



The Donor Committee for Enterprise Development

Minutes of the 37th Annual Meeting

Hosted by Danida, 17-18 June 2015, Copenhagen, Denmark

24th June 2015

These Minutes are presented in chronological order, with the Thematic Discussion on 17th June, and the Business Day on 18th June (the Working Group meetings on 16th June have been Minuted separately). The Thematic Discussion focused on Megatrends in Private Sector Development; a Synthesis Note on the technical content is available [here](#). 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. Thematic Day, Wednesday 17th June 2015

This day was dedicated to technical discussions among donor agencies and guests from academia and the private sector on the topic of **‘Megatrends in PSD (Private Sector Development)’**. All **PowerPoint presentations** given during the thematic day can be found on the [DCED website page](#) dedicated to the 2015 Annual Meeting.

The day started with a welcome speech by Morten Elkjær, Chief Technical Adviser, Head of Green Growth Department, Danish Ministry of Foreign Affairs, and opening remarks by Markus Pilgrim, co-Chair of DCED. Perspectives on Megatrends in Private Sector Development and their implications for donor programming were then provided by a range of researchers and practitioners, as outlined below.

Jan Mischke, McKinsey Global Institute introduced four disruptive key trends which McKinsey believes will shape the global economy in the future: Industrialisation and urbanisation; disruptive technologies; an aging world population; and greater global interconnectedness. While urbanisation typically increases productivity, it is also already having significant impacts on living costs, in particular housing affordability. If productivity continues to increase at the current rate, overall economic growth will decline dramatically in many countries due to an aging population. This also implies conflicting pressures for donors between supporting aging workers in some countries and tackling growing youth unemployment in others. Adoption of new technologies, however, is also accelerating globally and has the potential to generate significant productivity increases, helping emerging economies leapfrog development barriers. Increasing global interconnectedness can help this process, but also leaves the world more vulnerable to economic shocks and volatility.

Emerging powers are already very influential in developing countries. **Tom de Bruyn, KU Leuven** presented an overview of trends in South-South cooperation. While aid from emerging powers only represents perhaps 3% of overall ODA, interviews with Malawian government officials showed that

China and India were considered to have the most useful agricultural expertise. In contrast, traditional donors in Malawi considered the European Commission and World Bank to have the most useful expertise. **Lidia Cabral, IDS** then presented on Brazil's role as a 'development partner', emphasising the relevance of Brazilian experience and agricultural technologies to many African countries. **Sophie Mottram, Landell Mills** similarly stressed the value of trilateral cooperation with China, particularly with regard to agricultural processing equipment and research. She also provided insights into the challenges of day-to-day cooperation in such programmes, for example if Chinese agricultural practices are different to traditional ones. Overall, there was agreement that more research would be useful to learn about the effectiveness of South-South cooperation and the added value of trilateral programmes.

Partnering with inclusive business is an increasing priority for donors. **Richard Northcote, Bayer MaterialScience** provided a private sector perspective, emphasising the challenges of finding the right public sector actors to partner with, and the critical role of supportive individuals within organisations in establishing effective partnerships. In contrast to the perception that partnerships should involve the core business of companies, he argued that business ventures aiming to achieve development impacts should be ring-fenced within companies (as each partnership involves a different business model). The longer-term commercial returns that they offer can often not be justified in normal private sector operations.

The rising importance of global value chains in global trade flows is often associated with the predominance of fewer, larger suppliers; in this context, **Ajmal Abdulsamad, Duke University** presented a review of a portfolio of public-private partnerships in global value chains. He considered the risk that donor-funded schemes have limited impact on producer incomes while at the same time reinforcing existing power asymmetries. He also emphasised the scarcity of evidence on the impacts of public-private partnerships. **Robin Willoughby, Oxfam** then noted the risks which accompany opportunities in 'mega-PPPs' with large commercial actors. Partnerships with commodity buyers, in particular, can increase the monopsony of these buyers and leave the farmers who rely on them more vulnerable to risk.

Ivan Lukáš, CzDA talked about the recent evolutions in private sector engagement and development in the Czech Development Agency, which is one of the major emerging aid agencies in Eastern Europe.

Dan Dowling, PwC further explored the theme of urbanisation within developing countries. Around the world, 1.4 million people move to cities each week. He explored the economic and social benefits of having multiple, economically specialised and interconnected cities, as opposed to one dominant 'capital' city – using modelling developed in Ethiopia. He argued for the importance of initial urban infrastructure investment by donors, to achieve economic development in the long term.

Donors are also interested to engage with the private sector in new ways, as aid flows decrease relative to capital flows. **Peter Damgaard Jensen, PKA** presented the investments by the Danish investment manager, in inclusive businesses in developing countries. He outlined a range of investments that PKA holds, which provide a good return while also having developmental impacts.

A good regulatory environment is critical in enabling such investments, and points to an important role for donors.

Michael Anthony, Sarmap returned to the theme of new technologies, giving the example of the RIICE programme – a public-private initiative which uses satellite photography to predict levels of rice production. It then targets insurance to communities likely to be affected by changing weather patterns. While such technology programmes can be complex and time-intensive to set up, they offer immense opportunities in predicting impacts of changing weather patterns on crops and incomes of the poor.

II. DCED Business Matters, Thursday 18th June 2015

Johan Veul, Head of Entrepreneurship and Markets, Netherlands Ministry of Foreign Affairs, welcomed participants. Jim Tanburn gave an [overview presentation](#) which highlighted progress made towards the 3-year strategy targets adopted in 2013. He also summarised other work of the DCED, for example on knowledge management, outreach and business partnerships and engagement.

Knowledge Management The website has been enhanced across all areas. New synthesis notes and summaries on job creation, industrial policy, partnering facilities and PSD strategies have been added. 135 references have been made to the DCED and its knowledge products in external publications and websites. Visits to the website increased by 75%, significantly exceeding the target of 34%. In the coming year, the main website will be migrated to a modern, more secure software under a separate contract. Knowledge services will also be expanded through field-based workshops and webinars.

Working Groups: Progress and Plans

The Working Groups on business environment reform and results measurement presented their progress and plans in greater detail.

Business Environment Working Group (BEWG) Key achievements during the last year included the launch of scoping papers on Business Environment for Inclusive Business, and Sector-Specific Business Environment Reform. A technical report on Quality Infrastructure, and related donor guidance, have been finalised under the leadership of UNIDO. A concept note on a BER-related targets in the SDGs was developed by DFID, and a discussion was stimulated on various fora. In FY 2015-2016, the group will produce guidance annexes on Business Environment Reform for Inclusive Business, and Sector-Specific Business Environment Reform. The group will also produce a scoping paper on regional, sub-national Business Environment Reform; a literature review on Gender and Business Environment Reform; and a plan for information sharing and training in Business Environment Reform. The group is cooperating with the Green Growth Working Group on a joint work item.

Results Measurement Working Group (RMWG) During the last year, five programmes commissioned formal audits of their monitoring systems. Version VII of the DCED Standard was published after consultation, with explanations for the changes. New implementation guidelines, on assessing

systemic change, and selecting sample sizes (including an on-line calculator), were published. A paper putting the Standard in context for evaluators was also published. Six webinars were organised. Separately, 700 indicators have been collected from member agencies, and reduced to around 25 in the first process of harmonisation. In 2015-2016, the RMWG will embark on the second stage of indicator harmonisation to address additional issues. Dissemination of guidance will continue through field workshops, webinars and a global Seminar. A training course for new auditors will be supervised.

Green Growth Working Group (GGWG): A stocktaking of members experiences in Green Growth was published. Consultants have been contracted for a joint study with the BEWG on the business enabling environment for inclusive green growth. In 2015-2016, this study will be finalised. An inter-agency expert meeting on mainstreaming green growth will be held. An expanded review of private sector adaptation strategies, which was first published in 2012, will be completed. Greened value chain packages of members will be compiled for the purposes of advocacy and knowledge sharing.

Women's Economic Empowerment Working Group (WEEWG): Guidelines for Measuring Women's Economic Empowerment in Private Sector Development were presented at various events. The working group has liaised with USAID Leveraging Economic Opportunities on joint priorities. A task force involving DFID, GIZ and Sida has been formed to identify the activities for the group in 2015-2016.

Formal Acceptance of Progress Report, Work Plan and Budget

The 2014/15 Progress Report and financial statement were adopted by acclamation. In discussing the Work Plan, member agencies agreed to form task teams to jointly address additional, shared priorities, including:

- Engaging emerging powers: It was noted that the engagement of new agencies in the DCED has historically been most effective when initiated by members. However, not all emerging powers could be realistically expected to join the DCED. A team including Arjan de Haan (IDRC), Katharina Spiess (BMZ), Patricia Seex (DFID) and Sahba Sobhani (UNDP) will explore possible next steps.
- Formats for partnering with the private sector: Patricia Seex (DFID) offered to initiate a discussion on non-financial forms of partnerships and terminologies in new financial instruments. She noted [that ICAI's review of DFID's Business Engagement](#) included a helpful clarification of terminologies. All members were interested in being included in the discussion. Anita Bhatia proposed to explore whether a group working on Impact Investment at the IFC could contribute to the work.
- Urbanisation and new technologies: Most members expressed an interest in working on these themes through the DCED.

The ExCo proposal to increase the DCED Membership Fee by \$15,000 to \$45,000 per annum for donor members was then discussed; a formal proposal had previously been circulated to members. It was noted that increasing the membership fee required a change to Clause 2.3 of the Charter, and therefore required a majority vote of at least two thirds of those present (Clause 3.3). The change was then approved almost unanimously; Clause 2.3 of the Charter will therefore be amended

accordingly. Those who have paid multi-year membership fees in advance will only be asked for the increase when they next owe membership fees. Fees for UN agencies will be maintained at \$10,000. The extra income generated in this way will be used to cover all additional costs of a senior Deputy Coordinator. Several members considered that the Secretariat provided good value for money. One member suggested that it could be possible to second someone from the staff of a member agency to the Secretariat for up to 2 years, to function as Deputy Coordinator or additional team member; this idea will be reviewed by the ExCo at their next meeting.

Following this discussion, the Work Plan and Budget for 2015-16 were approved.

Elections to ExCo

Two ExCo positions were open for election: one position had come to the end of the 2-year term while the other had become vacant following staff changes in one agency during the last year. Anita Bhatia, Director, Development Partner Relations, World Bank Group, was re-elected as a member of ExCo. Ola Nilsmo, Lead Specialist in Private Sector Development, Sida, was elected as a new member of ExCo. Johan Veul, Head of Entrepreneurship and Markets at the Netherlands Ministry of Foreign Affairs, and Markus Pilgrim, Head of ILO's Small Enterprise Programme, continue as DCED Co-Chairs. Steve Cumming, Programme Manager, Youth Learning at the MasterCard Foundation, continues as ExCo member.

2016 Annual Meeting

Sida offered to host the 2015 Annual Meeting in Härnösand, Sweden, 14-16 June; the exact focus of the thematic day will be defined in collaboration with ExCo, but is likely to feature substantial inputs from Swedish companies. Other members are however also welcome to suggest speakers from the private sector.

Agency updates

Most participants provided updates about recent developments in their agencies. Associated presentations (where available) will be posted in due course on the [DCED webpage](#) dedicated to the 2015 Annual Meeting.

Annex 1 List of Participants - Member Agency Staff

	First name	Surname	Organisation
1	Peter	Beez	SDC
2	Anita	Bhatia	IFC
3	Iris	Boutros	IDRC
4	Hanne	Carus	Danida
5	Stefania	Casappa	ITC
6	Steve	Cumming	MasterCard Foundation
7	Arjan	De Haan	IDRC
8	Jim	Downey	Australian DFAT
9	Olof	Drakenburg	Sida
10	Niels	Egerup	Danida
11	Chantal	Felder	SDC
12	Gabin	Hamann	EC
13	Farid	Hegazy	ILO
14	Melinda	Kelly	Canada DFATD
15	Elisabet	Montgomery	Sida
16	Fiorina	Mugione	UNCTAD
17	Lasse	Møller	Danida
18	Ola	Nilsmo	SIDA
19	Lars Christian	Oxe	Danida
20	Alexios	Pantelias	IFC
21	Ola	Pettersson	Sida
22	Markus	Pilgrim	ILO
23	Jürgen	Reinhardt	UNIDO
24	Peter	Roslander	Sida
25	Liliana	de Sá Kirchknopf	SECO
26	Gunter	Schall	ADA
27	Patricia	Seex	DFID
28	Birgit	Seibel	GIZ
29	Merten	Sievers	ILO
30	Sahba	Sobhani	UNDP
31	Katharina	Spiess	BMZ
32	Stefanie	Springorum	GIZ
33	Reem	Sweiss	IFC
34	Florence	Tartanac	FAO
35	Nilgün	Tas	UNIDO
36	Susanne	Thiard-Laforet	ADA
37	Mika	Vehnämäki	Finland MoFA
38	Rie	Vejs-Kjeldgaard	ILO
39	Johan	Veul	Netherlands MoFA
40	Paul	Wade	Norad
41	Henrik	Vistisen	Danida
42	Hans Joachim	Zinnkann	GIZ

Other participants (not from member agencies)

43	Ajmal	Abdulsamad	DUKE University
44	Michael	Anthony	Sarmap
45	Ziad	Ayoubi	UNHCR
46	Eleanor	Bell	DCED Secretariat
47	Helen	Bradbury	Alliances Lesser Caucasus
48	Tom	de Bruyn	KU Leuven
49	Lidia	Cabral	IDS
50	Peter	Damgaard Jensen	PKA
51	Dan	Dowling	PwC
52	Melina	Heinrich	DCED Secretariat
53	Kenji	Mishima	JICA
54	Stefan	Koch	Bayer MaterialScience
55	Ivan	Lukáš	CzDA
56	Jan	Mischke	McKinsey Global Institute
57	Sophie	Mottram	Landell Mills/ AgriTT
58	Richard	Northcote	Bayer MaterialScience
59	Jim	Tanburn	DCED Secretariat
60	Takafumi	Ueda	JICA
61	Simon	White	BEWG Consultant
62	Robin	Willoughby	Oxfam