured a workshop partly on the Standard. 120 participants came to the DCED’s Global Seminar on results measurement in Bangkok in March. A new Guide to using the Standard in Challenge Funds was widely publicised and the consultant market place was expanded. Goals for FY2014-2015 include publishing further guidance documents according to demand, for example on measuring systemic change and the Standard’s interface with evaluation. Consultant and auditor cadres will be expanded further, including through a new auditor training. The group will also work towards harmonisation of definitions of key PSD indicators among donors; it requested additional support from the Trust Fund, which had not been included in the draft budget, to support this activity.

Green Growth Working Group (GGWG) A stock-taking on donor approaches to Green Growth was drafted and a preparatory review of approaches to business environment reform for green growth was completed. The GGWG also partnered with ITC, ILO and OECD on Green Growth learning events. The DCED knowledge area was expanded and regular email updates were sent out. In FY2014-2015 the group plans to disseminate insights from the stocktaking and to produce a report on how the business

¹ With a financial contribution from SECO

environment can promote green growth, together with the BEWG. Other plans include promoting inter-agency learning on mainstreaming green growth, expanding the knowledge offer on private sector adaptation to climate change, and comparing tools for green value chain development.

Business Environment Working Group (BEWG) Key achievements during the last year included the publication of a Donor Guidance Annex on results measurement of business environment reform, and a complementary report with four case studies. Final drafts of a technical report and guidance on quality infrastructure were completed. In FY2014-2015, the group will produce a concept note on the business environment for inclusive business and a report on sector-specific business environment reform. The group will also collaborate with the GGWG on the report on business environment reforms for green growth. Further, it plans to contribute to international discussions on a BER-related post-2015 development indicator; the group had decided the previous day that it did not need additional Trust Fund support for this activity after all.

Women's Entrepreneurship Development Working Group (WEDWG) The WEDWG published a literature review of household level impacts of women's entrepreneurship development as well as Guidelines for Practitioners on how to measure women's economic empowerment at the household level, based on two case studies. Next year the group plans to develop two additional case studies on the use of household level indicators and to disseminate its reports at international events. Further activities will include an inter-agency meeting, documenting examples of men's involvement in WED, and developing a business case for a focus on WED.

PSD in Conflict-Affected Environments Working Group (CAEWG) Three self-financing DCED training courses on PSD in fragile and conflict-affected environments have been held in 2013-2014. A revised version of the Practical Guidelines and two case studies on measuring PSD in CAES were published in July 2013 and presented at external events. The online knowledge offer on the theme was expanded. In FY2014-2015, the group plans to support further didactical development of the training course and will consider documenting further case studies. The group will continue to share information based on demand; for example, the group plans to hold a technical workshop on measuring PSD contributions to peace-building.

Knowledge Management and other work The website has been enhanced and expanded across all areas. Four new knowledge pages and six new synthesis notes have been added. A major publication, on Demonstrating Additionality (under the supervision of the now completed Partnerships Task Force), was produced. At least 125 references have been made to the DCED and its knowledge products in external publications and websites. Five Newsletters, two Research and Evidence Updates and various Newsflashes were sent out. Subscribers increased by about 28% during the year.

Visits to the website increased by 56% on the previous year, significantly exceeding the target of 17%. Progress has also been made towards all other targets in the three-year strategy; additional work will be needed towards expanding the DCED membership. Secretariat activities in FY2014-2015 will focus on maintaining, enhancing or expanding the website and popular DCED knowledge products and services. The Secretariat will publish a flagship publication on a theme determined by member interest and will use innovative ways to leverage DCED knowledge products, in particular webinars and field-based workshops.

Formal Acceptance of Progress Report and Adoption of Work

The Progress Report for 2013/14 and financial statement were accepted by member agencies. The 2014/15 Work Plan and Budget, revised in the light of the RMWG and BEWG changes (mentioned above), was approved by acclamation.

Elections to ExCo

Four ExCo positions were open for election, including the two Executive Chairs: Two positions had come to the end of the 2-year term while the other ExCo positions had become vacant following staff changes in two agencies during the last year. Markus Pilgrim, Head of ILO's Small Enterprise Programme, was re-elected as DCED Co-Chair; Johan Veul, Head of Entrepreneurship and Markets at the Netherlands Ministry of Foreign Affairs, was elected as the other Co-Chair. Natascha Weisert, Desk Officer for Sustainable Development, Economic Policy and Financial sector, at the German Federal Ministry for Economic Cooperation and Development, and Steve Cumming, Program Manager, Youth Learning at the MasterCard Foundation, were elected as ExCo members. Anita Bhatia, Director, World Bank Group Development Partner Relations and IFC Partnerships and Trust Funds, continues as ExCo member.

2015 Annual Meeting

Danida offered to host the 2015 Annual Meeting in Copenhagen, in the second half of June; the Thematic Day could be on the theme of mega-trends and the future shape of PSD.

Agency updates

Most participants provided updates about recent developments in their agencies. Associated presentations (where available) are posted on the [DCED website page](#) dedicated to the 2014 Annual Meeting.

II. Thematic Day, Thursday 10th July 2014

This day was dedicated to technical discussions among donor agencies and guests from academia and the private sector on the topic of '**private sector development (PSD) and job creation**'. All **PowerPoint presentations** given during the thematic day can be found on the [DCED website page](#) dedicated to the 2014 Annual Meeting. A more in-depth analysis of the different insights presented can be found [here](#).

The day started with a welcome speech by Sandra Polaski, Deputy Director General, Policy, ILO and opening remarks by Liliana de Sá Kirchknopf, Head of Division Private Sector Development, State Secretariat for Economic Affairs (SECO) Switzerland. Theoretical and empirical perspectives on the sources of job creation were then provided by a range of researchers and practitioners.

Justin Yifu Lin, National School of Development, Peking University presented a model of new structural economics, based on the principle that countries should follow their comparative advantages by investing in the industries in which they have the lowest input costs. He argued that low and middle-income countries with surplus labour and low wages can develop labour-intensive light-manufacturing industries to compete with countries such as China, where wages have increased substantially. Indeed, the relocation of manufacturing companies from China to Africa has already begun, providing 'quick-wins' in terms of job creation and skills development. **Michael Grimm, Passau University** then shared lessons from a systematic review evaluating the success of employment creation interventions in micro,

small and medium enterprises, ranging from access to finance interventions, entrepreneurship training to business formalisation. Apart from expensive targeted subsidies for hiring workers or R&D, most of the evidence showed no or modest employment impacts. He argued however that short-term measures could still be important as industrial policies may take longer to generate significant employment.

This was followed by a discussion of particular constraints, and possible solutions, to job creation. **Louise Fox, UC Berkeley**, warned of the limitations of wage industries for providing employment in Africa – she estimates that by 2020, only 4% of employment will be in wage industry, while agriculture and household enterprises will remain the primary sources of employment. As such, she stressed the importance of donor support to stimulate increased productivity growth in these sectors, in order to reduce ‘under-employment’. **Dirk Willem te Velde, Overseas Development Institute**, similarly emphasised that governments can support productivity growth by fostering firm-level productivity. He also emphasised the potential to achieve productivity growth by facilitating inter-sectoral labour movements, and strengthening competition within sectors. **Namita Datta, Let’s Work Programme**, fleshed out Louise’s and Dirk’s thinking on generating growth in household and small and medium-sized firms, stressing in particular the importance of indirect job creation in the value chains of larger companies.

The relationship between manufacturing and employment was further discussed by **Helen Hai, Vice Chair of China Chamber in Ethiopia**, who presented her own experience of relocating the Huajian Shoe factory from China to Ethiopia, generating substantial employment in the process. She emphasised that providing staff training and good working conditions was critical for raising the productivity of workers, to enable them to compete with more expensive but better skilled workers in China. Furthermore, **Esther Germans, ILO Better Work programme**, presented evidence that job quality and job creation can go hand in hand.

There was a parallel discussion of agency approaches to achieving and measuring results in job creation. **Ben Fowler, MarketShare Associates**, summarised a DCED-commissioned working paper on measuring job creation, which proposes a practical step-by-step guide. This starts with the decision whether to measure job creation at all, then selection of appropriate measurement methods. **Sara Spånt, Sida**, outlined Sida’s new focus on productive employment. As a practical approach to linking number of jobs and incomes, Sida defines productive employment as work that yields sufficient income to allow the worker and his/her dependents a living standard above the poverty line. **Stuart Tibbs, DFID** stressed the need to avoid an overly strong focus on job creation, as it may distract from the promotion of healthy economic growth. Rather than reporting on a single jobs indicator, agencies could develop narratives on how they are addressing economic growth and employment challenges in tandem.

The particular challenges of youth unemployment were also examined in a separate session. **Steve Cumming, MasterCard Foundation**, introduced MasterCard’s Economic Opportunities for Youth Programme, a skills development programme. He argued that youth employment interventions in Africa should be concentrated on the sectors in which most young people are most likely to be employed – agriculture and agribusiness, construction, manufacturing and retail hospitality. **Susana Puerto Gonzalez, ILO**, presented evidence on Youth Employment from a systematic literature review, which reveals that training programmes are on average only modestly effective in increasing employment levels, but have positive long-run effects. Evidence from Africa shows that loans have a large impact on

business outcomes for young male-owned businesses, and training sustains these effects; however, they have only limited benefits for women.

In the final panel session, **Tilman Altenburg, DIE (German Development Institute)**, highlighted that there are trade-offs in the short-run between structural transformation, productivity and job creation. Focusing on immediate job creation may undermine the productivity increases necessary for growth and job creation in the long run. He also emphasised that the role of SMEs in job creation should be nuanced – it is only productive SMEs with the potential to grow which are likely to take on new employees, and interventions should aim to identify and target these. There was some debate about the feasibility of transferring labour-intensive production from China to Africa, as suggested by Justin Lin. Tilman Altenburg suggested that a conducive business enabling environment may be critical for convincing businesses to relocate, and also encouraged agencies to consider the potential of this enabling environment to increase the potential for internal innovation. **José Manuel Salazar-Xirinachs, ILO** stressed that policies promoting structural transformation and employment policies targeted at SMEs in particular should go hand in hand in order to maximise employment opportunities.

Annex 1 List of Participants - Member Agency Staff

	First name	Surname	Organisation
1	Nadia	Ben-Ammar Rouaissia	ITC
2	Anita	Bhatia	IFC
3	Valérie	Bircher	SECO
4	Marc	Blanchette	CIDA
5	Iris	Boutros	IDRC
6	Maria	Campo-Perfecto	EC
7	Steve	Cumming	MasterCard Foundation
8	Namita	Datta	IFC
9	Arjan	De Haan	IDRC
10	Liliana	de Sá Kirchknopf	SECO
11	Luca	Etter	SDC
12	Rana	Fakhoury	UNIDO
13	Fulvia	Farinelli	UNCTAD
14	Esther	Germans	ILO
15	Farid	Hegazy	ILO
16	Leonardo	Iebra Aizpurua	ITC
17	Andrea	Inglin	SDC
18	Simon	Junker	SDC
19	Kim	Kristmoen	Norad
20	Philippe	Loop	EC
21	Daniela	Martinez	ILO
22	Cristina	Martinez	OECD
23	Lasse	Møller	Danida
24	Lars Christian	Oxe	Danida
25	Zeynep	Ozgen	ITC
26	Markus	Pilgrim	ILO
27	Susana	Puerto Gonzalez	ILO

28	Jürgen	Reinhardt	UNIDO
29	Matt	Ripley	ILO
30	Virginia	Rose Losada	ILO
31	Mohammad	Saeed	ITC
32	José Manuel	Salazar-Xirinachs	ILO
33	Gunter	Schall	ADA
34	Birgit	Seibel	GIZ
35	Eugenia	Senova	FAO
36	Marie	Sicat	UNCTAD
37	Merten	Sievers	ILO
38	Joni	Simpson	ILO
39	Sara	Spânt	Sida
40	Valeriu	Stoian	ITC
41	Florence	Tartanac	FAO
42	Susan	Thiard-Laforet	ADA
43	Stuart	Tibbs	DFID
44	Fia	van der Klugt	Netherlands MoFA
45	Kees	van der Ree	ILO
46	Henk	van Trigt	Netherlands MoFA
47	Johan	Veul	Netherlands MoFA
48	Henrik	Vistisen	Danida
49	Claudio	Volonte	IFC
50	Natascha	Weisert	BMZ
51	Robert	Whitehead	ITC
52	Alex	Widmer	SDC
53	Benjamin	Williams	Australian DFAT

Other participants (not from member agencies)

54	Tilman	Altenburg	DIE
55	Eleanor	Bell	DCED Secretariat
56	Ben	Fowler	MarketShare Associates
57	Louise	Fox	UC Berkeley
58	Michael	Grimm	University of Passau
59	Helen	Hai	China Chamber in Ethiopia
60	Melina	Heinrich	DCED Secretariat
61	Alex	MacGillivray	CDC
62	Naoto	Mukai	JICA
63	Jim	Tanburn	DCED Secretariat
64	Dirk Willem	te Velde	ODI
65	Takafumi	Ueda	JICA
66	Tom	Wambeke	Facilitator, ITC-ILO
67	Simon	White	Consultant to the BEWG
68	Justin Yifu	Lin	Peking University