

### New Communication on the Role of the Private Sector in Development

Donor Committee for Enterprise Development (DCED)
Annual Meeting
9 July 2014

Unit C4 -Private Sector Development, Trade and Regional Integration <u>European Commission DG DEVCO - EuropeAid</u>





- POLICY CONTEXT AND PURPOSE
- 2 STAKEHOLDER CONSULTATIONS
- 3 STRUCTURE AND CONTENTS: Principles, Actions, Tools
- THE WAY FORWARD





### Global policy context of the new Communication: "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"

#### Agenda for Change:

- Calls for making the private sector a main partner in development
- ⇒ Aims for greater use of blending to mobilise private capital
- ⇒ Strengthening private-public collaboration in other sectors (e.g. energy, agriculture, infrastructure)

#### Busan HLF on Aid Effectiveness:

Recognizes central role of the private sector in development and encourages closer private-public engagement for development.

#### Post-2015 global agenda and Rio+20 (SDGs):

- ⇒ Private sector as main partner in developing and implementing post-2015 agenda.
- ⇒ Role of private sector in transition to a green economy.





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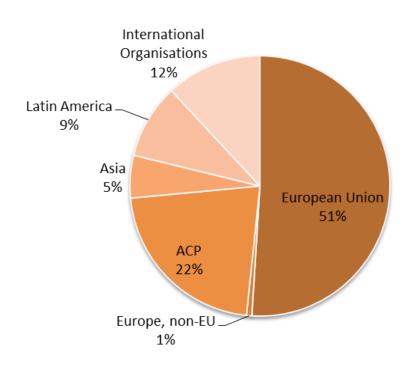
#### Stakeholder consultations (Oct. 2013 - March 2014)

- EU Member States:
   EU Expert Group meetings; national events; CODEV meetings
- European Private Sector:
   General and sectoral dialogue; meetings with associations, companies
- Civil Society / NGOs: EESC Exploratory Opinion; Policy Forum with CSOs and LAs; consultation meeting with CSOs and private sector; EDD side event
- Partner countries:
   Regional consultation events in Uganda, Cameroon, South Africa;
   28 national consultations at EU Delegations in Africa, Asia, Latin America.
- Approx. 200 written contributions from Member States, International Organisations, private sector, NGOs, individual experts, partner countries and EU Delegations.
- Consultations report available at http://ec.europa.eu/europeaid/what/economic-support/private-sector/ documents/psd-consultation-report-may-2014\_en.pdf



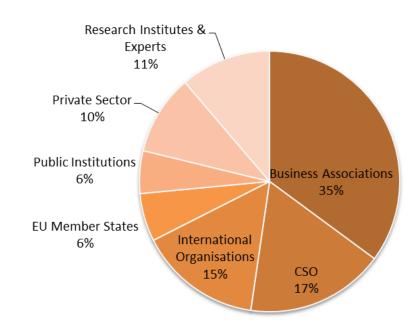


#### **Stakeholder consultations** – written contributions



By geographical area

#### Repartition by stakeholder group

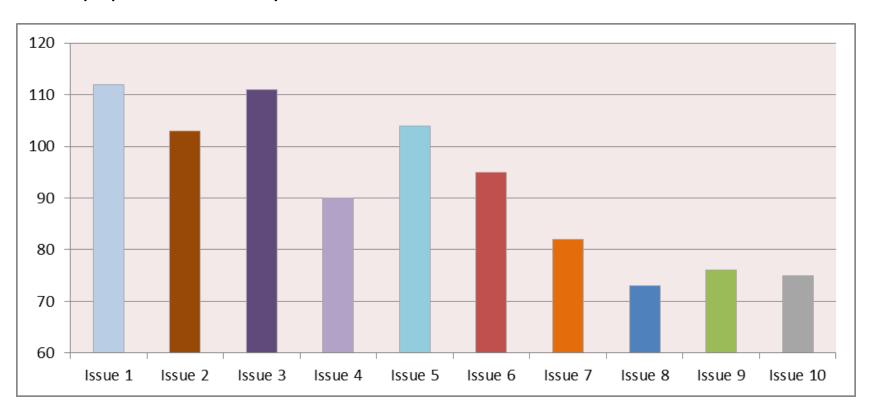






#### **Stakeholder consultations** – written contributions

Most popular Issues by number of answers







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#### **Enabling Business** Structure of the Communication Environment Support to MSMEs in formal and informal sector Focus on job creation, inclusive-Private Sector ness and poverty reduction Development Empowering women A differentiated approach to the Access to finance. private sector Measurable financial inclusion development impact Create opportunities through Additionality market-based solutions Sustainable energy **Principles Actions** Neutrality Sustainable agriculture Follow clear criteria in provision Private Sector of direct support to private sector Mainstreaming Shared interest Infrastructure and co-financing **Private Sector** Account for different local contexts Green sectors Demonstration effect Communication Put strong emphasis on results Adherence to Promoting responsible social, environm. business / CSR and fiscal standards Observe policy coherence in Private Sector Scaling up inclusive areas affecting the private sector business and solutions in partner countries Engagement **Tools** Facilitating PPPs and Stakeholder-Alliances Role of business on Dialogue with Harnessing the EU's global dev. agenda Blending private sector political weight Public-private Positive interaction between policy dialogue development, trade and other Financial instruments to relevant EU policies crowd-in private funding European platforms and networks Policy dialogue with Private Sector Windows partner countries Sectoral dialogue

**Budget support** 





### Proposed principles for strengthening the role of the private sector in EU development cooperation

Focus on job creation, inclusiveness and poverty reduction

Measurable development impact

Additionality

Neutrality

Shared interest and co-financing

Demonstration effect

Adherence to social, environm. and fiscal standards

A differentiated approach to the private sector

Create opportunities through market-based solutions

Follow clear criteria in provision of direct support to private sector

Account for different local contexts

Put strong emphasis on results

Observe policy coherence in areas affecting the private sector in partner countries

**Principles** 

Private Sector Communication



Enabling Business Environment

Support to MSMEs



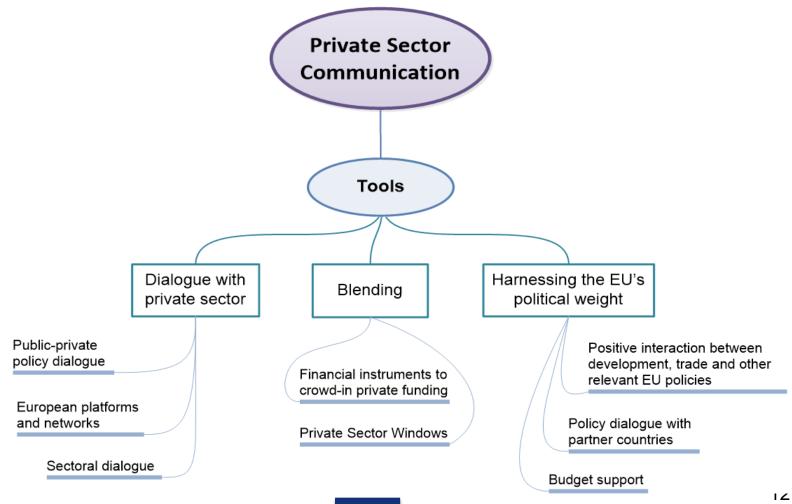
#### **Actions on PSD and PSE**

in formal and informal sector Private Sector Development Empowering women Access to finance, financial inclusion Sustainable energy **Actions** Sustainable agriculture Private Sector Mainstreaming Infrastructure **Private Sector** Green sectors Communication Promoting responsible business / CSR Scaling up inclusive Private Sector business and solutions Engagement Facilitating PPPs and Stakeholder-Alliances Role of business on global dev. agenda





#### **Tools for implementation**







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#### The way forward

#### Council Conclusions

⇒ Discussion of Communication by Member States in European Council.

#### EU framework of principles

⇒ Work with Member States on common framework of principles for private sector development support and partnerships.

#### Implementation of actions

- ⇒ Private sector development support objectives and priorities integrated EU programmes of period 2014-2020.
- ⇒ Actions and private sector dialogue in field of sustainable energy, agriculture, infrastructure and green sectors implemented jointly with respective thematic units.
- ⇒ Further work with Financing Institutions and Member States on development of EU blending facilities.



### Thank you!

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#### **Communication on Role of the Private Sector in Development**

#### Purpose of Communication:

- ⇒ Outline the future direction of EU policy and support to private sector development (incl. new tools like blending, private-public dialogue):
- introduce private sector engagement as a new dimension into EU development cooperation (incl. principles for engaging with PS).

#### Private sector development actions on:

- ⇒ Business environment reforms;
- ⇒ support to MSMEs in formal and informal sector (incl. VET, women);
- ⇒ Access to finance / financial inclusion (incl. through use of blending)

#### Private sector engagement dimension:

- ⇒ Private sector as implementing and financing partner in EU DC;
- → Mainstreaming of PSD objectives and partnerships with private sector in other sectors (such as energy, agriculture, infrastructure);
- ⇒ Actions to encourage the private sector to increase development impact as part of their core business strategies.