

A Strategic Framework for the DCED Green Growth Working Group

Final version - June 2013

I) Background and Reasoning

Achieving green and inclusive growth will need a strong alliance between governments, the private sector and civil society. The Rio+20 conference clearly acknowledged that the private sector needs to be a key part of this solution. To fully tap this potential, its driving role has to be facilitated by policymakers. Development agencies working in the field of private sector development can take this up in their work and support developing countries in fostering socially inclusive and ecologically sustainable “green” growth. This is why a working group under the DCED was founded in 2011 to take up the challenge of how to achieve inclusive growth in developing countries in the context of environmental degradation and depleting natural resources, climate change and international mitigation policies. The DCED Green Growth Working Group intends to support donors in their engagement to enable the private sector to generate environmentally sound and climate friendly growth in line with overall development goals such as poverty reduction and job creation.

Focusing the debate:

The role of Private Sector Development in achieving green inclusive growth

In recent years and especially in the context of the Rio+20 conference in June 2012, a multitude of initiatives, networks and organizations have been founded to promote and foster the concept of green growth/economy. Even more existing bodies and institutions started to mainstream the concept in their work. Against this background: Why is a working group within the DCED needed and where does it add value to the ongoing discourse?

From the perspective of the group incorporating green growth approaches in private sector development will contribute significantly to DCED’s overarching goal of promoting equitable growth, economic opportunity and self-reliance through private sector development (PSD) in developing countries. Climate change, environmental degradation and resource scarcity will, and do already today, put business models, jobs and economic growth increasingly at risk. Thus, a Business-As-Usual scenario will in the long term threaten achievements in reducing poverty and increasing equity as well. Adapting to changing conditions and preventing further damage therefore is a core challenge for private and public actors alike. At the same time, green growth offers economic opportunities for innovative entrepreneurs by tapping into new markets and enhancing resource efficiency that lowers production costs and contributes to competitiveness. However while green business options bear the potential to foster and sustain broad-based growth, this does not happen automatically. Therefore the GGWG specifically looks at ways to promote socially inclusive green growth.

The DCED GGWG focuses on how PSD interventions from governments and donors can best contribute to achieving greener and more inclusive growth in developing countries. The main focus is the private sector, especially SMEs, in developing countries which need to be enabled and incentivized to adapt to and be a full part of the evolving green transformation. In short, the perspective is on promoting inclusive green growth that contributes to achieving sustainable development in all three dimensions: environmentally, economically as well as socially.

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II) Long Term Vision

As a long term goal the Green Growth Working Group aims at mainstreaming green and inclusive growth strategies in private sector development while advocating for the importance of private sector development when implementing green and inclusive growth strategies, also in other areas of development cooperation.

This twofold vision brings together two major concerns:

- a) “*Mainstreaming*” green growth in PSD programs aims at including a strong perspective on ecological aspects within the design and implementation of donor’s private sector development programs. To achieve sustainable economic development considering all aspects of sustainability will be crucial. Just as the social dimension has been an integral part of programming for years, the ecological dimension has to complement and reinforce it – without replacing it. Using synergies and actively tackling trade-offs will help to improve existing programs, design innovative approaches and achieve stronger impacts.
- b) “*Advocacy*” is about contributing to a stronger perception of the role of private sector development programs in achieving green and inclusive growth within current international debates on the one hand as well as with regard to implementing green growth strategies in other areas of intervention such as environmental programs.

Considering the width of the topic and the large scope of relevant issues, the group will focus solely on PSD-related aspects of Green and Inclusive Growth, with a specific focus on SMEs. This will also ensure complementarity to other initiatives.

III) Purpose of the Medium Term Strategy

To achieve its long term vision over time, the GGWG aims to be recognised as a leading supplier of information to development agencies wishing to be more effective in their Green and Inclusive Growth-related work. The GGWG also wants development agencies to understand better the contributions that private sector development programs can make to Green and Inclusive Growth. On the basis of intense knowledge-sharing between group members, the GGWG intends to develop implementation oriented outputs. It aims to better communicate green and inclusive growth potentials and challenges and allow members of the DCED to further operationalize green and inclusive growth concepts in their PSD programs. This will also help to advocate for a strong role of PSD in all green growth/economy approaches.

This will, however, require a longer term effort, as experiences in implementation are still limited and are just beginning to grow. Furthermore, developing such outputs (e.g. guidelines/standards/recommendations) will need to be embedded in a more strategic approach, focusing the scarce resources of the group on this overall goal. Against this background, the Working Group decided at the annual meeting 2012 to develop a consistent strategic framework, aligned with the general guidelines that will come from the DCED executive committee in the near future. It shall have relevance for the next 3 years.

The medium term strategy sets the broader frame for GGWG activities and work plans to ensure consistency, value add and relevance for DCED members and other relevant

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stakeholders. It should be responsive to upcoming opportunities and hurdles and therefore states a clear pathway but leaves sufficient flexibility to be able to react to the still evolving broader green growth agenda. The group has been and should continue to be a vibrant platform for exchange and collaboration. Therefore setting up this framework should not mean to exclude other work with a different focus but rather wants to structure the group's work on a common goal.

The group's goals for the medium term have been derived from the long term purpose to mainstream green and inclusive growth in PSD and to incorporate the PSD dimension within the green growth discourse and relevant donor programs. Major GGWG activities in the coming years will contribute in one way or the other to the medium term goal as well as the long term vision.

IV) GGWG's approach for the coming 3 years

As green growth is a comparatively new topic in Private Sector Development and most agencies do not have a long history of implementation, knowledge and experience sharing between them is regarded as especially valuable. The GGWG creates a space where development agencies can meet and share information on the latest developments in PSD-related Green Growth. Therefore knowledge sharing, dissemination and pooling will also be of key value in the coming years. Bringing experiences and current work streams in member agencies together, helps to align activities, create synergies and bundle forces in mainstreaming green growth. However, with the growing experience and knowledge generated and shared by the members over the coming years, the GGWG will eventually aim at developing specific guidelines for specific aspects of green growth that are relevant to private sector development programs of DCED members.

a) Strengthening Synergies between Agencies: Providing Network

GGWG meetings will continue to provide room for sharing information on ongoing activities between agencies e.g. in the form of agency updates. They enable collaboration between member agencies within and outside the working group, increase agency knowledge and motivate members in their work. To achieve stronger outcomes and enable substantial exchange even outside regular GGWG meetings, the group will work on new/different approaches of knowledge sharing (e.g. through social media) and dissemination with support from the secretariat.

Enhanced donor knowledge sharing on green growth in PSD feeds into the long term vision of mainstreaming green growth as knowledge and experiences will also be spread outside the group and contribute to a better understanding of its possibly positive development outcomes.

b) Supporting Implementation within Agencies: Developing Guidance

While updating members on ongoing activities provides the opportunity to build coalitions and synergies in the day-to-day work of the group members, bringing together experiences, knowledge and results can also be the basis for creating "new" knowledge. As the DCED

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traditionally has a strong focus on implementation at project level, the GGWG aims to use its knowledge pooling function to support green growth implementation on the ground.

Given the broad nature of green growth the development of common standards across donor interventions in this field is challenging. However, by working on (i) “cataloguing” donor’s tools and approaches, (ii) bringing together first experiences on success factors and (iii) showcasing impact, the GGWG will facilitate successful implementation of green growth in PSD projects and advocacy for the introduction of PSD-elements in broader “Green Economy” approaches. Therefore the group will develop common lessons for specific areas of intervention to foster green and inclusive growth within the next three years. These could be the basis for further moving into formulating guidance on specific aspects of green growth and private sector development. Application and use of the guidance should also be monitored in the longer term. The results of this work will be used to further mainstream Green Growth and improve impact of interventions.

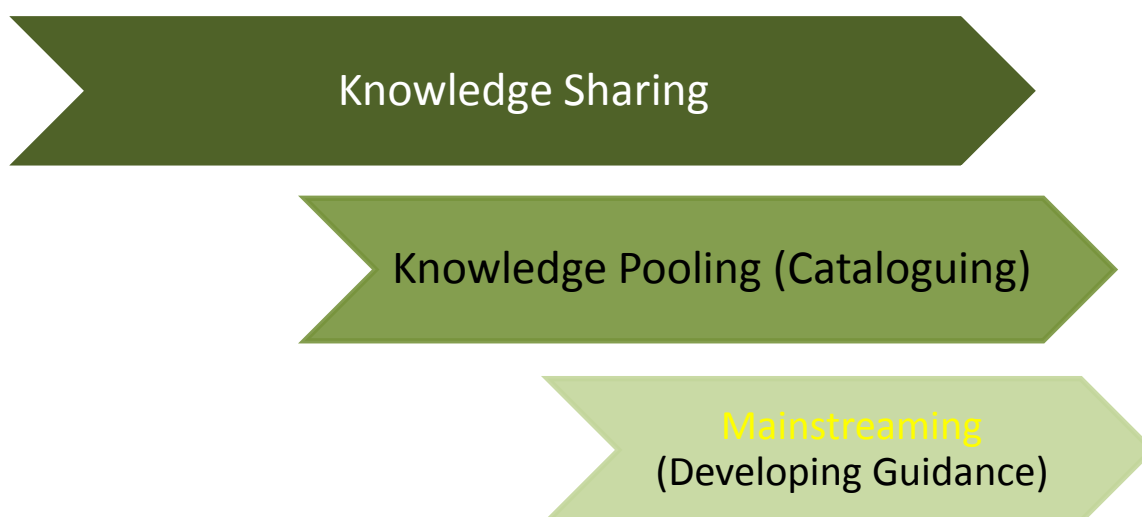


Illustration 1: To achieve the medium term goals the GGWG will apply a stepwise approach. As knowledge on green growth in PSD increases, the development of guidance becomes more and more appropriate over the years.