



European Union - External Action

**Support to the preparation of
the Communication: " A
Stronger Role of the Private
Sector in Achieving Inclusive
and Sustainable Growth in
Developing Countries "**

Final report



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**Support to the preparation of the Communication: "A Stronger Role of the Private Sector in
Achieving Inclusive and Sustainable Growth in Developing Countries "**

Consultation report

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List of used acronyms

BER	Business Environment Reform
BRIC	Brazil, Russia, India, China
CB	Capacity building
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
EU	European Union
ICT	Information & Communication Technology
ILO	International Labour Organisation
IO	International Organisation
LIC	Low Income Country
LMIC	Lower Middle Income Country
MDG	Millennium Development Goals
MIC	Middle Income Country
MS	Member States (of the European Union)
(M)SMEs	Micro, Small and Medium Enterprises
NGO	Non Governmental Organisation
PCD	Policy Coherence for Development
PPP	Public Private Partnership
PS	Private Sector
PSD	Private Sector Development
SBA	Small Business Act
UN	United Nations
VET	Vocational Education and Training
WB	World Bank

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General overview

Executive Summary

In November 2013, the European Commission launched a public consultation in preparation of the Commission Communication: "Strengthening the role of the private sector in achieving inclusive and sustainable growth in developing countries". The consultation was based on an [Issue paper](#) prepared to explain the background and objectives of the exercise, structured in ten Issues, presented below.

In this process, 151 organisations and individuals from public authorities, the private sector, civil society, international organisations and research institutes, submitted written contributions. Consultation workshops were also held within the European Union and in partner countries in Africa, Asia, the Caribbean, Latin America, the Pacific, and in European countries outside the EU, attracting more than 650 participants. This summary presents the main messages received through the consultation process, these being further detailed in the main report.

In **Issue 1, on how to develop business environment reforms**, participants called for a clearer distinction between support towards the improvement of the investment climate at large, and reforms addressing targeted regulatory constraints in particular sectors. This approach would give clearer messages on the overall strategy of public actors towards PSD, and at the same time improve the efficiency and effectiveness of sectors with high economical potential.

In parallel, respondents encouraged international donors to intensify their country-based approaches, or even local approaches when possible, through a better involvement of local actors. This should be enabled through the participation of the private sector in recognised Private-Public Dialogue mechanisms.

Moreover, a majority of respondents indicated that international guidance over PSD should be better linked with development objectives, notably by keeping a focus on support to vulnerable groups, women and youth in particular. Recommendations formulated under **Issue 2 "Increasing the employment impact and poverty focus of PSD support"** called for: a°) addressing the constraints that prevent women and young people from participating in the economy; b°) working with the informal sector to increase employment impact and poverty focus of Private Sector Development; c°) better labour standards and workers' rights.

A main suggestion to **"step up EU support to (M)SMEs" (Issue 3)** was to better integrate firms and industries in developing countries into global value chains. To achieve this, respondents recommended the EU should support backup measures that increase the competitiveness of local producers and favour secured business environments. Looking in the mid to longer term rather than focusing on short-term benefits, respondents said that an external support was needed for (M)SMEs in obtaining access to innovation, or to help them achieve green economy objectives.

Investing in the future, and providing vulnerable groups with life and work skills was also considered essential to make a significant impact on poverty reduction (**Issue 4, vocational training and capacity development**). Participants called for a better connection between demand and offer in capacity building. This could be facilitated through a stronger dialogue among the private sector and training institutions, including academia, and government. Indeed, private sector needs to work together with the educational system in defining the competencies to be acquired by the learners.

It was also noted that VET could be useful for structuring particularly weakened economies, notably in post-conflict situations.

Concerning their financing, it was recommended that VET and CB services should be implemented with a market based approach, using a limited amount of subsidy when there is a lack of access to VET / CB and for groups who are in a situation of exclusion

On the question of **Access to Finance (Issue 5)**, participants agreed that EU experience with financing & blending facilities and capacity to focus on poverty alleviation provides it with a comparative advantage in improving access to finance and achieving financial inclusion. Recommendations for action in this thematic included:

- to concentrate on the development of guarantee mechanisms for MSME access to credit, notably in low-income countries and lower-middle income countries,
- to develop more comprehensive approaches combining access to credit with capacity building activities,
- to favour the use of local structures, especially the ones with an improved understanding of local mechanisms and funding channel,
- to support local regulators,
- to improve responsible finance notably by supporting the development of responsible lending guidelines.

The **6th Issue** posed the question on **how to work in closer partnership with the private sector**. Participants valued the use of specialised platforms for private-public policy dialogue, fostering the formation of multi-stakeholder alliances, which allow addressing complex challenges and the sharing of a vision for the future.

Another identified way of engaging with the private sector was through the activities undertaken under the corporate social responsibility (CSR) strategies of large international companies, should they improve their impact through better coordination and focus on key social, economic and environmental challenges.

Respondents also identified a number of risks for donors like the EU of engaging directly with the private sector. These risks are presented in Table 1.

It was also suggested to better use the EU blending mechanisms for engaging the private sector for development by making them more relevant and attractive for private sector investors.

Respondents have also identified a series of risks and opportunities when discussing the use of **the private sector as “delivery channel” for development (Issue 7)**. While some participants associated the private sector to a quality expertise and efficiency in delivery, others underlined that public resources for development are limited and should not be diverted from their primary objectives of fighting poverty, and of supporting sustainable and democratic state institutions.

Contributors also identified principles to be taken into account when considering engaging with the private sector (see Table 2). These principles notably included the need for: differentiation among actors of the private sector; additionality, subsidiarity, and catalytic effect of public funds; ensuring that companies backed or funded by public systems are acting responsibly and ethically; support to an enabling environment. Moreover, it was proposed that Private Sector Development should be aligned with national developments strategies and priorities.

Contributors also presented divergent views on how to use Public-Private Partnerships. On the one hand, actors including CSOs indicate that PPPs are costly both in social and financial terms. On the other hand,

Governments increasingly look at private resources and capacities for the delivery of specific services. There is however a shared opinion that PPPs should be implemented according to internationally agreed standards, and the EU could promote identified good practices for PPPs at sector level.

The Issue which received the lowest number of responses was on **private sector contributions to inclusive growth (Issue 8)**. Being based on a relatively new concept, many participants point at a lack of knowledge and evidence on successful inclusive business models and underlined the difficulties in scaling up inclusive business models. In their opinion, 'inclusive' initiatives are small and isolated due to existing barriers and systemic challenges, most of which being related to the business environment, that cannot be addressed solely through business innovation by the private sector. Identified constraints for investing in inclusive business models and suggested activities in this respect are summarized in Table 3. Also, effective ways for the EU to engage with companies to encourage innovation and facilitate private sector investment into low-income markets include: the support to local value chains and the promotion of cooperatives and business networks and partnerships.

To increase **the role of the private sector in the transformation towards a green economy (Issue 9)** and promote private sector investment in green industries, participants recommended to support the establishment of an enabling environment for green investments, notably through Improved standards and regulation limiting environmental impact, and to encourage more resource-efficient practices. Besides, members from all stakeholder groups called for the provision of technical knowledge and technology transfer, notably to improve the adoption of innovative "green" practices that improve productivity and at the same time remain affordable for the customer.

Last, but not least, while discussing **the role and responsibility of the private sector in a post-2015 framework (Issue 10)**, respondents considered that the EU should facilitate the enforcement of the existing global strategies that support improved sustainability in the long term, such as the post-2015 agenda and the commitments on aid effectiveness made in High Level Forum in Busan, inducing more predictability for future action.

Other observations emerging from the consultation

The contributions, taken as a whole, also produced a number of horizontal key messages. Among these, respondents from all stakeholder groups widely recognised that **the private sector is a highly relevant partner for development**. Creating employment opportunities was acknowledged as the most important role of the private sector in contributing to poverty reduction. Contributors therefore call for the improvement of the investment climate at national and local level, with a special focus on reforms that target identified constraints in sectors with high economic potential with a structuring effect to the economy.

- The creation of social impact, including through contributing to the delivery of public goods and services, is probably where the private sector can contribute most to inclusive and sustainable growth in developing countries. How best to achieve this remained a much debated issue, notably due to the following reasons: there is no universal tool or method to ignite and maintain sustainable and inclusive growth (see participants comments in Issues 2, 6). Activities such as capacity building (Issue 4), specific approaches to micro-finance (Issue 5), or multi-stakeholder platforms (Issues 1 and 6), when taken alone, are considered insufficient to progress on the multiple dimension of economic, social and human development.

- Participants in favour of privatization, including for instance Business Associations, indicated that private sector is more efficient than the public sector. However, CSOs reminded that historical experience does not always confirms this point of view. Privatization on its own cannot lead the way to a more efficient, value-adding delivery of goods and services. Transfers to the private sector need to be designed and managed in a conducive environment including, for instance, a supportive legal and regulatory framework, clear partnership objectives, a clear demarcation of responsibility between the parties, commitment to public good, accountability and transparency in the management of the contracts, and demonstrable efficiency and competency in their implementation (issue 6, 7).
- Further, bringing the private sector into the provision of services to the poor requires careful balancing between ensuring that the interests and needs of the intended recipients are met, for instance around affordability, while at the same time ensuring that the incentives for efficiency for the private sector are not undermined. Public-Private Partnerships (PPPs) solutions should also be carefully weighted against other ways of obtaining private sector finance, taking into account the risks and the technical and contractual complexities such partnerships require (see Table 1 – Issue 6).

Contributors also widely shared the opinion that, due to its experience and added value, **the European Union should play a stronger role in supporting private sector for development**. To this purpose, a main suggestion formulated by the respondents was for the EU to take a bigger role in facilitation, coordination, and transparency of public support for Private Sector Development , with the following recommendations:

- In order to foster understanding between public and private actors, participants indicated it would be useful to facilitate information regarding on-going public initiatives, projects and country strategies towards Private Sector Development. This could be done through mapping exercises focused on identifying PSD initiatives and disseminating best practices. Many suggestions calling for an increased facilitation role of the EU were proposed, for instance towards the support of local regulators, the development of responsible lending guidelines (Issue 5), dialogue with BRICs (issue 6), good practices in PPPs (Issue 7), supporting local value chains (Issue 8), or the establishment of an enabling environment for green investments (Issue 9).
- In terms of coordination, the main recommendation from respondents is **to use dialogue platforms that “make change happen” in sector practices, should it be at policy, regulation, or technical level**. Platforms are valued provided that public and private participants are in the position to put their decisions into practice. Dialogue cannot remain an end to itself but needs to be used as a mean to concrete outputs. Therefore, respondents suggested that the EU could enhance its development action by better integrating the realities of private sector initiatives and investments into its policy dialogue (Issues 3, 6, 8).
- Members of all stakeholder groups also see a role for the EU to support the enforcement of **existing standards for preventing and addressing the risk of adverse impacts on human rights** linked to business activity principles, in line with the United Nations Guiding Principles on Business and Human Rights.

Another cross-cutting issue that emerged from the consultation was that **monitoring and evaluation mechanisms should be strengthened and harmonised**. Indeed, the use of public funds implies the need to demonstrate performance and results in terms of social and human development when engaging in partnerships with the private sector and leveraging private investment, and link it to quantifiable objectives. Monitoring and evaluation should also serve as a tool to raise awareness and provide information on the economic opportunities arising for the private sector for investment on innovative practices, inclusive business models, and green technologies.

Stakeholders, and notably EU Member States, International Organisations and CSOs also stressed the importance of obtaining reliable statistics, in particular on the informal economy and data showing the extent to which women and youth are participating in the economy. This would allow for better targeted reforms (issues 1, 3) and better monitoring of results (Issue 10).

As a last point worth mentioning, but not the least, participants also reminded that EU action to support the private sector for inclusive and sustainable growth in developing countries is not achieved through development funds only. Political measures in areas such as trade, energy, security, migration, environment, climate, taxation, agriculture and fisheries have a considerable impact in developing countries, notably within the post 2015-agenda. Contributors, notably Member States and CSOs, therefore call for a better application of **EU Policy Coherence for Development** (Issues 6, 9, 10).

Introduction

The aim of this report is to present a synthetic summary of the results of the public consultation undertaken by the European Commission, in preparation of the upcoming Commission Communication: "Strengthening the role of the private sector in achieving inclusive and sustainable growth in developing countries".

The objectives of the proposed Communication are:

- To update the EU strategy for private sector development support in developing countries in light of a changing world, as well as by taking into account the conclusions and recommendations from the thematic evaluation of private sector development support over the period 2004-2010, and the programming of PSD support for the period 2014-2020;
- To identify ways of working closer with the private sector in development cooperation and to harness the private sector as a driving force in achieving inclusive and sustainable growth as announced in the 'Agenda for Change', and confirmed in the Busan outcome document.

The impact that private sector actors can have on promoting inclusive and sustainable development is now widely recognised, and donors around the world are seeking ways to effectively engage with the private sector for creating jobs, providing incomes, goods and services, advancing innovation, and generating public revenues essential for economic, social and environmental welfare. Moreover, as public resources for development assistance are scarce, the private sector is increasingly looked at as an important additional source of external finance and domestic resource mobilisation.

At the Busan High-Level Forum on Aid Effectiveness, participants committed to ensure a sound policy and regulatory environment for private sector growth, and to explore ways to advance both development and business outcomes so that they are mutually reinforcing. This is also reflected in the EU's Agenda for Change, which stresses the need to develop new ways of engaging with the private sector for achieving sustainable and inclusive growth, and other policy areas that are relevant from a private sector perspective but for which the EU has adopted separate Communications or political strategies¹.

In practice, direct engagement with the private sector under the development cooperation policy remains however a relatively new area. Therefore, the European Commission has organised a series of consultations to gather stakeholders' views mainly on different aspects related to private sector engagement and the areas of future support to private sector development.

¹ These policy areas include trade, regional integration, infrastructure, human rights and the decent work agenda, environment and climate action, green economy, education and vocational training, food security, sustainable energy and the water-energy-food nexus, social protection, gender and youth issues, migration, strategic engagement with CSOs and local authorities in development, as well as the use of blending as an instrument in EU development cooperation.

The consultation process

The consultation strategy was laid out in the “[Roadmap for the Communication](#)”, published in October 2013, which foresaw a series of dedicated events and meetings with relevant stakeholders and local authorities. It also offered other stakeholders the possibility to submit their contributions in writing.

Indeed, the consultation was based on an [Issue paper](#) prepared to explain the background and objectives of the exercise. The Issue paper is structured into 10 Issues and 30 questions on which the Commission invited interested stakeholders to express their views. The detailed questions are presented in Annex 1.

Issue 1: Better targeted business environment reforms
Issue 2: Increasing the employment impact and poverty focus of PSD support
Issue 3: Stepping up EU support to (M)SMEs
Issue 4: Vocational Training and Capacity Development
Issue 5: Access to Finance
Issue 6: Working in closer partnership with the private sector
Issue 7: Using the private sector as “delivery channel” for development
Issue 8: Private sector contributions to inclusive growth
Issue 9: The role of the private sector in the transformation towards a green economy
Issue 10: The role and responsibility of the private sector in a post-2015 framework

Box 1 - Issues presented in the Issue Paper

This open approach to consultation was favoured because of the specific nature of the theme of the proposed Communication, and to allow contributors to submit their views by responding to individual questions raised in the issue paper, or by adopting a free format in providing their comments.

Consultations workshops were organised both at European level (in various events in Brussels including at the European Development Days and in EU Member States), and in partner countries in Asia, Latin America, Africa, the Caribbean and the Pacific. This led to the consultation of a wide range of local private sector representatives and other relevant actors in partner countries, thanks to the strong involvement of the EU Delegations.

Consultative bodies also contributed to this consultation. Notably, the European Economic and Social Committee (EESC) prepared, upon the request of the Commission, an exploratory opinion on the involvement of the private sector in the post-2015 development framework. It was adopted by the 493rd EESC plenary session on 17 October 2013 (REX/386). The comments included in the exploratory opinion have been integrated in this report.

For the purpose of the present report, participants involved in the consultation process were divided into the following external stakeholder groups:

- Public institutions including representatives of Line Ministries such as Trade, Industry, Agriculture, Tourism, Environment; representatives of Local Authorities; and National Banks ;
- EU Member States;

- International Organisations (e.g.: agencies and programmes of the United Nations, the World Bank, multi-donor initiatives) including regional organisations such as the African Union Commission or the South Pacific Community;
- Business associations (mostly relating to specific sectors, e.g.: agriculture, garment, energy or infrastructure), including chambers of commerce and employers' associations;
- Private companies, hereby indicated as "Private Sector";
- Civil Society Organisations and umbrella organisations;
- Research Institutes and individual experts.

The consultation exercise lasted over four months, from November 2013 to mid March 2014. Although the consultation period officially closed by 28 February, the contributions received after this deadline were also taken into account for the analysis presented in this report.

As of 25th March 2014, paper contributions were received directly from **151** organisations or individuals, in four languages (English, French, Spanish and Portuguese). The list of participants is available in Annex 4.

Additional contributions were received from **41 seminars, most of which** were organised with EU Delegations in non-EU countries, involving at least 653 participants. Lists of Meetings are available in Annex 5.

Participation to the consultation: main statistics

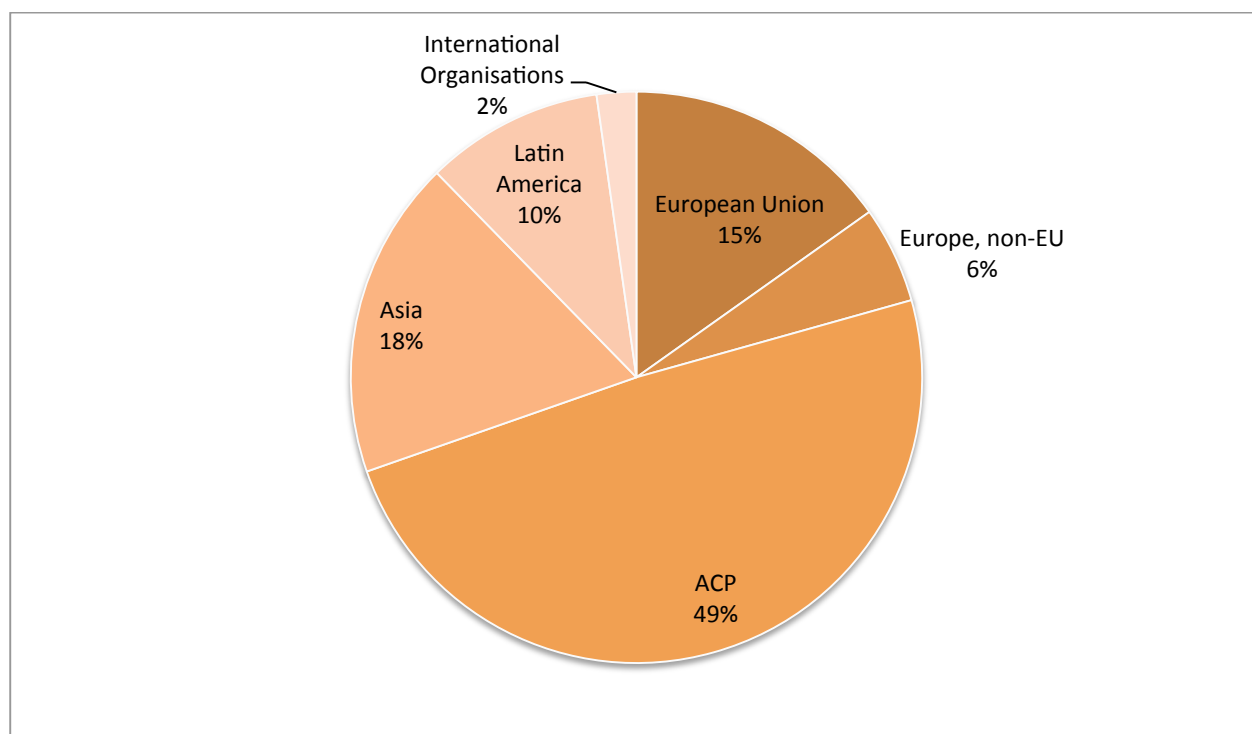


Figure 1 - Repartition of participants by geographical area (all participants, including written participations and in events)

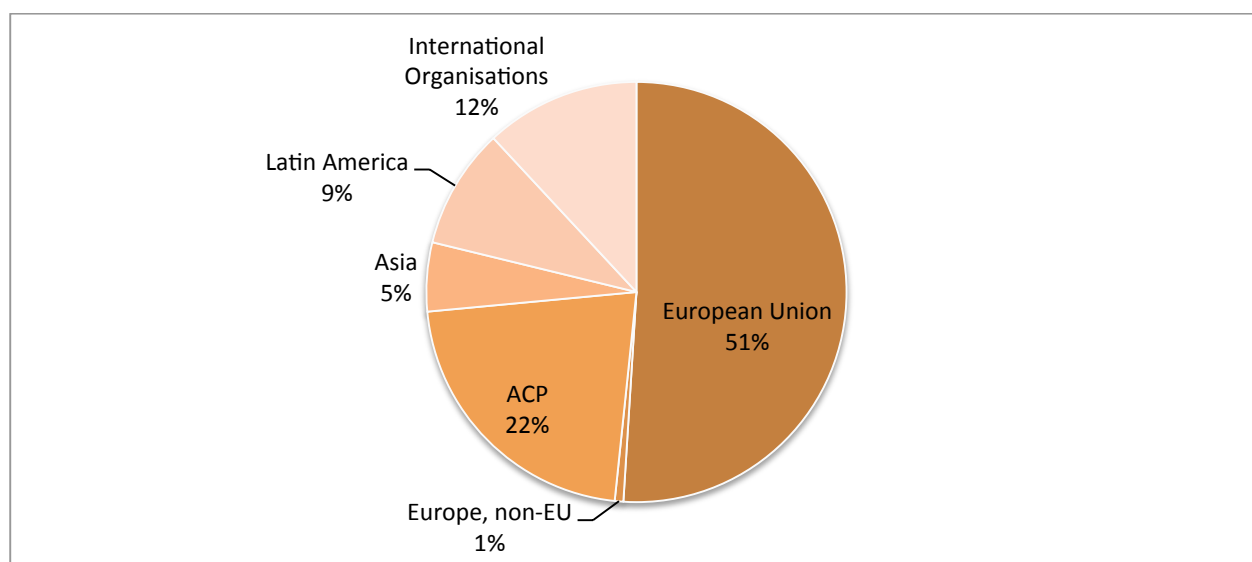


Figure 2 - Repartition of written contributions by geographical area (151 written contributions)

Figure 1 and 2 show the geographical repartition of participants to the consultation process. While the number of written contributions is higher in the EU, the total number of participants show that the majority come from the ACP area. In fact, the workshops organised with the EU Delegations allowed a high

participation in third countries notably in ACP countries. Participation in events in Asia and other European countries was also high, allowing them to be well represented among all participants, as can be seen in Figure 1.

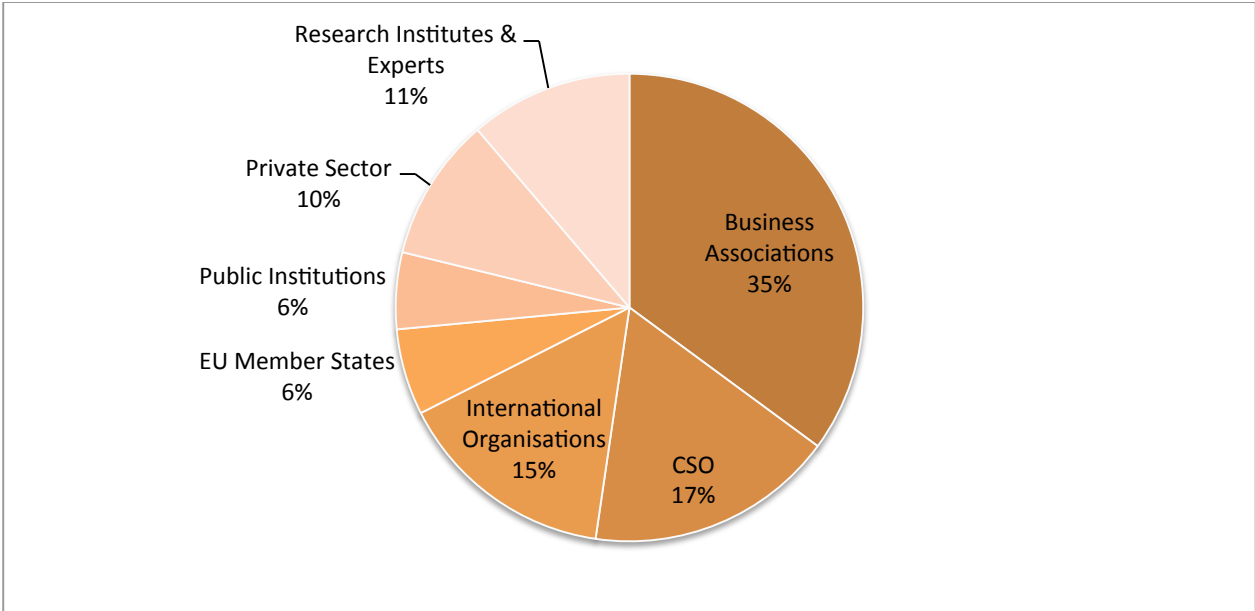


Figure 3 - Repartition by stakeholder groups (written contributions only - not counting participants in events)

Figure 3 shows the repartition of participants who made a written contribution, by stakeholder groups. The most important group is constituted by local and international Business Associations. It should be noted that representatives of specific stakeholder groups, such as CSO umbrella organisations, or member-based associations, were only counted as 1 participant, and not according to the number of organisations that they represent. As can be seen on Figure 3, there is a balanced mix of Private Sector, CSOs, International Organisations and inputs from Research Institutes and Experts.

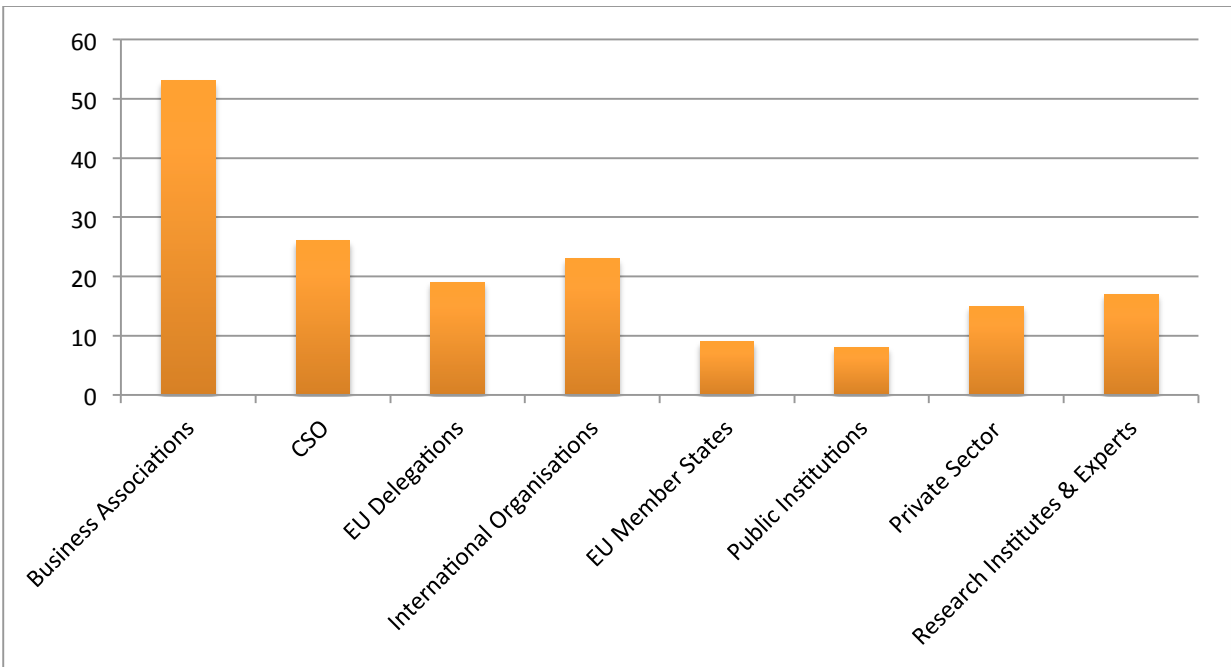


Figure 4 - Number of written contributions by stakeholder groups (i.e.: total of 151)

Figure 4 shows the presence of a high number of Business Associations, which were assumed to promote the interests of their members, thereby contributing to a strong representation of the private sector in the consultation.

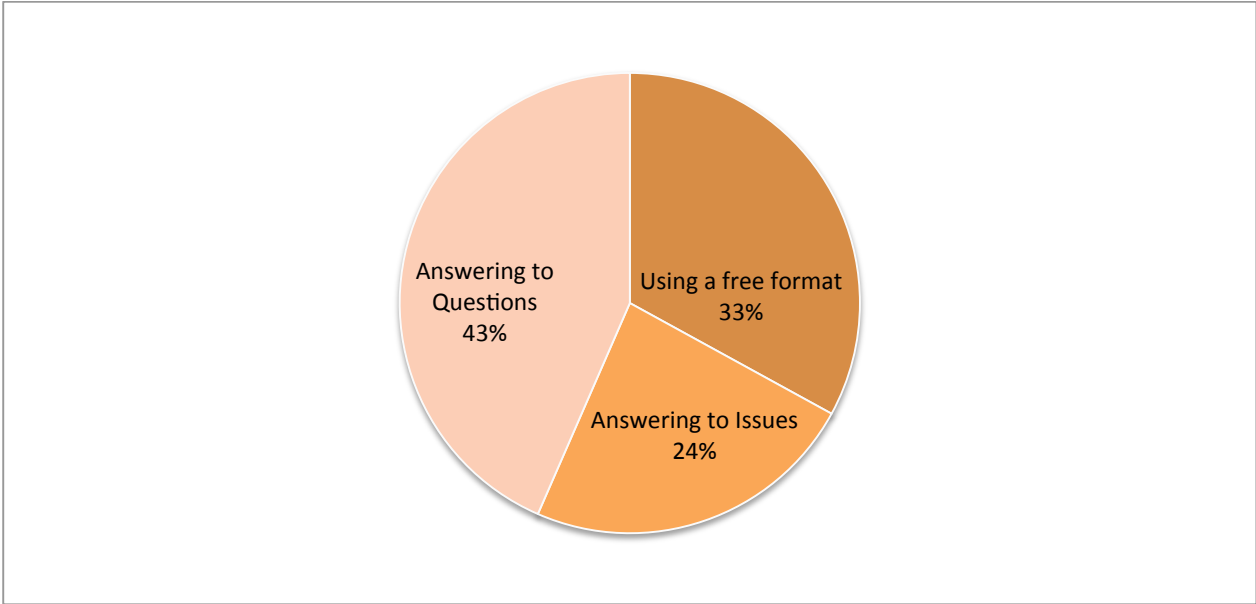


Figure 5 - How did the respondents expressed their views?

All types of contributions were taken into account, irrespective of the format used. It is to be noted that respondents using a structured format (i.e.: by Questions or by Issues) have not answered to all questions (or to all issues), but rather focussed on the themes they found relevant for them.

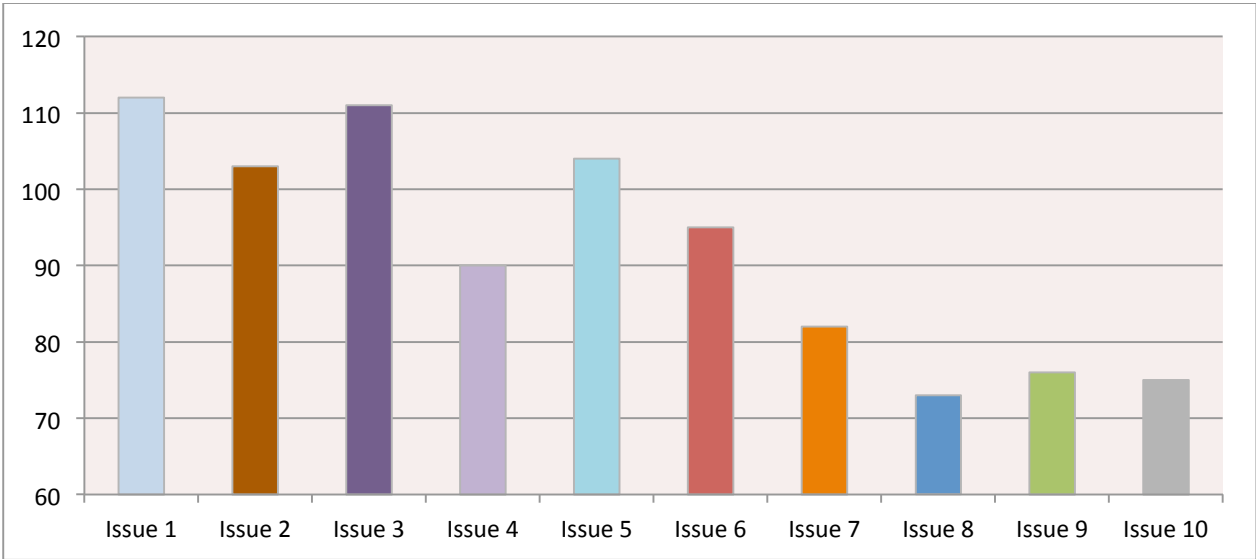


Figure 6 - Most popular Issues (by number of answers, scale starting at 60 answers)

It was possible to see where the contributors made most comments. As such, the most popular issues were 1, 3 and 5, on Business Environment Reforms, stepping up EU support to (M)SMEs and Access to finance. These are the issues directly affecting private sector growth in partner countries. Issue 8 and 10, respectively on Inclusive growth and the post-2015 agenda, received fewer responses.

The results of the consultation are presented in the next section, which follows the structure of the Issue Paper in ten points (see Box 1).

Analysis of the contributions

Issue 1: Better targeted business environment reforms²

As a first key message, there was a strong consensus from respondents that there should be **a clearer distinction between support towards the improvement of the investment climate at large, and reforms addressing more targeted regulatory constraints in particular sectors**. Interventions at general and at sector level should be following clearer longer-term strategies. In particular, investment climate reforms should focus on:

- ✓ Promoting fair and transparent fiscal and economic policies;
- ✓ Protecting property rights³ and the rule of law (especially in relation to contracts, company law, financial law, banking and insurance) and ensuring efficient law enforcement systems;
- ✓ Promoting investments, including Foreign Direct Investment, sound economic management, and good governance. In particular, many contributors have specified the importance to tackle the issue of corruption;
- ✓ Creating the right conditions to integrate vulnerable groups and the informal economy into the mainstream of economic activities;
- ✓ Increasing access to technology and fostering a culture of innovation;
- ✓ Promoting a culture of productivity and quality, as well as a shared vision among employers, workers and governments of the benefits such a culture can bring to society;
- ✓ Promoting opportunities for shared experiences and mutual learning between businesses.

The respondents from the private sector presented several conditions that would facilitate long-term engagement in partner countries. These referred mainly to the need of regulatory and legal frameworks that protect business and investors; promote good governance (above all, *corruption* is seen as a major obstacle); the rule of law, intellectual property and land rights; legal certainty and predictability through mechanisms for the enforcement of rights and obligations; and the availability of basic infrastructure and human capital.

Business associations and research institutions also highlighted that **business environment reforms should focus on sectors with high economical potential**, i.e.: sectors in which the country has a comparative advantage (such as: labour intensive sectors, information and communication technologies, sectors that promote synergies with European businesses), **and on strategic sectors that have the potential to contribute to inclusive and sustainable growth**. These sectors include for instance: agriculture; power generation and supply; water and communication infrastructure.

² In the context of the consultation, “business environment reforms” were understood in their wider sense, comprising policy, legal, institutional, and regulatory conditions that govern business activities.

³ In particular, the protection of property right in relation to land tenure is seen as crucial. In fact, the absence of proper land tenure registration in many developing countries prevents rural populations which occupy land informally from pledging it as collateral to obtain credit. There is therefore an immense capital asset ignored and excluded from the financial and economic system.

A respondent in Asia suggested that sectoral reforms can be an occasion for verifying if more general business environment reforms are relevant and correctly implemented, by:

- Performing a “reality check”, examining if the envisaged benefits of general business environment reforms are translating into real benefits for SMEs;
- Confirming if the reforms in general business environment create de-facto stimulus for business formalisation, employment, investments and growth;
- Providing first-hand information on government’s delivery quality, through identified good practices, opportunities, inconsistencies and gaps in legislation, administration and execution of the government role;
- Giving feedback on the complementarity with general business environment reforms, whose results require a longer-term involvement and are difficult to measure.

Box 2 - Suggestions emerging from the consultation: checking the impact of general BER through a sector analysis

A second message stressed among all stakeholder groups is the **need for improved country-based approaches**, or even local approaches when possible. Participants pointed at the lack of consultation of local stakeholders and of local authorities (LAs), whose views are essential for the understanding of the local context and needs. While it was advised to start with a broad diagnostic study (see Box 2 and 3), and then prioritising over more specific reform areas, a couple of EU Delegations recommended to consider a “thinking small” approach, i.e.: promoting the involvement of local communities in the design, implementation and monitoring of interventions, to improve their impact and effectiveness.

Many respondents, notably International Organisations, presented helpful sources of information and tools for the identification and analysis of general and sectoral business environment reforms:

- World Bank Doing Business Method;
- Business or Investment Climate Surveys (i), and Business Climate Assessments (ii), at national, regional or local level
- Sectoral and Value chain analyses, notably using enterprise surveys;
- Tool Value Links (iii);
- Enabling Environment for Sustainable Enterprises (iv);
- Red Tape Studies (v);
- Regulatory Impact Assessments (vi).

A recommended strategy for identification and removal of sectoral constraints through a two pronged approach: through business environment reviews at sector level, complemented with value chain analyses and by giving voice to private sector/industry representatives through their intermediary associations for validation of findings, prioritisation of reforms and continuous monitoring of implementation to track results.

Box 3 - Business environment reforms: proposed tools for analysis

A third key message related to Issue 1 called for an **increased participation of the private sector in local Private-Public Dialogue mechanisms**, in order to enhance the effectiveness of general investment climate reforms as well as of more targeted business environment reforms. Indeed, respondents indicated that more stakeholders should be involved in the design of policies and assist governments on defining strategic plans, programmes and priority projects. These stakeholders ranged from representatives of multinationals operating – or interested in operating – in the country, to representatives of cooperatives and of the informal sector⁴, representatives of youth and female workers, trade unions, NGOs, local authorities.

While there were divergent views on whether SMEs should be representing themselves or only through business associations, a point was made that *access to discussions related to the business environment should lead to a fairer participation and better contributions*. Actors with proven expertise in specific fields, such as academia or recognised practitioners, are too often forgotten. Again, as stressed in the second key message, it is important that the collaboration with private sector entities starts during the identification and conceptualisation of the reforms and programs.

Respondents from all stakeholder groups considered that **capacity in both public and private sectors should be built**, so that actors can organise themselves effectively and engage in constructive dialogue and collaborations. In particular, participants in consultations events in partner countries and from the private sector highlighted the need for improved administrative and technical capacities of public bodies in order to:

- ✓ Work with other actors;
- ✓ Make effective use of economic growth for the achievement of development goals;
- ✓ Improve knowledge at sector level, conduct specific studies (related to sectors, industries, technologies);
- ✓ Set procurement rules that take into account both price and quality, and be able to evaluate and test the solutions procured.

A fourth key message referred to the need to ensure that the **outcomes of the dialogue are actually taken into consideration for concrete actions**. Both international organisations and representatives of business associations noticed that private sector representatives' engagement in these dialogues has been discouraged by the lack of concrete follow-up. Moreover, as stressed by several EU Delegations, more transparency on the **actual enforcement** of the reforms by the Government should be promoted given that the official entry into force of reforms does not necessarily ensure actual implementation and enforcement on the ground.

⁴ Informal economy workers could be represented through for instance member-based organisations toward economic and social empowerment

(i) An example can be found at this link: <http://www.cmi.no/publications/file/2957-business-climate-surveys-experiences-from-ghana.pdf>

(ii) <https://www.wbinvestmentclimate.org/>

(iii) <http://www.valuelinks.org/index.php/material/valuelinks-standard-material>

(iv) This is an ILO assessment tool available at this link: <http://eese-toolkit.itcilo.org/>

(v) See examples in www.businessenvironment.org

(vi) More information: <http://www.oecd.org/gov/regulatory-policy/ria.htm>

In a conflict-affected environment, the normal challenges facing business environment reformers are magnified and therefore deserve particular attention. Most donor efforts focus on advice on how to optimise the level, and/or reduce the amount of regulation which governs the setting-up and management of a company, and streamlining regulatory processes. This would facilitate the take off of legitimate and formalised private sector activity and that taxes are generated which help expand much needed public services.

Lessons from practice include:

- ✓ Need to conduct widespread consultations to detect the most impendent needs for support;
- ✓ Putting the reform programme in the hands of a well-coordinated, legitimate local private sector representative body can help maintain momentum even when politicians change;
- ✓ Build the reforms around the right individuals in society who are going to be around in the long-term rather than referring to people in the government, who are likely to change easily;
- ✓ Focusing on enabling the sectors that tend to attract early investment in post-conflict countries, such as telecommunications, construction, banking, and agribusiness;
- ✓ Dialogue is also particularly relevant in post-conflict states where it can help to rebuild trust between government and the private sector;
- ✓ “Quick wins” (within one to two years) to show early results should be combined with sequential, multi-phased medium to long-term programs;
- ✓ Programs need to be flexible in design, funding, staffing systems, time, and engagement modalities, given the instability of the post-conflict environment.

Analytical tools that can be used or should be developed further to help donors design and prioritise reforms in a fragile or conflict-affected environment include:

- ✓ **Conflict analysis:** A sound analysis of a conflict context should include consideration of how economic and political power are controlled and used in a particular context, and what likely impacts this will have on development outcomes. Such an analysis should focus on the practical barriers to change and reform;
- ✓ **World Bank Investment Climate Assessments (or informality surveys):** The questions asked should be adapted for a conflict-affected political context, and the inputs to the assessment should represent the whole country, both formal and informal enterprise, and survey design should encourage honest and accurate responses;
- ✓ **World Bank Doing Business Surveys:** “Doing Business” must be supplemented by other diagnostic tools as its focus is limited on official rules and the formal private sector. It can however be useful as a tool for identifying areas of reform of government weaknesses, and for mobilising a pro-reform constituency;
- ✓ **Doing Business in the g7+:** Quantitative indicators on business regulation and the protection of property rights, and identifies good practices in the economies of the g7+ group (Afghanistan, Burundi, the Central African Republic, Chad, the Comoros, the Democratic Republic of Congo, Côte d’Ivoire, Guinea, Guinea-Bissau, Haiti, Liberia, Papua New Guinea, Sierra Leone, the Solomon Islands, South Sudan, Timor-Leste, and Togo).

Issue 2: Increasing the employment impact and poverty focus of PSD support

The respondents widely acknowledged that the private sector is a main driver for the creation of jobs and wealth. The recommendations made under Issue 2 can be summarised in three main areas: a) measures that address the constraints faced by women and young people, b) measures towards the informal sector, and c) international labour standards and improvement of working conditions.

a°) Addressing the constraints that prevent women and young people from participating in the economy

Respondents from all groups recognized that women and the young, should they be entrepreneurs or workers, face important constraints when willing to participate in the economy. These constraints should be addressed in priority, and respondents tend to agree on the set of measures suggested.

First, the most frequently advised measure was the provision of *training programmes*, which should respond to the demand in the labour market and promote a smooth school/work transition⁵. In the design and implementation of these programs, it was extensively suggested to collaborate with the private sector and local authorities to base skills development on labour market demands, and to create possibilities for direct provision of trainings⁶. Many respondents also highlighted that demand driven high-school education could also promote more and better employment opportunities. In particular, the German dual system of education that combines on-the-job training with professional education was mentioned by several intermediary organisations in partner countries as a good practice. More comments on this topic were made under Issue 4 (Training and capacity building).

Secondly, respondents from all stakeholder groups noticed the lack of *access to finance and financial literacy* as another constraint that prevents women and young people from participating in the economy. It was suggested to create dedicated funds for women and young people to offer patient capital, as well as to allow for the use of non-land forms of property as collateral for credit accessibility, since women rarely have ownership of land. This subject was also developed in Issue 5 (Access to Finance).

Thirdly, wider legal, social and cultural aspects often prevent women and young from entering the labour market and working efficiently.⁷ This topic is presented in Issue 8 on Inclusive growth, with more detailed proposals on how to involve women and the youth into the economy.

b°) Working with the informal sector to increase employment impact and poverty focus of PSD support .

Participants considered important to first *raise knowledge to better understand how informal enterprises work*. This would imply collecting first-hand data in order to identify the constraints of the different firms categorised in different segments (e.g.: by size, sector, and opportunity or necessity type of informal firms). For example, it may be necessary to distinguish between informal firms that remain subsistence-driven and

⁵ Studies presented by the respondents show that programs targeting low-income and low-educated youths have higher possibilities of yielding positive labour market impact than programs without any income or education orientation.

⁶ The inclusion of health and safety regimens in these trainings is considered relevant to promote safety in the work place and therefore reduce the vulnerability of communities to industrial disasters.

⁷ The joint World Bank-IFC *Women, Business and the Law* report highlights that in 79 out of 143 surveyed countries, national laws restrict the types of jobs women can hold.

the ones that can be interested and equipped to integrate in local and global value chains in order to gain access to local and international markets in particular industries.

Identified key constraints preventing the formalisation of enterprises (as identified by respondents from both the public and the private sector) relate to *complex administrative procedures, the high level of regulation and widespread corruption*. Stronger government action, especially in the field of taxation and the respect of property law, are crucial to encourage firms and workers of the informal economy to move up the formalisation path. “E-governance” could also play a role in easing users’ access to basic information on administrative processes, forms and contacts.

Support programmes for informal businesses can improve their business skills, facilitate coaching and mentoring services, contribute to improve their productivity, and support them towards formalisation. Respondents suggested the following activities:

- ✓ *Incubation services*: assisting in business planning, coaching and mentoring, improving technical capacities and links to financial institutions;
- ✓ *Legal advice* on formalisation procedures and awareness raising on the benefits of the formal sector (access to finance and business development services; limiting personal financial liabilities; access to formal markets, etc.),
- ✓ *Access to networks, business linkages and industry clusters*: notably through supply or value chain linkages, including with large companies;
- ✓ *Cooperatives and fair trade initiatives* as forms of social, people-centred and solidarity businesses, were also highlighted as a way to step out of informality.

As presented in the previous section, the meaningful participation of representatives of the informal sector in national and local decision making processes (also through web-based solutions) were considered of utmost importance to identify and tackle specific constraints. The civil society can be in an optimal position to intermediate between policy-makers and actors in the informal sectors, but also between buyers and the informal sector.⁸

Last but not least, to better address poverty reduction, respondents from International Organisations and CSOs suggested the use of market systems approaches such as *Making Markets Work for the Poor* (M4P).⁹

c°) Better labour standards and workers’ rights.

Participants from all stakeholder groups stressed the necessity to promote better labour conditions and workers’ rights both through voluntary commitments to international standards by the private sector, and through stronger legislation, as well as monitoring and enforcement of related actions by governments.

Members within the CSO group suggested that a “do no harm” approach should be supported by the private sector. Such an approach would require companies to analyse and report on the potential harm that products, practices, suppliers and their day-to-day business may cause. In this respect, the need to

⁸ This is for instance the case in Fair Trade partnerships where NGOs assist producers and producer organisations on the formalisation path by helping making the connection between the buyer’s wish to have access to socially and environmentally sustainable products and the producers’ need for capacity-building, autonomy and empowerment.

⁹ Detailed information is available at this link: <http://www.enterprise-development.org/page/m4p>

adhere to international human rights standards, respecting international labour and safety conventions, paying taxes appropriately, and assessing and addressing environmental impact, was also highlighted. The *UN Guiding Principles on Business and Human Rights*¹⁰ are the set of standards to which the respondents from all stakeholder groups have referred most often.¹¹

Also, respondents from all stakeholder groups considered that, in both developed and developing countries, *Governments should adopt stronger positions in the promotion of labour standards and workers' rights in aid recipient countries*. It was suggested that Governments should: (i) ratify core ILO and relevant UN conventions; (ii) encourage private businesses to adhere to national and international labour laws; (iii) ensure that the law is implemented by conducting appropriate labour inspections and putting in place the adequate mechanisms to resolve labour disputes and claims, and (iv) recognize that quality jobs translate into the creation of public goods such as respect for rights, increased levels of trust, human capital, gender equality, poverty reduction and peace.

Representatives of private sector, but also by business associations both European and in partner countries and by CSOs, emphasised that sensitisation campaigns as well as incentives (for example: tax exemption for audits costs, or through direct funding for audits and certifications) could play an important role *in encouraging businesses to adhere to national and international labour laws*. New technologies can play an important role for sensitisation campaigns.

Moreover, it was suggested, by an EU Member State and by European representatives of the private sector to implement mechanisms to exclude companies carrying out activities that contravene international labour standards from any collaboration or contracting, and to enhance collaboration with socially responsible companies.¹²

Governments could carry out ex-ante screening assessments when selecting the companies with whom they intend to cooperate, considering also the compatibility of the company with development policy objectives and the achievement of development goals. In the same way, as demanded by CSOs, EU funds for private support development should be used with conditions ensuring that the beneficiaries' accountability rules are in line with the United Nations Guiding Principles on Business and Human Rights. Further discussions on how to engage with the private sector are developed in Issues 6 and 7.

¹⁰ Available at the link: www.ohchr.org/documents/issues/business/A.HRC.17.31.pdf

¹¹ Other examples are presented in Annex.

¹² International Finance Corporation Performance Standards on Social and Environmental Sustainability can be a reference on this respect.

Issue 3: Stepping up support to (M)SMEs

To step-up support to (M)SMEs, respondents mainly recommended a **better integration of firms and industries in developing countries into global value chains**. To this purpose, the respondents from partner countries mainly suggested the need for a *better business environment* while respondents from the European private sector stressed the necessity to *strengthen the competitiveness of the local actors*, especially in relation to the capacity to produce at competitive prices, improve reliability of supply, and respect international standards.

On one side, policy interventions aiming at making the business environment more reliable, transparent and less bureaucratic can contribute to value chain integration. In particular, lower trade barriers (including tariff and non-tariff barriers), efficient border processes and customs practices, and improving the quality of infrastructure (in particular for ICTs and transport) is seen as critical to promote integration. Moreover, building markets for business support and infrastructure, such as logistic services, ICT, or insurance markets, is of crucial importance.

On the other side, local businesses need more technical and managerial capacity building services and guidance on integrating into international supply chains. In particular, it is essential for non-European businesses to be able to meet EU standards and other export regulations. Recommended solutions include the provision of advisory and training services, to be provided by larger companies or intermediary organisations. Reinforcing local services in quality assurance and certification would also help the local private sector to comply with international requirements and gain access to global value chains.

Other examples on how to facilitate the integration in global value chains were mentioned. The first one relates to the *diaspora working in European SMEs*. The diaspora was seen by many respondents in partner countries as an important asset for making business linkages with their home countries, but this kind of linkage is not well supported yet by the international community (including the private companies and public donors).

Cluster2Cluster initiatives were also presented as a possibility to promote engagement of domestic firms in global value chains as well as to promote exchange of good practices and learning opportunities. The promotion of linkages between local and international actors can lead to improved learning opportunities, especially in relation to internationalisation capacities and innovative practices.

The respondents from business associations in partner countries also presented examples of EU funded programmes that have achieved important results in integrating global value chains as well as in promoting best practices and learning opportunities. The most relevant ones were AL INVEST IV and Switch Asia.

Another recommendation on Issue 3 was to support (M)SMEs in obtaining **access to innovation**, especially **to help them achieve green economy objectives**. Details on the suggestions made by respondents on these topics are available in Issue 9 (Green economy).

Furthermore, actions should be differentiated according to the level of intervention. For instance, at the macro level, policy reforms should reduce bottlenecks and provide incentives for innovation. At the meso level, all groups of stakeholders advised to facilitate knowledge flows, improve learning opportunities, and make linkages between local and international actors.

Academia has a role to play here. In particular, university-based technological centres can be used to promote technical innovation, to be tested with MSMEs who will give their feedback. The EU could support academic and students exchange programs between EU Member States and partner countries.

Many technological partnerships with EU companies and academia could be envisaged in “green” areas such as energy efficiency, or renewable and alternative energies. Partnerships could also be promoted in other areas that contribute to sustainable and inclusive development such as: microfinance, micro insurance, micro irrigation systems, low cost fertilisers, etc.

EU expertise in the support of SMEs was particularly well valued among all respondents, especially in partner countries. As such, participants identified a **rich catalogue of potential activities and EU initiatives that could be tested or replicated in developing countries**.

Areas of expertise, emphasized notably by business associations in partner countries, included:

- ✓ Internationalisation and capacity to harness the benefits arising from Free Trade Agreements (FTA);
- ✓ Compliance with standards –including Sanitary and phytosanitary (SPS) and Technical Barriers to Trade (TBT)– and acquisition of certifications – including geographical indications; logistics; Research & Development and innovation – including green technologies;
- ✓ Business support: business management, financial assistance, promotion of cooperatives and export consortia, business incubators;
- ✓ E-governance and Information/Communication Technologies: a special attention should be reserved to technology-enabled small businesses which have a great potential for fostering employment and innovation.

Examples of EU initiatives that could be scaled-up in development cooperation include:

- ✓ The COSME 2014-2020 program,¹³ in particular the *loan guaranty facility*;
- ✓ Young professionals exchange programmes, such as Erasmus for Young Entrepreneurs;¹⁴
- ✓ Small Business Act;¹⁵
- ✓ EU Export Helpdesk;¹⁶
- ✓ EU Cluster Observatory;¹⁷
- ✓ EUREKA network;¹⁸
- ✓ High Growth and Innovative SMEs Facility¹⁹;
- ✓ Enterprise Europe Network.²⁰

Box 5 - EU actions to step-up support to (M)SMEs

¹⁵ http://ec.europa.eu/enterprise/policies/sme/small-business-act/index_en.htm

¹⁶ <http://exporthelp.europa.eu/thdapp/index.htm>

¹⁷ <http://www.clusterobservatory.eu/index.html>

¹⁸ It aims to promote links between MSMEs and research and development (R&D) institutes. See <http://www.eurekanetwork.org/>

¹⁹ <http://www.gsa.europa.eu/gnss-funding-guide/european-investment-bank-and-other-financial-instruments/high-growth-and-innovative-smes-facility-gi>

²⁰ <http://een.ec.europa.eu/>

Issue 4: Vocational training and capacity development

Training and capacity development were unanimously recognised as priority areas for support. The private sector at large indicated that the shortage of qualified workers impedes the creation of added value and limits competitiveness. Vocational education and training (VET) institutions are seen as being slow to respond to the existing and changing needs of the private sector: this mismatch with the wider needs of the private sector creates disincentives for partnerships. Further, the lack of technical and managerial capacity as well as of specialised skills hinders people's employability and potential to grow. Absorption of excluded groups into labour markets, including educated and even graduated women, is an additional issue.

The main key message in the area of vocational training was the request **to strengthen the dialogue among the private sector and training institutions, including academia, and government**. The objectives of such a dialogue are manifold. However, the main idea was to create conditions to integrate vulnerable groups, ensuring that primary education is followed up with additional training in order to better harness the possibilities of the very considerable number of youth in LDCs on a global labour market.

Other wider concerns that justify a dialogue at national level were identified. Notably:

- *Scope for sustainable funding*: Public & private cost-sharing mechanisms should help to cope with the increasing demand for education and training at times of increasing budgetary pressures.
- *Standards and quality assurance*: Ensuring that education providers teach students to the right level of skills and with consistent quality is essential for winning the confidence of all stakeholders. This requires regulators to enforce comparable standards for both public and private providers through qualification frameworks, quality assurance, and accreditation programs.
- *Updated market information*: the private sector should provide public authorities with up to date relevant information on labour market conditions and necessary skills to successfully integrate in the labour market (information transparency).

A second but related key message relates to VET contents and the skills demand from industries and related services. To ensure that graduates have good chances of securing a rewarding job or setting up their own businesses, **private sector needs to work together with the educational system in defining the competencies to be acquired by the learners**.

The identification of employment and self-employment opportunities within specific value chains, notably for young people, should also help in creating pathways that increase the likelihood of a first contract for trainees, and their employability at later stages. The possibilities for self-employment and entrepreneurship discussed under this section included a focus on agriculture, and ICT as an attractive and value added sector.

Moreover, entrepreneurship programs are also advisable to foster the creation of start-ups and cooperatives, including through business incubators. Studies indicated by respondents show that combining entrepreneurial training with grants increases the efficacy of these programs, and might be necessary to have a significant impact on women's business practices. These programs would largely benefit from measures such as simplified procedures for setting up a business and dedicated services on post-business creation.

As a third message, support to VET was also recognised as **a tool for structuring particularly weakened economies, notably in post-conflict situations**. Many examples were given where practical training was

used for reconstruction activities and the provision of essential services to the affected communities (e.g.: sheltering and housing, basic access to water and sanitation).

A second question related to Issue 4 that received strong feedback was **on the appropriate public funding to support VET services**.²¹ Many examples were given of direct donor subsidies that failed to create local capacity-building (CB) markets, indicating the *need to aim at market-based approaches for Capacity Building services*.

If and where training and VET services should not be subsidised, the use of public money could still support the CB business through a better understanding of: (a) needs in training from the demand side; (b) categories of available workforce and potential impact of trainings; (c) business models for capacity building services.

Keeping with the premises that public funding should not distort the market, it was however recognised that *a limited amount of subsidy for enterprises is justified* in view of multiple failures in the market of business development services and on the evident usefulness of subsidies for specific groups that would not have access to VET otherwise as they are in situation of exclusion. Examples of practices include:

- *Pilots*: subsidies may be appropriate to initially develop training materials or to develop best practice for demonstration effects;
- *Co-financing mechanisms*: such as levy schemes to fund training that may lead to better outcomes in terms of quality and can be used as an advocacy tool for higher involvement of private sector on VET and skills development issues;
- Subsidies as incentives for *apprenticeships*.

Contributors propose that subsidies to training and CB activities should be:

- limited in amounts and in time, potentially undercutting sustainability and market-based provision of services;
- provided to actions where there is an evident public good element;
- reserved to companies with a positive social impact;
- equitable and transparent to all;
- demand driven or at least committing to final beneficiaries, for instance with a financial counterpart;
- reserved only for small and micro-enterprises, not for larger companies who should pay market rates;
- made accessible to vulnerable groups and women according to their conditions;
- increased in post-conflict reconstruction.

Box 6 - Proposed principles when subsidising capacity building activities

Building capacity alone will not bring development; therefore the issue of access to finance, especially for SMEs, should be tackled (see Issue 5, Access to finance).

²¹ Question 16: “Should services be offered at subsidised rates, through co-financing mechanisms or more market-based approaches?”

Issue 5: Access to finance

Access to finance was a particularly critical point and one of the issues with most individual answers. While all private structures need circulating capital in the first place, access to credit has proved very difficult to target at MSMEs, especially those operating in the informal sector. Microfinance alone cannot meet the demands of micro, small and medium-sized enterprises, therefore other finance mechanisms are required, such as access to longer term investment finance to improve technology and productivity.

Other crucial points in this area notably include the financial inclusion agenda – access to finance being such a central issue, the subject should be approached from an angle covering the broader concept of *inclusive* finance. Social objectives of some Financing Institutions being not clear, access to credit is sometimes translated into new forms of usury, largely eroding the capacity of vulnerable groups to be lifted out of poverty. An aspect of financial inclusion should also address the issues related to credit gaps, a challenge women entrepreneurs are facing, and the “*missing middle*” which is in need for risk-sharing instruments.

It emerges from the consultation that **EU experience with financing & blending facilities and capacity to focus on poverty alleviation provides it with a comparative advantage in improving access to finance and achieving financial inclusion**. The possibilities through its multiple mechanisms (e.g.: through blending facilities, guarantee mechanisms, and project-specific TA) and partnerships with other important European funders, such as the European Investment Bank, are to be better known and exploited. The existing European network of development financing institutions that target private investors (Proparco, DEG, FMO, CDC, Sweedfund etc ...) was seen (notably, by Independent Experts and Research Institutes) as an opportunity for a stronger joint action at European level and the introduction of an EU funding instruments especially for African SMEs. Given its core grant funding base, the EU should focus on enhancing the use of this instrument for blending with other sources of funding from organisations that have the expertise to manage debt, equity, and guarantees while at the same time influencing them to ensure that the support responds to informed market needs and has a demonstrated development impact.

As a particularly frequent message from contributors on access to finance, a priority for external support would be **to concentrate on the development of guarantee mechanisms for MSME access to credit, notably in low-income countries and lower-middle income countries**. High lending rates (up to 30%) make the access to microfinance unaffordable for financially excluded people. By deploying funds with a higher risk tolerance than that of commercial investors, the blending facilities can help mobilize significant private capital for MSMEs in the short to medium term, while also achieving an important demonstration effect to lower investors' perceived risk in the long term. The use of subsidies, technical assistance and soft loans deserves to be supplemented by risk-sharing instruments for support of micro-enterprises, small and micro businesses. Risk guarantee funds should improve credit culture by enabling credit institutions to update their credit policy according to manageable risks, and better adapt to the circumstances in which they have to operate. Access to finance for SMEs (“*missing middle*”) and establishing a credit guarantee scheme should also be addressed as priorities.

As a second area of potential support, it was recommended to **develop more comprehensive approaches combining access to credit with capacity building activities**, notably directed towards management skills and for improving financial literacy of credit beneficiaries. Linking loans to training measures is a tested practice, which enhances the beneficiaries' overall level of preparation in using credit funds and mitigates risks through improved business plans. Entrepreneurs also often lack the capacity to present the interest of their projects or ideas to potential investors. Practical trainings offer the opportunity to improve the interface between the potential investors and the MSME promoter.

Furthermore, the development of businesses' financial literacy would help them identify other forms of financial products in the market that are useful at various stages of a business cycle.

Capacity building can also focus on management skills notably for groups willing to constitute themselves into a new organisation. For instance, using cooperative arrangements can improve the capacity of rural communities to access credit. Indeed, whereas the individual producer can be constrained by the absence of collaterals, rural credit can be adjusted to women's organisations, farmers associations, and other forms of cooperative associations.

A third main recommendation originated from International Organisations and focuses on **the use of local structures as partners for an improved understanding of local mechanisms and funding channels**. For instance, *local market facilitators*²² can be used as informed and trusted third parties that operate by using their experience and knowledge of relevant market actors. Local market facilitators can also be useful in understanding the market failures in each market and to tailor the EU's strategy accordingly. Being aware of adequate conditionality and risk taking, market facilitators may identify emerging opportunities and challenges for developing the market system to the next level.

Using local facilitators also allows focusing on the ones who specifically have a social mandate or an "impact first" profile and culture.

Respondents saw the EU in a privileged position to support capable local and regional facilitators and technical assistance providers so that, in turn, they can serve financial services providers directly. Notably, in the case of national markets that are considered not ready to benefit from investment funds, the setting up of a 'MSME fund' to be facilitated via local financial intermediaries can be a solution.

In the same vein, contributions largely recommended that conditions in accessing public funds should be better adapted to the intended beneficiaries. This is not only a question of reduction of bureaucracy: financial instruments are only helpful if based on realistic criteria. Using local financial intermediaries can be targeted to overcome this problem, but those intermediaries that fit the required standards are not common in LICs and LMICs and in many cases are not accessible for MSMEs.

As a fourth key message, the EU also has a role to play in **supporting local regulators** and the financial service reform covering their regulation framework. A stronger supervision capacity from the central bank or other regulators should increase the protection of depositors, promote sound financial management by micro-finance institutions, allow for fair market entry, and unbiased competition. This can be done for instance by helping clarifying the added value of regulation and disseminating good practices in the regulation of micro-finance institutions in order to limit negative impact in the micro-financing sector. Based on previous Commission initiatives²³, the EU could play a valuable role helping local regulators to preserve the spirit of Basel while encouraging responsible MSME finance.

As such, contributors from all groups shared the view that responsible finance can be improved by **supporting the development of responsible lending guidelines** in order to promote transparency, comparability and choice in financial services for MSMEs and consumers. Responsible finance principles across the financial sector exist²⁴ but solutions are still undeveloped, which could for instance justify EU interventions in: supporting the establishment of certification standards for responsible lenders and MSME banks, ensuring the implementation of the Principles of Responsible Finance, or supporting responsible non-banking financial organisations (e.g.: insurance, housing, or low cost digital financial services).

²² A local market facilitator is "an informed, trusted, independent and locally based interlocutor responsible for making sure that the needs of all parties in the financial system are met" (CGAP).

²³ e.g.: on clarifying regulations to mitigate damage from a potential misinterpretation of Basel II/III requirements in setting reserve requirements for trade finance instruments in Europe.

²⁴ e.g. : CGAP client protection principles

Other recommendations related to the use of EU regional blending facilities to provide access to finance to local MSMEs and to promote financial inclusion are:

- **To provide greater amounts of funding.** EU blending facilities can incentivize financial service providers who are not currently serving smallholders and MSMEs to approach this market segment. Rationalizing and improving the impact of blending facilities can be done by pooling existing regional resources together. It is also considered that strategic physical investments also contribute to improve the enabling environment for private sector development, as for instance by supporting communication and transport infrastructure needed for the implementation of national development plans.
- **Use wider lessons learned from existing blending mechanisms** when devising future interventions, and **use experienced local actors for implementation.** The final impact of blending facilities depend on the capacity to adapt to the objectives of their direct clients and needs of the indirect beneficiaries, which can only be known through assessments at different levels. For instance, the “Micro” level assessments would focus on NGOs, local banks and credit unions; “Meso” level analysis would concern auditors, credit bureaus and transfer systems; and assessments at the “Macro” level would concentrate on regulators, supervisors and central banks).
- **Improve collaboration between regional blending facilities and local development banks.** Regional blending facilities are perceived as distant and have difficulties in efficiently promoting financial inclusion. Bridges between regional blending facilities and local development banks need to be strengthened in order to better provide access to finance to local SMEs and cooperatives.
- **Make development outcomes the overriding criteria in project selection and evaluation.** Development objectives should be mainstreamed into all investments, with clear outcome indicators and effective monitoring. Access to finance has particular impact in markets segments at risk, but with high development potential e.g.: rural zones, post-crisis situations, vulnerable groups notably women and the youth.
- **Better take into account the potential of remittances as source of financing.** Financial remittances, which represent very significant financial resources to developing countries²⁵, could have a greater economic impact by promoting small productive investments in their home regions. Relations between the networks established microfinance in developing countries and banks in host countries could be developed.

Issue 6: Working in closer partnership with the private sector

Participants from all stakeholder groups highly valued the use of platforms for public-private dialogue, particularly when specific to sectors or value chains. Numerous examples were given illustrating positive experiences of such platforms, from specific consultations leading to sector policy formulation, to regular dialogue processes where knowledge sharing had a positive structuring effect for whole sectors. Specialised thematic platforms can also be setup at sub-national level.

²⁵ According to the World Bank, remittance flows to developing countries were estimated to be \$351 billion in 2011, with an expected increase of 7% per year. Also in 2011, ODA reached \$133.5 billion and has been declining since.

Vocational training:	Upgrading of curricula, strengthening of capacities of local training providers is for the benefit of all actors in a sector.
Agriculture:	Supporting certification of producers, promoting improvements in productivity, ecosystem resilience and biodiversity.
Healthcare:	Creating and coordinating a network of private health care providers to deliver social services, at appropriate prices and to a broad population base.

Box 7 - Examples of concrete outputs of public-private platforms in thematic areas

The main recommendation from respondents was **to use dialogue platforms that “make change happen” in sector practices, should it be at policy, regulation, or technical level**. Platforms are valued provided that public and private participants are in the position to put their decisions into practice.

In particular, private-public policy dialogue should focus on:

- ✓ Setting targeted business environment reform and enterprise development priorities;
- ✓ Contributing to design and monitoring of enterprise development programs and inclusive and sustainable private sector development;
- ✓ Supporting innovation, technology transfer and upgrading, including for development of green industries and jobs;
- ✓ Improving linkages between industry and vocational, technical and tertiary education and training institutions to identify and reduce skills gaps;
- ✓ Eliminating regulatory and fiscal barriers that may challenge supply chain development in key/emerging sectors in a Partner country;
- ✓ Thematic areas (such as energy efficiency investments, sustainable agriculture, etc).

Related challenges lie on limiting the proliferation of platform formats and subsequent meetings, and ensuring transparency of decision making notably by using competent and confirmed representatives of the private sector.

Despite a clear preference for result-oriented platforms (see above and in Issue 1), participants indicated that **higher-level public-private dialogue is also needed**, at both national and international level. This, in order to intensify large-scale public-private action, accelerates global transitions by defining a broader “vision” for the future, and addressing complex challenges.

At national level, it was also mentioned that there is a strong lack of coordination between ODA donors. Indeed, support to the private sector is not structured through a "sector" lens as done with other thematic areas of donors, implying regular exchange of information and common objectives set locally.

In relation to the question on working with the emerging donors, respondents considered that **the EU should improve its dialogue with BRICs**. While national authorities and local organisations are much in favour of launching new partnerships with BRICs, EU work with emerging donors has been limited so far.

Identified challenges were:

- to identify incentives for BRIC companies to work with European ones;
- to stimulate the interest of EU companies for direct investments in Africa;
- to forge new and acceptable standards for all international players, responding to key issues such as social and financial inclusion, promotion and transfer of knowledge and technologies including innovations in green industries, food security and distribution;
- not undermining the new opportunities BRIC may represent for recipient countries (EU to be “complementing, not competing” with emerging donors).

Issue 6 included Question 22: What are the risks for donors like the EU of engaging directly with the private sector, and what principles or minimum criteria have to be applied to manage these risks? A synthesis of the main answers to Question 22 focusing on risks are transcribed in Table 1.

Table 1 - What are the risks for donors like the EU of engaging directly with the private sector?

Typology of risk	Description of risk by respondents	Proposed mitigation measures
General reputational risk	Reputational risk is inherent when dealing with the private sector. Reputational harm to a donor can be done in many circumstances, e.g.: over-subsidising (lack of additionality) or incorrect targeting of subsidies, breach of aid rules, unfair competition / tendering, lack of integrity...	General screening of potential beneficiaries, review their social and environmental track record Keeping close contact with national authorities and respective ministries (steering committees at national level). Use well-functioning intermediary institutions. Work only within the context of public-private dialogue approaches.
	EU policy framework is supporting or allowing harmful behaviour of European companies operating in developing countries - lead to increased inequality, unsustainable growth, and resource depletion.	EU MS should "walk the Lisbon talk" on sustainable development and track EU companies exploiting weak regulatory and policy environments that exist in developing countries to their own advantage. EU to demonstrate stronger commitment to Policy Coherence for Development (PCD).
Compliance & Legal risk	Fraud, non-compliance with public regulation (Governmental regulation, EU Financial Regulations). This may lead to the waste of public resources for PSD. (See reputational risk).	Beneficiary companies should be facing penalties or reimbursing costs incurred if not participating fully.
Reputational / credibility for public systems & Operational risk for the businesses	Risks associated with the operational and administrative procedures. Failure of Public systems to engage with fast operating stakeholders of the Private Sector. Companies work with shorter/quicker cycles. Failure to engage with actors from emerging economies/BRICs.	Identify procedures that lower operational risks for businesses. Use long term, predictable support instruments. Simplify procedures. Increase transparency, coordination and harmonisation among donor programmes
Failure of the PSD Policy	Two different aspects of PSD policy failure: 1°) The promotion of positive development outcomes for developing countries is not	Associate the private sector in a dialogue for PSD. Improve coherence and linkages with EU

	seen by PS as their particular responsibility, but rather the responsibility of governments. II*) Lack of flexibility at EU level may de facto exclude certain categories of actors (MSMEs in particular) and promote a certain type of companies which have the administrative and financial capacity (including international companies) at the expenses of locally rooted sustainable private sector actors.	policies and instruments for development, trade, agriculture and public-private investment. Use local intermediaries that have the capacity to link with targeted (M)SMEs.
Market risk	Local markets can be distorted through injection of massive foreign resources.	Market monitoring. Preferential use of market-based approaches.
Unsystematic risks	Risks related to single operations.	Diversify support operations and funding instruments.
Other risks	It makes more sense to focus on the risks related to the specific actions that are supported or planned, than on general and unspecific risks	Make tailored & reliable risk analysis. Members of the private sector indicate that, when the State is used as an implementer, such a risk analysis can be distorted. The role of the State should therefore remain as a facilitator.

Another way of engaging with the private sector could be through the activities undertaken under the **corporate social responsibility (CSR) strategies** of large international companies. CSR activities are at the moment largely uncoordinated and not monitored. It was suggested that the EU could support CSR programmes if they contribute to the achievement of national development plans or to the attainment of larger objectives as set by the MDGs. It was also suggested to further extend CSR in the environmental area, bringing a stronger focus on potential environmentally damaging practices of international companies. Finally, reference has also been made to the EU Communication on CSR (2011) and to the globally acknowledged OECD Guidelines for Multinational Enterprises.

Last but not least, it was suggested to use **the EU blending mechanisms** better for engaging the private sector for development by making them more relevant and attractive for private sector investors. Related recommendations include:

- *Adapt to the context, opening the eligibility criteria to new actors and activities.* Donors fundamentally need to make sure that the final beneficiaries and the intended target beneficiaries *are the same*.
- *Better take the leverage of private investments into account.* When correctly directed, private investment holds the potential for the EU to achieve different types of development results than it may not be able to achieve alone or with other types of partners – by building on the funds, expertise, working approaches and/ or outreach of businesses, and using the own PS insights as to improvements.
- *Set high standards for transparency and accountability.* Beneficiaries of the blending mechanisms should follow guidelines for accountability and efficiency in management of resources so as to achieve the expected social benefits. Public actors including donors should also improve transparency by disclosing all the available information on projects, social and environmental impact assessments, contracts, subcontracts, investments and partnership agreements.

- *Increase the use of market-based approaches.* Donor subsidies may incentivise entrepreneurs in the short term, but donors' grants alone cannot ensure a sustainable delivery of goods or services in the long run. Experience further indicates that the attraction of private sector entities lies mainly in medium and long-term profit, and less in primary support conditions established by a donor.
- *Use faster processes* for assessment of applications (currently around 6- 12 months) and contracting of approvals (also around 6- 12 months), in order to better adapt to the quick cycles that are characteristic of PS investments.

Issue 7: Using the private sector as “delivery channel” for development

Participants adopted different positions when answering to the question of the private sector as a “delivery channel” for development notably for “public services in sectors such as energy, infrastructure, waste, water and sanitation, or health” as mentioned in Question 24.

CSOs at large, and some international organisations, indicated that **the provision of goods like water and energy should not be left to the private sector**. The private management of public goods was perceived as an important factor potentially increasing inequality. It furthermore makes it difficult to make long-term transitions towards more green and sustainable systems of provision of energy and water.

International organisations and Research institutes added that the use of the private sector in delivering public services requires careful balancing between ensuring that the interests and needs of the population are met, for instance around affordability, while at the same time ensuring that the incentives for efficiency for the private sector are not undermined. Public oversight and transparency of processes are, in any case, essential.

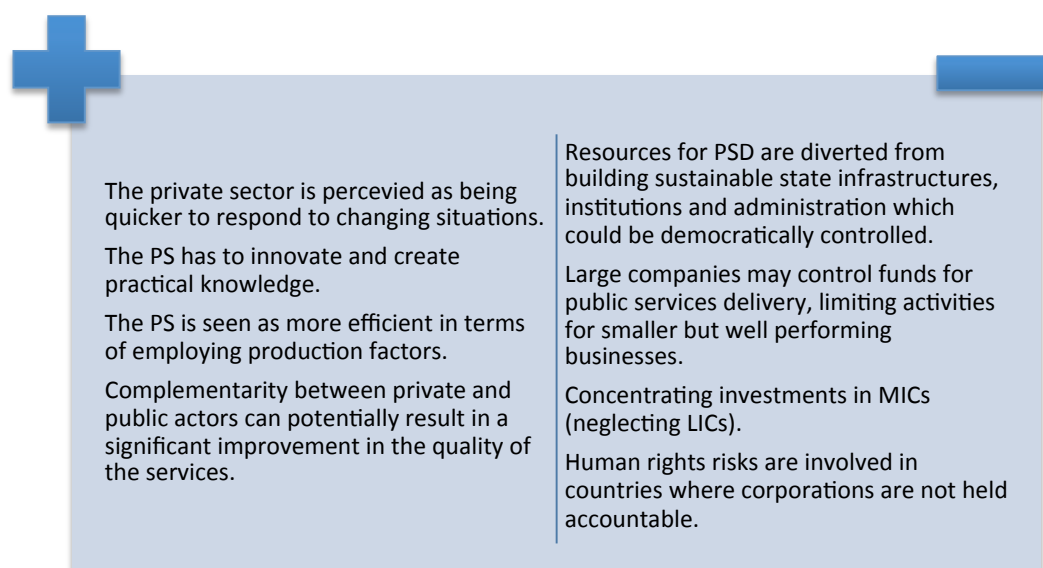


Figure 7 - Identified opportunities (+), and risks (-), when using the private sector as a channel for development

However, respondents from international organisations, private sector and civil society, indicated that **the priority is sometimes to have the services effectively delivered**. They therefore recommended working directly with the private sector in certain contexts where there is evidence that traditional aid is not achieving its expected results, rather than interacting with the public authorities. Examples were given in relation to basic health services in post-conflict contexts and where public services are weakened and unable to deliver due to especially difficult conditions or in remote locations.

The contributors, notably from International Organisations, EU Member States, CSOs, Research Institutes and Business Associations also identified a series of **principles to be taken into account when considering engaging with the private sector**, presented in Table 2.

Table 2 - Proposed criteria or principles to be taken into account when engaging with the private sector

Recommended Criteria/Principles²⁶	Description proposed by contributors
Additionality	Public funds should not be used for actions that could have been funded by the private sector.
Adherence to standards	Governance conduct in terms of sound business ethics, transparent reporting and compliance with public policy standards.
Alignment for development	Aligned with national development priorities.
Catalytic	Supported actions attract further private investment.
Coherent behaviour	Criteria should not only apply to beneficiary companies themselves, but also to its contractors and supply chain partners, and screening should be looking at its customer care and the social impact on the society and communities.
Contextual factors	Screening and selection criteria should also include contextual factors (stability and crisis, existing enabling environment, presence of a multi-stakeholder partnership...), developed in a risk analysis and definition of mitigation measures.
Exclusionary criteria	Support cannot run counter to the EU's objectives and fundamental principles, to the principles of international humanitarian law, and to internationally recognised standards as embodied in the Universal Declaration of Human Rights of 1948, the Declaration on Fundamental Principles and Rights at Work of 1998, the Convention on the Elimination of all Forms of Racial Discrimination of 1965 and the Convention on the Elimination of Discrimination against Women of 1979.
Measurable effects	Quantifiable development impacts like job creation and poverty reduction.
Neutrality / Subsidiarity	Support for private companies should not provide them with an unfair advantage over their competitors. Public support should not lead to market distortion.
Positive discrimination	Specific support should be given to marginalised groups, including women and young adults.
Pro-poor	Scarce ODA must prioritize the needs of the poorest.
Sustainability	Public support to the private sector should lead to a lasting development impact that is commercially viable in the long-term.
Targeted leverage effect	Supported actions should show an added value in specific, but predetermined aspects, such as: innovation, leading to market development, linkages within value chains...
Value for money	As with all donors spending, but particularly with financing of private sector entities, support should be based on a realistic cost benefit analysis.

²⁶ In alphabetical order

On the more focused subject of how Private-Public Partnerships can be used as a tool for delivering infrastructure services and public goods, contributors also presented **divergent views on how to use PPPs**.

CSOs, notably, indicated that PPPs are costly both in social and financial terms. Many PPPs were not set primarily according to the interests and needs of the population, or around the affordability of their delivery. CSOs argued that PPPs have been generally disappointing in terms of poverty reduction, and provision of basic social goods and services related for instance to water, energy or health cannot be left to the private sector alone.

On the other hand, Governments increasingly look at Private-Public Partnerships to improve and speed up the delivery of services through private expertise and efficiency, mobilize capital, and externalize risks. During consultation meetings in Africa, public institutions mentioned that PPPs have the capacity to involve SMEs within their area of work, thereby strengthening SME's capacity overall, notably through technology transfers. Outsourcing to SMEs should therefore be encouraged to improve their competitiveness, create jobs and foster inclusive development.

Issue 7, among with issue 9 and 10, received less comments from members of the private sector than the other Issues.

Overall, respondents from the private sector:

- encouraged the EU to support programmes with a “*double bottom line*” for the people and the private sector. For instance, support to infrastructure can tackle many of the underlying issues that act as barriers to the improvement of value chains, and accelerate local trade, support agricultural development, and lower production costs (e.g.: through improved access to energy);
- called for more support in governance and for a legal framework that encourages private sector investment;
- stated that lower levels of investments and sustainable tariffs can be achieved by using PPPs, notably through robust business cases. Members of the private sector and business associations argue that with a proper life-cycle costing, regular performance measurements, and substantial risk transfer, PPPs can show better *value for money* for public service delivery. This implies that detailed, reliable information is available when designing projects.

Despite these discrepancies, **there was a shared opinion that the EU should focus on disseminating good practices in PPPs in sectoral programmes**, giving guidance on the basis of experience. To achieve both public policy and business objectives effectively, PPPs need an adequate regulatory framework, contract transparency, participation processes involving the beneficiary and the potentially affected communities to ensure stakeholder support, and strong negotiation skills from the public side. Monitoring and the dissemination of best practices are considered as key measures, especially in the case of sectors such as energy, water and sanitation and health, with high social, human and environmental impact. Public and Private Partners need to have the capacity to monitor and manage their contracts, ensuring contract compliance and renegotiation as the situation changes over the years.

Issue 8: Private sector contributions to inclusive growth

Issue 8 received the lowest number of responses, with almost no comments from Asian organisations (the only comments from Asia were received through the events organised by the EU Delegations) and a relatively low participation from Research institutions and Experts, International Organisations, Member States and Public Institutions. Nevertheless, nearly all members of the private sector submitted a

contribution, and the level of response of CSOs and Business Associations was similar to the one observed in other Issues. Further details on the participation of stakeholder groups are available in Annex 2.

Respondents mainly pointed at a **lack of knowledge and evidence on successful inclusive business models**. The high number of anticipated constraints for the adoption of inclusive business models suggests that companies are not attracted by them (see Table 3). This indicates that inclusive business models remain a relatively new area for many actors, and probably much needs to be done before a real shift is made towards inclusive growth.

Contributors however elaborated a few recommendations related to issue 8. As such, members of the private sector and international organisations say that the most effective way for the EU to engage with companies to encourage innovation and facilitate private sector investment into low-income markets would be **by supporting local value chains**. The success of every company is affected by the supporting organisations and infrastructure around it. The main idea is to build the capacity and infrastructure of intermediaries rather than direct support to enterprises, improving interaction between mature businesses and smaller or newer SMEs. Integrative value chains have the potential to lift businesses out of the informal sector, generating regular employment, business operations, and fiscal contributions.

However, some of the challenges are too systemic to be addressed solely through business innovation by the private sector, notably regulatory barriers, political interference, limited access to finance, poor infrastructure. This is why contributors mostly indicate that such support should be done **when there are effective business environment reforms**, or at least **good governance effectively mainstreamed** in public support programmes.

As expressed in Issue 7, a particular attention should be paid to **specific sectors with a particular structuring effect to the economy**. For instance, infrastructure, water, waste, energy and health are:

- traditionally under the control of public authorities;
- demanding in terms of capital investment;
- highly dependent on technology (and therefore, on research and innovation, and on skilled personnel) for their efficiency;
- strategically and closely related to regional integration.

It was therefore recommended to ensure SMEs are involved in these sectors should it be through sub-contracting mechanisms.

The respondents also highlighted the benefits of promoting the sectors that have a high employment potential for women and young people. For example, encouraging the development of female-specific value chains – for example in the handicraft or needlework sectors – is shown to successfully increase the employment opportunities of women. Moreover, these sectors allow the possibility of working flexibly and from home – thus making it possible for women to combine paid work with childcare and household responsibilities.

The promotion of **cooperatives and networks, including fair trade initiatives**, of women and young people was also considered important for achieving inclusive growth by giving better access to market as well as for increasing the participation of women and youth in political dialogue and decision-making processes. Also in this area, Information and Communication Technologies (ICT) could be of great help to reach scale, create community and market networks, and facilitate participation to dialogue (e.g. through web-based platforms, social media, etc.). The important role of *ICT solutions*, such as mobile phones and computerised services, has also been widely emphasised to promote employment creation especially in rural communities by allowing access to information and e-commerce.

Furthermore, partnerships between NGOs and the private sector may lead the way for inclusive solutions in situations of **economic crisis, post-conflict and fragile environments**. Such innovative partnerships have been developed for example in Albania, Cambodia and Pakistan.

Last but not least, identified constraints for investing in inclusive business models and suggestions for mitigation are presented in Table 3.

Table 3 - Constraints for investing in inclusive businesses, and identified mitigation measures (main answers given by contributors)

Identified constraints and potential implications	Proposed mitigation measures
Lack of information or poor access to information (including technical & market information), leading to poor innovation capacity and low levels of investments.	<ul style="list-style-type: none"> • Use continuous monitoring based on reliable data to address information constraints. • EU to disseminate good practices notably to EU Private Sector so as to stimulate innovation and the creation of new inclusive businesses. • Research-based knowledge is necessary to address (new and old) development problems. • Perform a « radiography » of sectors to allow evidence-based investments.
Businesses are not sufficiently commercial, margins are too low or pilots are overly dependent on internal business subsidies or grant funding: they do not have the capacity for scaling up.	<ul style="list-style-type: none"> • Use commonly available indicators such as profit margins (which should not be too low) and subsidised costs (either fixed or variable), so that companies can re-assess their margins and better identify hidden set-up costs and other subsidies.
Human resources with required skills and specialist knowledge are insufficient.	<ul style="list-style-type: none"> • Identify practical trainings needs. • Negotiate with academia and VET institutions how to improve curricula.
<p>High opportunity cost of investment, leading to low investments in inclusive businesses.</p> <p>Companies may compare the expected return on investing in inclusive business models with other ventures and reach a conclusion that the risks are too high, margins are too low, and time horizon is too long.</p>	<ul style="list-style-type: none"> • Identify in detail the reasons why other investments have higher or more certain rates of returns. • Identify good practices in inclusive business models, evaluate their impact on development and understand how & which companies' strategies can be seen as inclusive. • Developing and sharing information on effective scaled business models. • Support early or unproven business models (pilots) in order to prove out the model is warranted. • Use partnerships to defray fixed costs that cannot be recovered through operations or due to the pricing-affordability ceiling, such as capital expenditure, supplier training costs, or the costs of stimulating customer demand. • Improve capacities on risk identification, to have a more realistic view of risks within the sector or business, and define better mitigation strategies
<p>Access to finance is low, and becomes a major obstacle to the business in general.</p> <p>Lack of access to growth capital impedes scaling-up</p>	<ul style="list-style-type: none"> • Develop stronger business cases • Update banks' business analysis and risk analysis in the different productive sectors, so that they can adapt their credit conditions. • Build information on borrower creditworthiness, document on credible evidence of financial viability and/or social impact. • Credit gap constraints may be bridged by building a strong business case and by considering partnerships that lower scaling costs.

Issue 9: The role of the private sector in the transformation towards a green economy

As a first and general key message, the main channel to promote PS investment in green industries and accelerate green investments would be through supporting **the establishment of an enabling environment for green investments**. Respondents suggested this could be done through:

- Improved standards and regulation limiting environmental impact, both at direct level (pollution, landfill, waste water) or encouraging more resource-efficient practices, such as building codes and emissions and performance standards for vehicles and appliances.
- Supporting the enforcement of existing regulatory frameworks at the national or regional (e.g. EAC, ECOWAS, OHADA, SADC) level;
- Promoting private sector investment in green industries and innovation through financial incentives, via a deeper collaboration with IFIs and more effective climate change mechanisms (Clean Development Mechanism, Green Fund);
- Applying trade incentives for goods and services based on green technology while dissuading trade in those that do not meet green standards;
- Helping to develop national green growth and climate change plans.

As a second key message, members from all stakeholder groups called for the provision of **technical knowledge and technology transfer in specific, sensitive sectors**. As with any other sector, private sector investment requires the development of clear business cases with the green sector. As an emerging market, there is still need for improved information on the potential returns of green practices, such as: resource efficiency, low consumption infra, off-grid renewable energy, waste management, sustainable value chains, or sustainable agribusiness.

This has particular relevance in sensitive areas such as food security and resilience to climate change, which should not be undermined by prioritising high-speed increased economic growth implying unsustainable agricultural practices and natural resources management.

European knowledge transfer can also be done in areas not directly associated with the green economy, but that can structure green growth, such as: consumer protection, framework regulations, or (green) tax collection.

A third key message was to **support the adoption of innovative "green" practices that improve productivity** (and/or reduce production costs, improving cash flow). This is considered key to facilitate "leap-frogging" of developing countries to a green economy. Suggested activities include raising the awareness on the benefits of "going green", notably by using quantified methods such as Cost-Benefits Analysis that intend to quantify the differential impact of scenarios with/without "greening" action.

In the same vein, "going green" is only possible if there is a **focus on green and affordable solutions for the customer**. Households have very little room for experiments or insecure investments, but are in demand of technology or efficiency practices leading to financial savings.

Finally, several business associations and members of the private sector were conscious that **quick "green leap frogging" is hardly achievable or not realistic**. The demand for "green technology" is estimated to be low or inexistent in countries that rely on the use of natural resources and fossil fuels for their growth. Further, constraints and demand for economical benefits are too big to change paradigm and move away from "labour productivity" towards "resource productivity". In a word, "leap frogging" will be initiated when it makes clear economic sense in productive sectors, and is inspired by political will and commitment to do so.

Issue 10: The role and responsibility of the private sector in a post-2015 framework

While most respondents did not identify specific post-2015 goals or targets to be promoted (as suggested by Question 30), a most common request was to **enforce global strategies that support improved sustainability in the longer term** (e.g.: Millennium Development Goals MDGs, Busan summit, the European Consensus, principles on responsible lending and borrowing). The rationale for this position is to enhance predictability, using recognised strategies that help donors, public and private sectors at least to coordinate their actions, and when possible to draw a “road map” to be agreed for a period of time set with clear objectives.

The other key message, notably from EU Member States, International Organisations, Research Institutes and CSOs, was to develop **indicators for monitoring progress of business impact on development**. While it is preferred to use or improve existing monitoring mechanisms, the intention would be to enhance accountability systems and having more information on how the private sector effectively boosts the economy, by creating jobs, generating income and therefore improving living standards, that is, providing sustainable benefits to the society.

Taking into account the stakeholders’ appeal for a better public-private dialogue, contributions on Issue 10 call for well identified strategies together with monitoring mechanisms to ultimately support all forms of inclusive growth and related key principles including human rights, decent work, and resource management²⁷.

The respondents to the next question, on whether international and local private sector should be given a responsibility to meeting post-2015 goals, gave diverse answers.

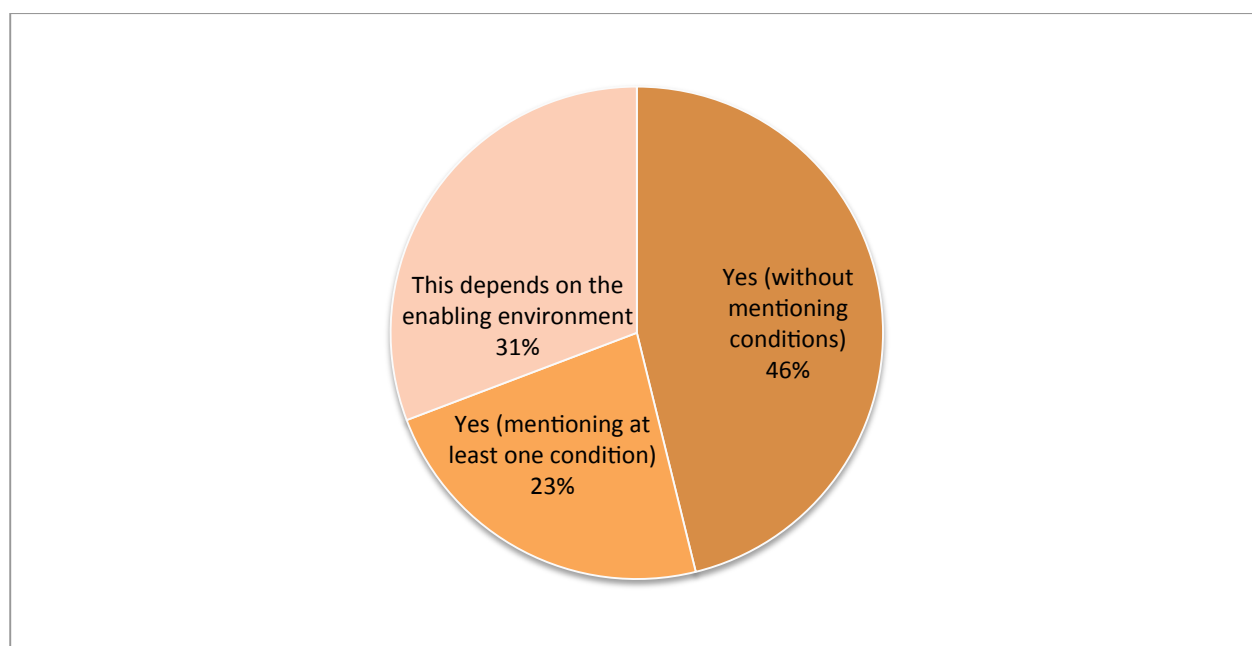


Figure 8 - Q31. Should the international and local private sector be given a responsibility to meeting post-2015 goals in areas such as sustainable consumption and production, decent job creation, greenhouses gas emissions, resources efficiency, food security, or energy?

²⁷ See list of relevant papers (bibliography suggested by respondents) in Annex

Three types of answers emerged. A mix of stakeholders (including CSOs, local and international organisations and participants in national fora) indicated that the private sector has *de facto* such responsibility, and should act accordingly.

For the private sphere, comprised of private businesses, associations and local organisations, this is possible provided conditions are in place, such as:

- the private sector must be associated to the definition of these goals;
- local and international private sector should be assessed on “comparable grounds”;
- the private sector should be given the right incentives to do so, in each specified sector.

Stakeholders from the private sector, business associations, and international organisations also indicated that this is only possible if the public sector creates the enabling environment to attain these targets, including fair-competition laws, quality standards, and market transparency.

Annexes

Annex 1: List of Questions

Issue 1: Better targeted business environment reforms

Question 1:

Should the EU differentiate more between its support to improving the general investment climate (e.g. improving the public administration, fighting corruption), and business environment reforms that address more targeted regulatory constraints in particular industries/sectors? How should the EU approach the development of a business enabling environment in fragile and conflict-affected states?

Question 2:

How can private sector representatives be more effectively associated to identify business environment reform needs? Should collaboration with business intermediary organisations be intensified to improve awareness raising for business environment reforms and support to enterprise development?

Question 3:

Do you agree that the EU should use its political weight more in policy dialogue, trade agreement negotiations, and through budget support to encourage business environment reforms in partner countries?

Question 4:

Do you feel that international fora and agreements play a useful role in the improvement of the business environment in your country? Has international peer review led to improvements in your country? Should the EU work harder towards helping its partners engage in regional/international fora discussing the improvement of (aspects of) the business environment?

Issue 2: Increasing the employment impact and poverty focus of PSD support

Question 5:

What actions should the EU pursue to address constraints for women and youths in developing countries that limit their capacity to participate in the economy as entrepreneurs or workers?

Question 6:

How can private sector development contribute to improve productivity and conditions of firms and workers in the informal economy, allowing them to move up the formalisation path? How can actors in the informal sector and their support institutions be given a voice in policy dialogue on economic and regulatory reforms? How could social business, people-centred and solidarity models of organising economic activity in developing countries be integrated in and promoted through EU PSD support programmes?

Question 7:

What can companies do to contribute to better labour standards and worker rights? What government action is needed to complement and encourage voluntary commitments by companies?

Question 8:

Should questions related to labour rights, safety at work, and enforcement of labour legislation and business taxation be integrated within the dialogue on private sector development with partner countries and private sector representatives?

Question 9:

How can disaster risk management be better mainstreamed in PSD activities, thus contributing to building the resilience of populations exposed to risk and reducing their structural vulnerability and poverty?

Issue 3: Stepping up EU support to (M)SMEs

Question 10:

What best practices in SME support are available in the EU that could be relevant in development cooperation? How can EU SME internationalisation policies contribute to the achievement of development goals?

Question 11:

How can domestic firms and industries in developing countries be better integrated into global value chains? Can global value chains function as a source of economic governance in fragile and post-crisis countries?

Question 12:

Which instruments could the EU use to promote innovation, technology development and transfer, and to ensure learning opportunities and the adaptation of new technologies in developing countries, including clean and low-carbon ones?

Question 13:

How can EU sectoral support programmes (e.g. in agriculture, energy, health, education) be designed to generate local business and employment opportunities for the local private sector (e.g. through private sector involvement in implementation, local procurement, creation of business opportunities and market linkages etc.)?

Question 14:

Do you consider that there would be a value added to put in place in partner countries an EU "forum/platform" to facilitate/enhance in particular local and EU SME and business contacts and investments?

Issue 4: Vocational Training and Capacity Development

Question 15:

How to encourage more systematic public-private collaboration for the definition and implementation of reforms and programmes related to VET?

Question 16:

What approach to the provision of capacity development services to companies should the EU pursue? Should services be offered at subsidised rates, through co-financing mechanisms or more market-based approaches? In general which principles would have to be met when providing direct support to companies?

Issue 5: Access to Finance

Question 17:

What strategy should the EU pursue in providing microfinance and supporting financial inclusion (like support through regional blending facilities, focusing on policy interventions at macro and meso levels, supporting innovative business models such as branchless or mobile banking, reinforcing existing initiatives such as CGAP etc.)? What areas of interventions should be targeted, or left to other partners (e.g. access to capital, technical assistance or a combination of both), and what delivery channel should be used (e.g. global loans to financial intermediaries, investment funds, impact investing etc.)? What do you consider the EU's comparative advantage and added value to be in this area?

Question 18:

How to ensure that financial services are delivered in a way that is responsible, transparent, and likely to generate benefits for poor clients?

Question 19:

How can the EU regional blending facilities be better used as instrument to provide access to finance to local SMEs and promote financial inclusion?

Issue 6: Working in closer partnership with the private sector.

Question 20:

What are your experiences with running or participating in public-private mechanisms or platforms for dialogue, information on support programmes, and knowledge sharing on development partnerships in your country or sector? Should the EU engage in supporting further private-public dialogue on development policies, programmes and partnerships?

Question 21:

How do you evaluate the role of private-public collaboration in South-South development cooperation? Do you see scope for closer cooperation of the EU with new emerging donors like China, Brazil or India? If so, what form should this cooperation take?

Question 22:

What are the risks for donors like the EU of engaging directly with the private sector, and what principles or minimum criteria have to be applied to manage these risks?

Question 23:

What would the EU have to change to make its blending mechanisms more relevant and attractive for private sector investors? What criteria would have to be met when combining EU grants with private sector resources to achieve development goals?

Issue 7: Using the private sector as “delivery channel” for development

Question 24:

What approaches to, and experiences from private sector engagement in the delivery of public services in sectors such as energy, infrastructure, waste, water and sanitation, or health do you have, and do you think the EU should promote such approaches in its sectoral programmes?

Question 25:

Under what conditions can Private-Public Partnerships (PPP) be an effective tool for delivering infrastructure services and public goods?

Issue 8: Private sector contributions to inclusive growth

Question 26:

When, and under what conditions, should the EU engage with companies to encourage innovation and facilitate private sector investment into low-income markets?

Question 27:

What risks (e.g. financial, reputation etc.) or constraints (lack of knowledge, partners, ideas or resources) deter companies from investing or scaling up inclusive business models? What role can there be for donors and/or CSOs in working with companies to mitigate these risks and constraints?

Issue 9: The role of the private sector in the transformation towards a green economy

Question 28:

How can private sector investment in green industries and innovation be promoted in developing countries (e.g. sustainable, low-carbon agriculture, renewable energy, clean technologies for cooking and burning fuels, recycling, eco-services etc.)?

Question 29:

What does it take to achieve "leap-frogging" of developing countries to a green economy (i.e. economic development without repeating the "grow first, clean up later" path)? In particular how can the EU support private sector engagement that avoids investments in production and consumption practices based on out-dated, in-efficient and polluting practices and technologies that will "lock-in" development path in unsustainability for many years to come?

Issue 10: The role and responsibility of the private sector in a post-2015 framework

Question 30:

Which post-2015 goals and targets could the EU possibly promote in the areas of inclusive and sustainable growth and private sector development?

Question 31:

Should the international and local private sector be given a responsibility to meeting post-2015 goals in areas such as sustainable consumption and production, decent job creation, greenhouse gas emissions, resources efficiency, food security, or energy?

Annex 2: Additional statistics

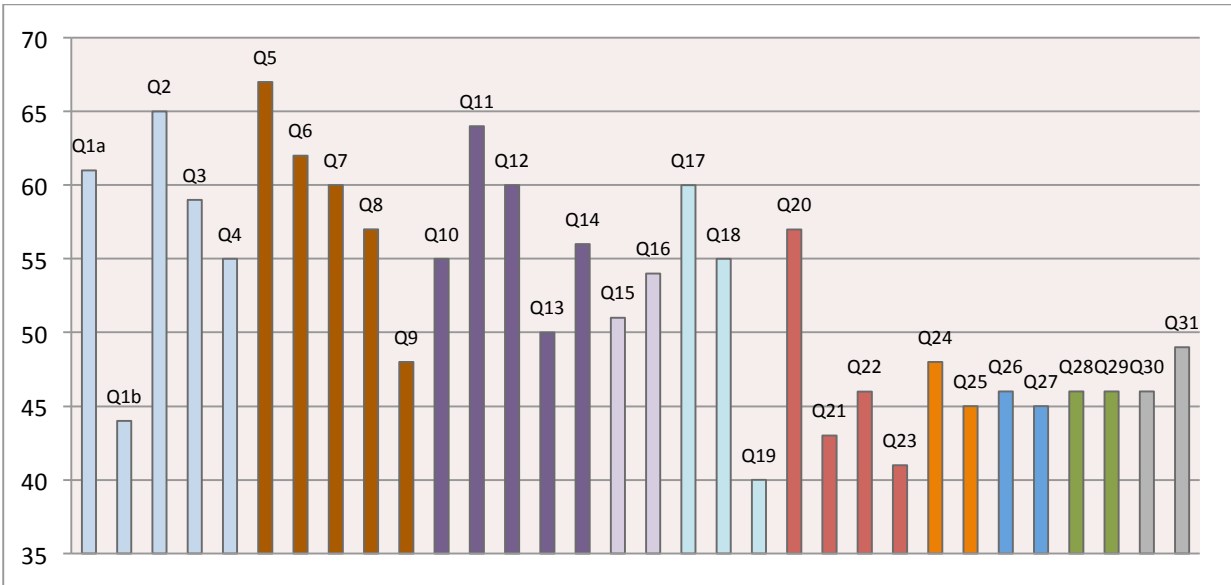


Fig. A2.1: Questions most frequently answered (by number of written submissions, scale starting at 35 answers)

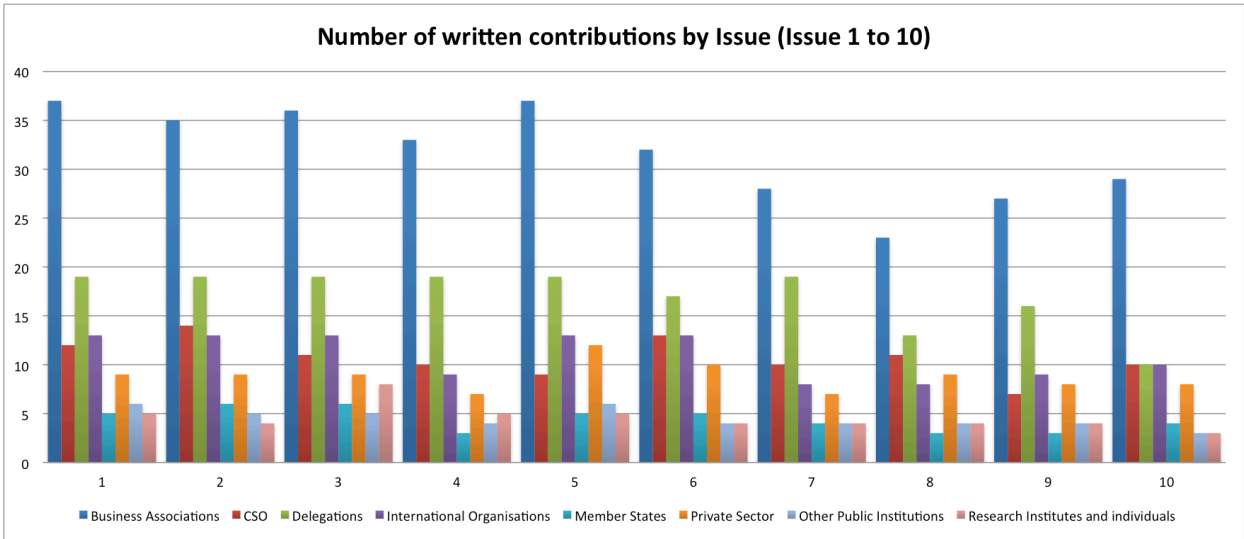


Fig A2.2: Number of written contributions, by stakeholder groups, for all 10 Issues

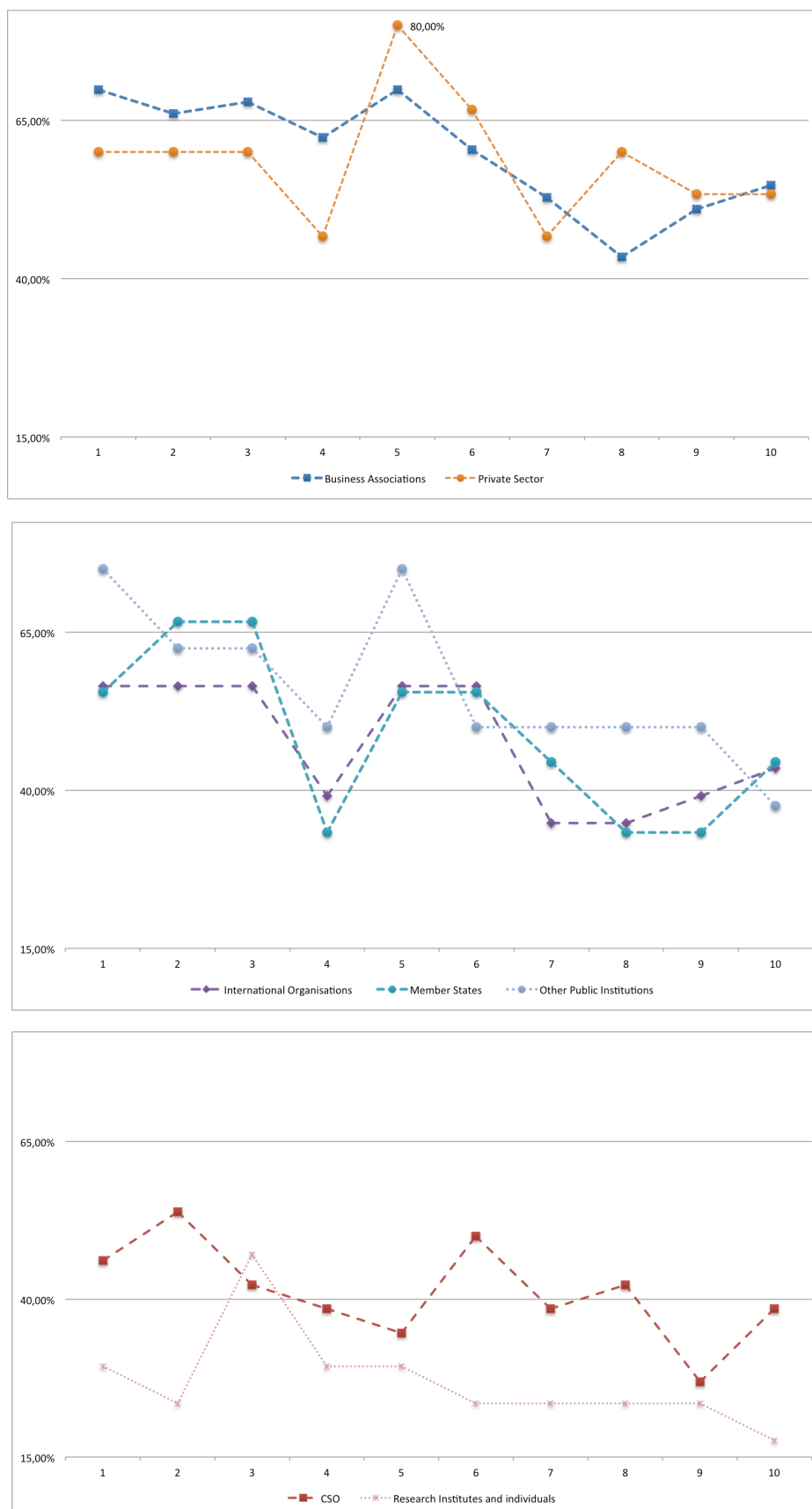


Fig A2.3: Relative participation (in percentage) of respondents through written submissions within stakeholder groups, per Issue

Figure A2.3 shows the percentage of participation to the specific issues, within each stakeholder groups. This graph was prepared using information from the written submissions.

This figure shows, for instance, the following: 80% of the participants from the Private Sector who submitted a written contribution replied to Issue 5.

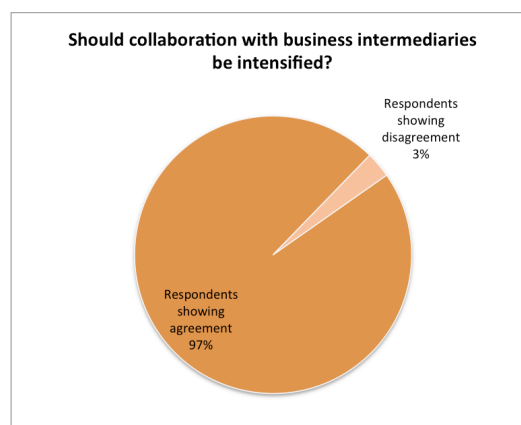
It can also be observed that participation patterns differed according to stakeholder groups. For instance, members of the CSO group made more contributions to Issue 2 and 6., whereas other Public Institutions submitted more contributions for Issue 1 and 5. A peak can be observed on Issue 5 (Access to finance) for Private Sector, Business Associations, and Public Institutions.

Issues 1,2,3 and 5 are generally the ones who attracted more written submissions within stakeholder groups (se Figure 6 in the Overview Chapter).

Annex 3: Statistics on specific questions

Box A2.1: “Should collaboration with business intermediary organisations be intensified to improve awareness raising for business environment reforms and support to enterprise development?”

Those of the stakeholders consulted who have replied to this question agree almost unanimously that the collaboration with intermediary organisations should be intensified, in the light of their critical role in representing those actors whose voice alone would otherwise hardly be taken into consideration. Moreover, the respondents have emphasised the need for building the capacity of the intermediary organisations to communicate the needs for reforms in a professional way and engage constructively with the public sector. Twinning and exchange programs with European intermediary organisations is suggested as a possible instrument.

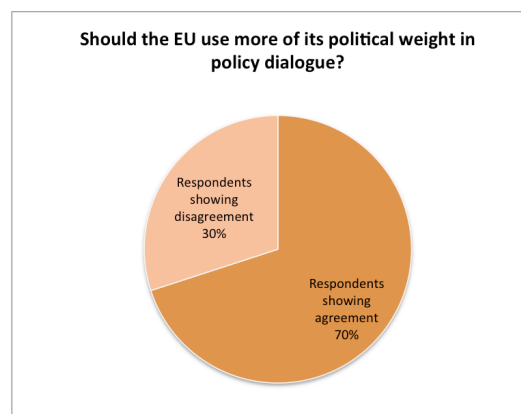


Box A2.2: “Should EU use more its political weight in policy dialogue, trade agreement negotiations, and through budget support to encourage business environment reforms in partner countries?”

The respondents have shown wide divergence in relation to this question, from strong agreement to strong disagreement. This might also be associated with different interpretations of the question.

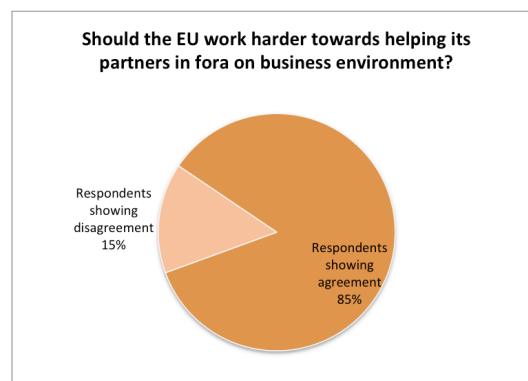
More political weight has been received positively as a medium for increased policy coherence, as an incentive for promotion of a more level playing field, as an occasion to accelerate the achievement of development goals.

Another point of view was that when using its political weight, the EU should not undermine domestic ownership, notably when preparing new reforms. The EU should also respect the development priorities set by the partner countries.



Box A2.3: “Should the EU work harder towards helping its partners engage in regional/international fora discussing the improvement of the business environment?”

International/regional fora are considered by most of the respondents as crucial platforms to exchange good practices and information on current opportunities, to enable developing countries to manage better their obligations and better integrate in the world economy through fruitful discussion, to reveal new areas of partnerships and collaboration, to promote a better alignment between multilateral and bilateral development agencies etc. and, indeed, the majority of respondents consider that more engagement of EU partners in these fora would be advisable.



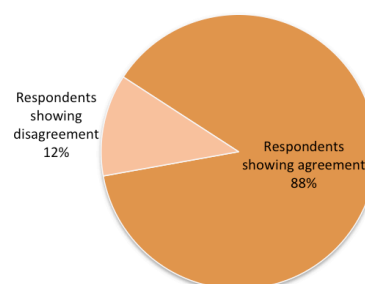
However, it is emphasised that these fora often lack concrete follow up and these might deter some stakeholders to effectively engage. In this sense, some respondents have proposed the creation of an institution responsible to follow up the implementation of the agreements reached through the discussions.

Respondents have also pointed out that it can prove challenging to bring the private sector **to dialogue forums**. The Busan fora are presented as a good example, where the private sector has been reluctant to join and actively take part in discussions and on-going work. As an overall observation, there are already too many dialogue platforms, and often lacking adequate action plans and leading to no concrete outcomes. In addition, some respondents notably CSOs and smaller business associations consider that (M)SMEs, the informal sector, and LICs are not adequately represented in the larger or global fora, indicating that their relevance could be improved.

Box A2.4: Should questions related to labour rights, safety at work, and enforcement of labour legislation and business taxation be integrated within the dialogue on private sector development with partner countries and private sector representatives?

While there is a general agreement on the inclusion of these issues on the dialogue of the EU with partner countries in order to guarantee transparency and consistency of enforcement, a minority of respondents considers that these issues should be left to the dialogue within the country or with specialised organisations (such as ILO). Moreover, it has been highlighted the need to consult the private sector and CSO in this dialogue to strike the right balance between preserving the rights of the workers and avoiding the imposition of regulation that could strongly affect the business and investment environment.

Should the dialogue on PSD with partner countries cover labour standards and business taxation?



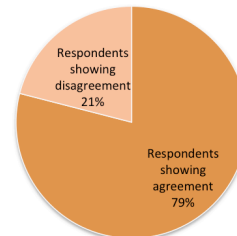
Box A2.5.: Do you consider that there would be a value added to put in place in partner countries an EU "forum/platform" to facilitate/enhance in particular local and EU SME and business contacts and investments?

The views of respondents on the value-added of a new platform in the partner countries went from strong enthusiasm to rather sceptical opinions. Moreover, there were extremely divergent views on its possible extent and functions.

Key messages that support the creation of the platform related to: the necessity for EU and Member States to speak with one voice in partner countries; the need for increased information on opportunities and initiatives in the country- especially for SMEs -; the promotion of business partnerships and exchange of best practices; the opportunity to make progresses in the implementation of the post-2015 agenda.

On the other side, some respondents suggested that such platform would be a duplication and should rather be integrated in existing fora (such as DCED).

Would there be added value in having a platform for EU and Local SMEs?



Annex 4: List of contributors

AbiTrust
ACIS - Associação de comercio e indústria
African Union Commission (AUC)
AGEXPORT - Asociación Guatemalteca de Exportadores
AGI - Association of Ghanan Industrials
Agric Innovation
AKATIGA - Center for Social Analysis
Alliance for Rural Electrification
APRODEV
Assafrica (COFINDUSTRIA ASSAFRICA & MEDITERRANEO)
Austria - Ministry for European and Foreign Affairs
AV CIAN CONFIDUSTRIA
Chambre de Commerce et d'Industrie de Côte d'Ivoire
AVSI
Bank of Sierra Leone
BKMEA - Bangladesh Knitwear Manufacturers and Exporters Association
BUSINESSEUROPE
CADEX - Cámara de Exportadores de Santa Cruz
CADEXCO -Cámara de Exportadores de Costa Rica
CAINCO (Cámara de industria, Comercio, servicios y turismo de Santa Cruz)
CÁMARA DE COMERCIO DE LIMA
CAMIND - Cámara de Industria de Cochabamba
CANADECO - Cámara Nacional de Comercio y Servicios del Uruguay (CANADECO -CNCS)
CARE

Cargill
Cellule de Coordination de la Coopération Côte d'Ivoire / Union européenne – CCC CI/UE
CDI - Confederation of Danish Industry
Centre for Financial Inclusion at Action
Centre for the Development of the Enterprise (CDE)
CEOE
CEPB - Confederación de Empresarios Privados de Bolivia
CEPICI Centre de promotion des investissements en Côte d'Ivoire
CGAP - the Consultative Group to Assist the Poor
CNI (Camara Nacional de Industrias)
CNI National Confederation of Industry – Brasil
CODESPA
COFIDES (group EDFI)
COLEACP
Comité de Concertation – Côte d'Ivoire
CONCORD
CONINDUSTRIA - Venezuelan Confederation of Industries
Consult with MS Experts (EU Expert Group with MS meeting)
CPCCAF - Conférence Permanente des Chambres Consulaires Africaines et Francophones
CSR Europe
CSR+D - European Network for Corporate Social Responsibility & Disability
Danish NGO FORUM
Denmark, Ministry of Foreign Affairs
Diaspora Burundaise de Belgique
Donor Committee for Enterprise Development (DCED)
DSM

EBCAM - European Business Council for Africa and the Mediterranean
ECA, FCC, CAOISCO - EUROPEAN COCOA ASSOCIATION asbl
ECCSA -Ethiopian Chamber of Commerce & Sectoral Associations
ECDPM
Economic Policy Research Centre
EDFI - European Development Finance Institutions Secretary
EEAS
EIC - European International Contractors
Erasmus Universiteit Rotterdam
EUBFE -Jittu Horticulture Plc
EUD Afghanistan
EUD Armenia
EUD Bangladesh
EUD Benin
EUD Burkina Faso
EUD Burundi
EUD Cameroun
EUD Côte d'Ivoire
EUD Dominican Republic
EUD Ecuador
EUD Egypt
EUD Ethiopia
EUD Fiji
EUD Gambia
EUD Georgia
EUD Guinea Conakry
EUD Guyana
EUD Indonesia
EUD Jamaica

EUD Jordan
EUD Kenya
EUD Laos
EUD Lebanon
EUD Lesotho
EUD Madagascar and World Bank
EUD Mauritius
EUD Moldova
EUD Morocco
EUD Mozambique
EUD Niger
EUD Papua New Guinea
EUD Senegal
EUD Sierra Leona
EUD South Africa
EUD Tajikistan
EUD Thailand
EUD Thailand - Trade Section
EUD Tunisia
EUD Uganda
EUD Viet Nam
EUD West Bank and Gaza
EUD Zimbabwe
EUROCHAMBRES
EUROCHILE
Eurodad
European ASEAN Business Centre in Thailand
EVPA
Fair Trade Advocacy Office
FCEF - Fiji Commerce and Employers Federation

FEDEXPOR
Représentation permanente de la France auprès de l'UE
Germany, BMZ
GIC Limited
GlobalFair aisbl
Grameen Credit Agricole
HELLENIC AID
Icafrica
IDH The Sustainable Trade Initiative
lesMed
IFC - International Finance Corporation
ILO - International Labour Organisation
Individual - Asnakech Thomas
Individual - David Jessop
Individual - Dr. Chiyoge B. Sifa
Individual - James McLeod
Individual - Jean-Michel Severino
Individual - Hugh Kweku Fraser
Individual - Karel UYTENDAELE
Individual - PADECO Co LTD
Individual - Thomas Feeny
Individual - Torsten Striepke
ITC - International Trade Centre
ITUC International Trade Union confederation
IUCN/ORO International Union for the Conservation of Nature Regional Oceania One
Jordan Business and Professional Women Association
Kiribati Ministry of Trade
KPMG Senegal
Local Manager Microfinance
MECAM - Mouvement des Entrepreneurs du Cameroun

MINEPIA - Ministère de l'élevage, des pêches et des industries animales - Cameroun
Ministère du Commerce, de l'Industrie, des Postes et du Tourisme - Burundi
Mutualité Socialiste
NFFAWA - National Farmers and Fishermen Award winners Association
NOVOTEL
ODI - Overseas Development Institute
OIE
Orange
Organization Employers Ukraine
OXFAM
Pacific Islands Trade and Investment, Australia
PEF - Private Entreprises Federation
Peoples' Movement on Climate Change
IBON International
PERUCÁMARAS
PHA Jordan
PHARMACCESS
Philips
PIPSO - Pacific Island Private Sector Organisation
PLATFORMA The European voice of local and regional authorities for development
Portugal, Portuguese Permanent Representation to the EU
PPP Europe
Private Sector consultation in Rome
Red Cross EU Office
Save the children
Schneider Electric
SCOPEinsight
SEED Initiative
Sierra Leone Business forum
SLIEPA - Sierra Leone Export Promotion Agency
SMME Support Network

SOCOOMAC - Société Coopérative de Management du Cameroun
South Pacific Community
Spain, Ministerio de Asuntos Exteriores y de Cooperación
Standard Chartered
Sweden, Swedish Ministry of Foreign Affairs
Swedish Embassy in Thailand
Swiss Cooperation Office in Tajikistan
Tanzania Association of Tours Operators
Tate & Lyle Sugars
Thimphu Thromde
UN Brussels Team
UN ECA- Economic Commission for Africa
UNCDF
UNEP
UNESCO - IHE
UNIDO
World Bank - Global Facility for Disaster Reduction and Recovery
WFP - UN World Food Programme
WWF
YARA
Young Burundian Professionals ASBL (YBP)

Annex 5: List of main meetings and events

Meetings with specific stakeholder groups:

Informal Dialogue with Private sector representatives	22 Nov 13
Policy forum on Development (with CSO and Local Authorities)	28 Nov 13
Energy	10-Jan-14
Construction, EIC Conference, Paris	27-Jan-14
Agriculture	28-Jan-14
General (Rome)	07-Feb-14
CSOs (also incl. some members from the private sector)	10-Feb-14
European Economic and Social Committee (EESC) - opinion adopted by the 493rd EESC plenary session on 17 October 2013 (REX/386).	

Meetings with International Organizations:

UNDP and other UN agencies	20-Jan-14
EIB	23-Jan-14
UNIDO, Vienna	17-Feb-14

Meetings with EU Member States

"Brown bag" event at GIZ Brussels	22-Jan-14
Austria	17-Feb-14
Consult with MS Experts (EU Expert Group with MS meeting)	18-Nov -13 and 18-Feb-14

Meetings with business associations

BDI Development Policy Working Group meeting, Berlin	24-Oct-13
"Business Europe"	03-Feb-14

Workshops and Seminars hold in the EUDs

EUD Moldova: roundtable	30-Jan-14
EUD Dominican Republic: Workshop with private sector.	04-Feb-14
EUD Thailand: consultation event	07-Feb-14
EUD Egypt - held in context of the "MEDA finance conference".	10-Feb-14
EUD Uganda: regional consultations EAC countries	10-Feb-14
EUD Ethiopia: consultations	11-Feb-14

EUD Kenya: Consultation event	11-Feb-14
EUD Morocco: consultation event	12-Feb-14
EUD Cameroon: consultation Cameroon/Central Africa, Douala	13-Feb-14
EUD Ecuador: consultation event	13-Feb-14
EUD The Gambia: consultation event	13-Feb-14
EUD Guinea Conakry: BEI Exploratory mission	14-Feb-14
EUD Mauritius: consultation event	17-Feb-14
EUD Fiji: consultative meeting	18-Feb-14
EUD Lebanon: consultations	20-Feb-14
EUD Tunisia: Consultation event	20-Feb-14
EUD Lao PDR: consultation event	21-Feb-14
EUD West Bank and Gaza: Consultation event with CSO	24-Feb-14
EUD Burkina Faso: consultation	25-Feb-14
EUD Benin: consultation	25-Feb-14
EUD Guyana: consultation	25-Feb-14
EUD Papua New Guinea. Consultation event.	26-Feb-14
EUD Bangladesh consultation	26-Feb-14
EUD South Africa: SACU countries (plus Mozambique)	27-Feb-14
EUD Niger: consultation	27-Feb-14
EUD Jordan consultation - JEDCO SME Strategy conference.	04-Mar-14
EUD Lesotho: Consultation event	04-Mar-14
EUD Indonesia Consultation workshop	05-Mar-14
EUD Sierra Leone consultation event - second phase	12-Mar-14
EUD Senegal Consultation event	21-Mar-14
EUD Burundi: consultation in the context of "Groupe sectoriel de concertation pour le développement du secteur privé"	02-Apr-14

Others

European Development Days Brainstorming event	27-Nov-13
Informal Donor Network on PS4D EU and non-EU donors	19-Nov-13
Visit of delegation of Zimbabwean business people to BXL	27-Jan-14
Workshop in Lisbon on the role of the private sector in development	26-Mar-14

Annex 6: Main references (cited by contributors)

ISSUE 1:

- A guide to economic growth in post-conflict countries. Available at http://pdf.usaid.gov/pdf_docs/PNADO408.pdf
- A practice note on promoting business environment reform in conflict-affected countries has been produced by International Alert: <http://www.enterprise-development.org/download.ashx?id=1517>
- An enabling environment for sustainable enterprises. Available at [Enabling Environment for Sustainable Enterprises \(ESEE\)](#)
- DCED Guidance on Industrial Policy Support: <http://www.enterprise-development.org/page/download?id=2190>
- Global Outlook on SCP Policies. Available at <http://www.UNEP.fr/shared/publications/pdf/DTIx1387xPA-GlobalOutlookonSCPPolicies.pdf>
- Guide “Supporting Business Environment Reforms: Practical Guidance for Development Agencies”, which includes important key messages on private-public dialogue for policy reforms. Available at <http://www.enterprise-development.org/download.ashx?id=2190>
- Handbook for Policymakers on SCP. Available at http://www.switch-asia.eu/fileadmin/content/PSC/Publication/SCP-Manual_low-resolution_.pdf
- Networks for Prosperity: Partnering for inclusive and sustainable industrial development http://www.unido.org/fileadmin/user_media_upgrade/How_we_work/Network_Prosperty_2014_LoRes.pdf
- Investment Climate Reform in Fragile and Conflict Situations. Available at http://info.worldbank.org/etools/docs/library/235864/postconflict_paper.pdf
- Resources on Investment Climate Reform in Conflict-Affected Countries available at <http://www.enterprise-development.org/page/cae%20investment%20climate>
- “Sequencing for Investment Climate Reform in Fragile and Conflict Situations”, A GUIDE TO ECONOMIC GROWTH IN POST-CONFLICT COUNTRIES; available at http://pdf.usaid.gov/pdf_docs/PNADO408.pdf (page IX)
- The “Sustainable Public Procurement Initiative” (UNEP). Available at <http://www.UNEP.org/resourceefficiency/Consumption/SustainableProcurement/tabid/55550/Default.aspx>

- The website of the Donor Committee for Enterprise Development offers a magnitude of resources on Private Sector Development in conflict-affected environments. Available at <http://www.enterprise-development.org/page/cae>
- UN Guiding Principles on business and human rights. Available at http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

ISSUE 2

- A meta regression analysis of 37 impact evaluations by Cho and Honorati (2013) for the World Bank finds that changes in attitudes following participation in entrepreneurship programmes are largest amongst women. Available at <http://elibrary.worldbank.org/doi/pdf/10.1596/1813-9450-6402>
- A report by CAFOD called Thinking Small (2nd edition) surveying 336 small business owners found out that the five key priorities were: 1) access to financial services, 2) appropriate infrastructure, 3) access to markets, 4) human capital development and 5) resilience facing risks and shocks. Available at: <http://www.cafod.org.uk/Media/Files/Resources/Policy/Thinking-small>
- An extensive assessment of existing the programmes of the Agence française de Développement (AFD) with recommendations how they could better support pro-poor growth can be found in the study 'Aid for Trade: Is the EU helping small producers to trade their way out of poverty?' by FTAO and ICCO. Available here: www.fairtrade-advocacy.org/images/final-aid-for-trade-publication-ftao-icco.pdf
- DCED's "The Business Environment Reforms and the Informal Economy". Available at <http://www.enterprise-development.org/page/download?id=1489>
- Disaster Risk Reduction: Global assessment report on disaster risk reduction 2013 - From shared risk to shared value, the business case for disaster risk reduction. Available at <http://www.unisdr.org/we/inform/publications/33013>
- GDSRC (2013) finds that in Uganda female-only farmer groups can be an alternative means to facilitate access to agricultural extension services, demonstrations and learning. Moreover, these groups can help to overcome financial constraints on women by enabling them to share the cost of higher quality inputs and marketing, in addition to creating networks for information exchange. Available at <http://www.gsdr.org/docs/open/HDQ998.pdf>
- ICT as an Enabler for Private Sector Development. Chapter 5 of UNCTAD's Information Economy Report 2011. Available at http://www.value-chains.org/dyn/bds/docs/812/Information_Economy_Report_2011.pdf
- ILO's "The Informal Economy and Decent Work: A Policy Resource Guide supporting transitions to formality". Available at http://www.ilo.org/emppolicy/pubs/WCMS_212688/lang--en/index.htm

- Making Private Standards Work for You. Available at http://institute.unido.org/documents/M8S6_TradeCapacityBuilding/UNIDO_%20Guidelines_web.pdf
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- OECD Guidelines for Multinational Enterprises. Available at <http://www.oecd.org/corporate/mne/>
- Participatory Slum Upgrading Programme. Available at www.mypsup.org
- Recommendations of OECD DAC Network on Poverty Reduction. Available at <http://www.oecd.org/dac/povertyreduction/povnetmandate2007-08.htm>
- ROA 2012 Report on Aid and the Private Sector: Catalysing Poverty Reduction and Development. The Report contains valuable contributions from organisations across regions, and aimed to conduct a systematic mapping of the risks and opportunities that the private sector, domestic and international, poses to equitable and rights-based development. Available at http://www.realityofaid.org/roa_report/aid-and-the-private-sector-catalysing-poverty-reduction-and-development/
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- A study on how governments can engage the private sector into development cooperation (Inclusive Business Policies, How Governments can engage companies to meet development goals): <http://www.enterprise-development.org/download.ashx?id=2297>
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- Further information and evidence for the role of each approach in supporting SMEs can be found on a dedicated DCED knowledge page. Available at <http://www.enterprise-development.org/page/small-enterprises>
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- The World Bank (2011) Impact Evaluation of SME Development Programmes in Latin America and the Caribbean assesses the net effects of participation in SME programmes in four Latin American countries (Chile, Colombia, Mexico and Peru). Available at <http://elibrary.worldbank.org/doi/book/10.1596/978-0-8213-8775-7>
- There is a wide variety of approaches to supporting SMEs, and some controversy on which approaches are the most useful. This debate is summarised in a DCED synthesis note on Small Enterprises and Development Agency Support. Report DCED on Small Enterprises and Development Agency Support. Available at <http://www.enterprise-development.org/page/download?id=2258>

- UNCTAD (2010), Integrating Developing Countries' SMEs into Global Value Chains. Available at http://unctad.org/en/Docs/diaeed20095_en.pdf
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- The “Centre pour le Développement de l’Entreprise” (CDE) has been challenged on the issue of providing subsidized support for VET and CB activities. A limited amount of subsidy for enterprises and IO assistance is required and justified in view of multiple market failures in the BDS market. - CDE guidelines in strategy and eligibility criteria: <http://www.cde.int/>
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- DCED Practical Guide on Formalization: <http://www.enterprise-development.org/page/download?id=1754>

ISSUE 5

- The Smart Campaign and microfinance Client Protection Principles, available at: <http://www.smartcampaign.org/>
- Consumers International, organisation’s website: <http://www.consumersinternational.org/our-work/financial-services/>
- The Principles for Investors in Inclusive Finance (PIIF) provide a framework for responsible investment in inclusive finance, which by definition is not limited to microfinance but a wide range of services including savings, credit, insurance, remittances, and payments, that are made available to poor and vulnerable populations as well as MSMEs. The PIIF are aligned with the United Nations-backed Principles for Responsible Investment and are signed by direct investors or fund managers and indirect investors investing via designated funds. The PIIF can be accessed here: <http://www.unpri.org/viewer/?file=wp-content/uploads/PrinciplesforInvestorsinInclusiveFinance.pdf>
- OXFAM on intermediary lending and development finance:

<http://www.oxfam.org/sites/www.oxfam.org/files/ib-intermediary-lending-and-development-finance-180412-en.pdf>

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<http://www.unepfi.org/grt/2013/wp-content/uploads/2013/11/Letter-to-the-Financial-Times-We-must-demystify-finance-for-a-low-carbon-path.pdf> (Nov 2013).
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- The Markets in Financial Instruments Directive (MiFID) and leverage applicable practices could be shared with other markets: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004L0039:EN:HTML>
- The "Responsible Finance Forum" (RFF), is a Community of Practice of selected partners and the report Progress in Responsible Financial Inclusion. More information available at:
http://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/industries/financial+markets/news/eventspresentations/third+annual+responsible+finance+forum+2012
- In a report by the World Bank (2010), the combination of limited access to finance and significant time constraints on women lead to the conclusion that barriers to formalisation of a business may have a disproportionate, negative effect on female entrepreneurs. Streamlining business licencing procedures as far as possible thus emerges as a priority. Available at
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Annex 7: Examples of projects (cited by contributors, non exhaustive list)

EU Business Forum in Ethiopia. It has become a well-respected platform of around 300 European companies active in Ethiopia that uses the forum to discuss systematic bottlenecks to the business climate with the Ethiopian authorities, while also working as an excellent source of information and business linkages for existing and potential European investors. More info available at <http://www.eubfe.eu/>

African Enterprise Challenge Fund. Alliance between local NGO and microfinance institution in the framework of the African Enterprise Challenge Fund (AECF). They teamed together to provide services to smallholder farmers to support them become commercial (with a pro-poor growth goal). More info available at www.aecfafrica.org

Barefoot College of India. The UN also supports the Barefoot College of India (BCI), which has built capacity of grandmothers from 28 countries to become solar engineers and leaders in creating alternative energy solutions for their rural villages by providing training in installing, repairing and maintaining solar lighting. As a result of the hands-on training, women have built around 10,000 household solar lighting systems in remote villages globally and prevented burning of several thousands of litres of diesel and kerosene that would have caused both hazardous indoor and atmospheric pollution. The project shows how women can be catalysts for adopting new technologies in rural areas and key players in developing self-sufficient, solar-electrified villages. The EU could encourage the private sector to support such initiatives by contributing technical expertise, training, and resources. More info available at <http://www.barefootcollege.org/>

Better Work. IFC-ILO Better Work program to ensure improved working conditions and support continuous improvement of productivity in supplier factories. Better Work has helped create value for many factories by improving profitability and efficiency and by driving up quality and productivity. It has also helped factories better manage significant risks through better regulatory compliance and reputation management, and it has helped stem skills shortages, turn-over and absenteeism among its predominantly female workforce. Finally, Better Work has assisted factories retain buyers, access new markets, and increase productive capacity by investing in better working conditions for women and men, and by tackling gender discrimination and sexual harassment head on. **Better Work factories** in Vietnam, Jordan and Haiti have succeeded in improving key standards over a relatively short period of time. For instance, compliance on gender discrimination in recruitment has improved by 15% in Vietnam. Over a longer period, more widespread sectoral improvements have been achieved. In Cambodia, the gender wage gap in the apparel sector has seen a significant drop, in parallel to the growth of the industry. In 1996, women earned 40% less than men, but by 2007, that figure was down to 17%. In Vietnam, women workers remit 24% more than men. Families and home communities spend the money received on food, clothes, debt repayment, farm tools, education for children or siblings and family health care with significant developmental impacts. The case study of a Better Work Vietnam factory shows that creating a more women-friendly workplace can lead to gains for both business and women. The factory established a kindergarten and health clinic for

workers and their families, promoted dialogue with its workers and aimed to provide more predictable working hours. As a consequence, the business reduced its staff turnover and absenteeism over three years and avoided strikes for nine years, leading to cost savings and sustained productivity. More info available at <http://www.ilo.org/washington/areas/better-work/lang--en/index.htm>

Climate Technology Centre and Network. Climate Technology Centre and Network (CTCN) supported by 11 Centres of Excellence located in developing and developed countries. Launched in 2013, the CTCN is located in Copenhagen, Denmark. Based on country requests, the services it provides are: support countries in the preparation of their technology projects and strategies, assist in identifying technology needs and options that are likely to have a high impact on climate change adaptation and mitigation, given national circumstances, advise on policies and measures for the uptake of climate technologies, provide tailored training and capacity building programmes, and match needs to available financial support. More info available at http://unfccc.int/ttclear/templates/render cms_page?TEM_ctcn

Coop Academy. Cargill – TechnoServe Cooperative Leadership Academy in Cote d’Ivoire which is helping to build business skills of cooperative leaders, with both formal training and a two year mentorship programme. More info available at <http://www.cargillcocoachocolate.com/sustainable-cocoa/our-promise-in-action/cote-d-ivoire/coop-academy/index.htm>

Ghana Grains Partnership. Masara N’Arziki farmers have seen significant increases in yield and profit. The association now reaches approximately 8,500 farmers resulting, in 2012, in nearly 12,000 hectares of high-quality maize cultivation through improved technology and management practices. It also led to almost \$8 million of produce being sourced from smallholders, 100% of which met quality standards and went towards further value addition in-country in the form of 85 new jobs. More info available at http://www.yara.com/sustainability/how_we_engage/africa_engagement/ghana_grains_partnership/index.aspx

Global Platform for Action on Sourcing from Women Vendors. The ITC Women and Trade Programme works with partners to establish the Global Platform for Action on Sourcing from Women Vendors (WVEF). The first meeting of the platform alone, brought together 300 buyers, sellers and trade capacity building institutions resulting in sales of approx. US\$15 million. during the event and subsequent Buyer Mentor Groups (BMGs). Among entrepreneurs in the BMGs, Phyllis Johnson of the International Women’s Coffee Alliance says, “Our members have sold over 5,000 kilograms of coffee to Walmart through the Priddy Brothers as a result of the WVEF. We are in negotiation with a major international hotel chain and have sold coffee produced by women in the Philippines to management consultancy Accenture”. More info available at <http://www.intracen.org/itc/projects/women-and-trade/the-global-platform-for-action-on-sourcing-from-women-vendors/>

Know-About Business. The ILO's Know-About Business, gender sensitive entrepreneurship education programme is the largest programme of its kind, having been introduced in 56 countries and reached 2.3 million young people from 2009-2013, 1.1 million of whom were young women. KAB provides teachers and schools (mainly TVET and secondary schools) with 'learning by doing' methods that enable youth in schools to develop, confidence, attitudes and competencies that increase their competitiveness and readiness for the job market or to start their business if they so choose. More info available at <http://www.ilo.org/public/english/region/eurpro/moscow/areas/kab.htm>

Knowledge Gateway for Women's Economic Empowerment. The UN launched the Knowledge Gateway for Women's Economic Empowerment in September 2013. This global platform is set up to build an online community of women workers, women entrepreneurs, their support institutions, and gender advocates in both developed and developing countries. In 2014, the platform will add a virtual Business Centre where women can showcase their products/services and exchange knowledge, and will host online mentoring programmes for women entrepreneurs. The EU would benefit from using this platform to promote enhanced collaboration between EU-based businesses and women entrepreneurs in developing countries. This could also facilitate networking, mentorship and joint business ventures, hence promoting the integration of women entrepreneurs into the value chain of EU firms and industries. More info available at <http://www.empowerwomen.org/>

Millennium Goals Achievement Fund (MDG-F). The MDG-F's 12 programmes encouraged the development of pro-poor growth policies that increase the participation and benefits of the poor in private sector development, particularly women. The initiative has obtained good results: technical assistance services reached 21,500 farmers, entrepreneurs and small businesses; nearly 160 new instruments were created to support private sector and development initiatives, including 11 national laws, 100 national and local strategies and 48 national and local policies; 85 cooperatives and 182 farmers associations. More info available at <http://www.unesco.org/new/en/culture/achieving-the-millennium-development-goals/mdg-f-culture-and-development/>

Purchase for Progress. Purchase for Progress (P4P) is a five year pilot programme using WFP's purchasing power to support agricultural and market development while helping smallholder farmers to benefit from those markets. It entails testing a range of procurement and programme approaches to support farmers to produce and sell their staple commodities and, as a result, raise their incomes. The initiative covers 20 countries in Africa, Central America and Asia, and relies on a wide range of partners – governments, international organizations and private sector, etc. – that provide technical expertise, training, facilitate access to farming inputs and credit or promote processing opportunities. By raising smallholder incomes, P4P makes WFP's local procurement an effective tool to address global hunger. Through P4P, over 500,000 farmers, agricultural technicians, warehouse operators and small and medium traders have received training from WFP and partners in improved agricultural production, post-harvest handling, quality assurance, group marketing, agricultural finance and contracting with WFP. 830 farmers' organizations of varying sizes representing more than one million farmers are participating in P4P — over 390 farmers' organizations have so far contracted with WFP. Over 370,000 metric tons of food have been contracted by WFP in a pro-smallholder fashion. As part of its strategic shift from food aid to food assistance, WFP is

avoiding food distributions when the context allows. If food is available in market, WFP seeks to use new transfer modalities that support the local economy such as cash and vouchers. For instance, in Lebanon, WFP has procured the services of a local bank, Banque Libano-Francaise, to issue e-cards to 1.1 million Syrian refugees. The cards are loaded every month with USD 27 that families can spend at 300 participant shops. In 2013, close to USD 192 million were injected into the local economies of Lebanon, Jordan, Turkey, Iraq and Egypt through WFP's cash and vouchers programmes. More info available at <http://www.wfp.org/purchase-progress>

R4 Rural Resilience Initiative. The R4 Rural Resilience Initiative is a five-year, multi country initiative jointly implemented by WFP and Oxfam America. It seeks to build the resilience of vulnerable rural communities against climate shocks through an integrated package of 4 risk management strategies: agricultural insurance (Risk Transfer), natural resource management (Risk Reduction), credit (prudent Risk Taking), and savings (Risk Reserves). One of R4's aims is to build a commercial market for rural risk management in developing countries. The insurance component is designed to gradually transition from premiums paid with labour (through an innovative insurance-for-work system) to premiums paid in cash, thus stimulating the development of a sustainable insurance market. In 2013, working with Africa Insurance Company and Nyala Insurance Share Company, R4 became the largest provider of agricultural insurance in Ethiopia, reaching over 20,000 farmers. The credit component, implemented in partnership with private microfinance institutions, is also helping establish commercial financial products and procedures which are better adapted to the needs of small-scale producers. In Senegal, R4 is working with microfinance institutions and farmers' credit and savings cooperatives, to set up an inventory credit system linked to village cereal banks (known as "warrantage"). More info available at http://www.swissre.com/rethinking/crm/The_R4_Rural_Resilience_Initiative.html

Responsible Entrepreneurs Achievement Programme. One example of tool to monitor the performance of SMEs in developing countries is UNIDO's Responsible Entrepreneurs Achievement Programme (REAP) which is a CSR-based management and reporting tool. It was developed by UNIDO to assist Small and Medium Enterprises in their efforts to implement CSR-based management approaches and operation methods, thereby aligning economic, social and environmental aspects of business (also referred to as "Triple Bottom Line Approach"). Based on the Ten Principles of the UN Global Compact, as well as international standards in the social and environmental domains, such as ISO 14001, SA 8000, or OHSAS 18001, it provides a structured framework in combination with an analytical software, which can be used to gather, process, evaluate and report data to track progress in implementing CSR in SMEs. More info available at http://www.unido.org/fileadmin/user_media/Publications/Pub_free/REAP_UNIDOs_CSR_programme.pdf

Women's Entrepreneurship Development. ILO has a network of trained and accredited trainers on ILO small enterprise tools that enable governments and service providers promoting entrepreneurship to identify key constraints to women entrepreneurs and develop action plans render their policies and programmes more responsive to their needs. ILO also has a network of women entrepreneurs' associations who outreach to small and micro women's enterprises. This valuable network and tools could be leveraged

in a joint collaboration across a cluster of countries with the EU. More info available at <http://www.ilo.org/empent/areas/womens-entrepreneurship-development-wed/lang--en/index.htm>

All ACP Agricultural Commodities Programme. Under the All ACP Agricultural Commodities Programme (AAACP) Cotton component in West and Eastern Africa, ITC facilitated the engagement of Asian Spinners and importers to build closer technical collaboration linkages for reducing cotton lint contamination, improving transparency in supply chains and reducing unscrupulous practices by traders who were blending cotton bales of different quality from different origins. The win-win here was that spinners could reduce the expensive staff they were employing to quality control incoming contaminated and mixed source lint and reduce spinning machine downtime. Participation in the ITC-led project demanded that the spinners and importers pass on the benefits to producers in Africa. Initially, producers gained a \$5C premium per kg. With deeper collaboration over the last two years and further improvements in reducing contamination and improving quality consistency the ginnerers are now receiving on average 15C/kg more than other suppliers (with some variability depending on International market conditions). As a result, €10 million of new direct sales was achieved for African ginnerers involved in the project. Importers associations in India, Vietnam, China and Bangladesh have now been sending their own technical teams outside of the project to assist both ginnerers and farmers in West and East Africa. China has invited for two years running African ginnerers for three week training courses at its own expense. ITC started and organised these missions, and built the capacity of African sector associations to continue the organisation of such activities. ITC continues to monitor their effectiveness under the 10th EDF EU-African cotton partnership. More info available at <http://www.euacpcommodities.eu/en>

CEN SME HELPDESK. The CEN-CENELEC SME Helpdesk is the one stop service point to introduce SMEs to the benefits of European Standards and to the business tools required to access the European Standardization System. The aim is to help European SMEs that wish to understand more of and contribute to European standardization. More info available at <http://www.cencenelec.eu/sme/Helpdesk/NationalContacts/Pages/default.aspx>

Eco-innovation initiative. More info available at <http://www.UNEP.org/resourceefficiency/Business/CleanerSaferProduction/EcoInnovationTheUNEPApproach/TheEco-InnovationProject/tabid/106016/Default.aspx>

EMPRETEC. EMPRETEC is a UN program that supports the creation of innovative SMEs through a systematic approach to business development services: a network of 40 experts in different areas (for instance in book keeping, in entrepreneurship, in e-commerce, in commercial linkages etc.) has been set-up (with the capacity to provide training in local languages). This project is financed for the moment by GIEPA and the Ministry of Trade, but funding is limited and the EU would be welcome to support this initiative. More info available at http://www.unctadxi.org/templates/Startpage_7428.aspx

Enterprise Development Programme. Oxfam's Enterprise Development Programme is an example of using a private equity approach to building sustainable businesses with a focus on agriculture, women and SMEs

where the potential for social impact is highest. More info available at <http://policy-practice.oxfam.org.uk/our-work/private-sector-markets/enterprise-development>

Enterprise Growth Programme. The EBRD Small Business Support Team has a unique product – Enterprise Growth Programme that allows companies in the EBRD’s countries of operations to access theory, practical knowledge and know-how as a package in their respective fields of activity through the use of Senior Industry Advisors. This combination of providing theory and practical skills to promote innovation, technology development and transfer proves to be highly efficient. EGP is designed to medium sized companies and is co-financed by the client enterprise to ensure full commitment and engagement in the project. In the third quarter of 2014 BAS team plans to run training courses for consulting companies and industry representatives in the basics of energy efficiency in several partner countries (Georgia, Armenia, Moldova). The aim of these training courses is first of all awareness rising on energy efficiency among the industry players, potential benefits and cost savings that companies may enjoy, if and when they apply the energy efficiency measures in a proper way. More info available at <http://www.ebrd.com/pages/workingwithus/sbs/how/egp.shtml>

Grow Africa. Grow Africa is a partnership platform that seeks to accelerate investments and transformative change in African agriculture based on national agricultural priorities and in support of the Comprehensive African Agricultural Development Programme, a Programme of the New Partnership for Africa’s Development, established by the African Union in 2003. More info available at <http://growafrica.com/>

NORMAPME. NORMAPME is an international non-profit association created in 1996 with the support of the European Commission, under the full name of the "European Office of Crafts, Trades and Small and Medium sized Enterprises for Standardization". NORMAPME is exclusively devoted to the interests of Small and Medium sized Enterprises in the European standardization system. More info available at http://ec.europa.eu/enterprise/policies/sme/market-access/standardisation/normapme/index_en.htm

Partners in Food Solutions programme. By helping to improve the capacity, efficiency and product quality of local SME food processors, Partners in Food Solutions seeks to improve the food value chain by bringing a broad range of expertise in areas such as food safety, improving shelf life and quality, improving nutritional quality, establishing logistics and distribution systems to name a few. Partners in Food Solutions provides this expertise through the recruitment of expert volunteers to deliver corporate expertise to the field remotely in partnership with TechnoServe’s food technologist and business analyst teams. Corporate volunteers currently come from Cargill, DSM, General Mills and Buhler. More info available at www.partnersinfoodsolutions.com

Partnership for Action on Green Economy. The efforts undertaken in numerous countries have helped the development of the Partnership for Action on Green Economy (PAGE). The Partnership will support 30 countries over the next seven years in building national green economy strategies that will generate new jobs and skills, promote clean technologies, and reduce environmental risks and poverty. Four UN agencies are partnering in this initiative – the United Nations Environment Programme (UNEP), the International

Labour Organization (ILO), the United Nations Industrial Development Organization (UNIDO) and the United Nations Institute for Training and Research (UNITAR) – and will provide a comprehensive suite of green economy services that will enable countries to transform their national economic structures to meet the growing demands and challenges of the 21st century. More specifically, PAGE will build enabling conditions in participating countries by shifting investment and policies towards the creation of a new generation of assets, such as clean technologies, resource efficient infrastructure, well-functioning ecosystems, green skilled labour and good governance. More info available at <http://www.unep.org/greeneconomy/PAGE/tabid/105854/language/en-US/Default.aspx>

PUM. PUM deploys Dutch senior managers, entrepreneurs and specialists in developing countries to provide consultancy to local SMEs; a contribution to cover expenses is required from SMEs requesting support. A part from providing technical knowledge the project also helps to connect with Dutch companies (to become future partners). More info available at www.pum.nl

Resource Efficient and Cleaner Production Net. More info available at <http://www.unido.org/en/how-we-work/convening-partnerships-and-networks/networks-centres-forums-and-platforms/ncpc/global-recpnet-regional-networks.html>

Sustainable Energy for All. Within the specific field of clean and low-carbon technologies, instruments like the Facility Technical Assistance and the tenders launched in 2013 under the initiative "Sustainable Energy for All" - (supporting technical development and implementation of national policies and reforms in the energy sector) are of great importance. More info available at <http://www.se4all.org/>

Switch Asia. The EU Switch Asia programme is a good example of the kind of approach the EU can initiate – in this case encouraging changes to production methods and consumption behaviour towards sustainability. The EU Switch Asia programme has contributed to changing the mind-set of relevant stakeholders, in particular producers and end users in developing countries, towards the importance of investing in the sustainable use of raw material/natural resources in different sectors such as timber, fisheries and textiles. The focus on SMEs has proven particularly useful because they comprise the larger part of the industrial sectors in Asia. More info available at <http://www.switch-asia.eu/>

UEAPME. UEAPME (Union Européenne de l'Artisanat et des Petites et Moyennes Entreprises) is the employer's organization representing the interests of European crafts, trades and SMEs at EU level. UEAPME is a recognized European Social Partner and acts on behalf of crafts and SMEs in the European Social Dialogue and in discussions with the EU institutions. It is a non-profit seeking and non-partisan organization. As the European SME umbrella organization, UEAPME incorporates around 80 member organizations consisting of national cross-sectorial SME federations, European branch federations and other associate members, which support SMEs. More info available at <http://www.ueapme.com/>

MicroSave is a facility set up originally by DFID to support the capacity-building ecosystem in East Africa. This structure has since spawned a host of trainers, consultants, consulting firms, research entities, and others that continue to support financial service providers in the East African region. <http://www.microsave.net/>

VET initiatives in Thailand were shared through the Thai-German initiative: <http://www.thai-german-cooperation.info/booklet/history-booklet-education.html>,

FinMark Trust, set up in 2002 with £5m funding from DFID, developed FinScope, an information service based on a national household survey and focusing on financial services' consumption, physical access, attitudes towards money and general sense of wellbeing. After an initial free trial, payment for FinScope has increased from 20% to more than 100% recovery of costs and it is now a fully financed information service that has had an important role in providing stakeholders in the South African financial services market with access to high quality, information resource on household use and perceptions (Gibson, 2006). http://www.value-chains.org/dyn/bds/docs/614/M4P_case_study_FinMark_april2007.pdf

The EU-supported **Global Index Insurance Facility (GIIF)** is an example of continued support to build insurance markets. GIIF is a multi-donor trust fund supporting the development and growth of local markets for weather and disaster index-based insurance in developing countries, primarily in the Africa, Caribbean and Pacific (ACP) region: <http://www.giif.com/>

The **Africa Enterprise Challenge Fund, AECF**, is a US\$ 207m challenge fund capitalized by multilateral and bilateral donors (the AECF donors) to stimulate private sector entrepreneurs in Africa to innovate and find profitable ways of improving access to markets and the way markets function for the poor, particularly in rural areas. <http://www.aecfafrica.org/>

The Mobile Money for The Poor (MM4P) Programme: UNCDF, Sida and AusAID have developed a programme to support branchless and mobile financial services in a select group of LDCs to demonstrate how the correct mix of financial, technical and policy support can build a robust branchless and mobile financial services ecosystem in LDCs. Activities in each country will be designed to support the specific needs and can include:

- Getting service providers the technical support they need on-site;
- Supporting the development better products that are based on customers' needs and demands;
- Building a stronger, more extensive network of financial service agents;
- Assisting central banks and other policy makers to build an enabling environment

More information is available at: <http://www.uncdf.org/en/MM4P>

The Pacific Financial Inclusion (PFIP) Programme (UNCDF, UNDP, AUSAID, EU). The PFIP strategy involves finding new ways of serving hard-to-reach populations, while fostering greater commitment and cooperation to build inclusive financial systems throughout the region. At the core of its efforts is building branchless banking platforms that can reach low income and rural households, the vast majority of which are unbanked. The programme aims to reach by 2012 500,000 clients of which 250,000 were previously unbanked. More at: <http://www.uncdf.org/en/pacific-financial-inclusion-programme>

The UN's **Making Access to Finance Possible** (MAP) programme is a highly integrated stakeholder process, which results in a holistic view of the sector and a more coordinated effort by Government and industry to focus on increasing financial inclusion and ultimately making markets work better for the poor. The MAP diagnostic uses the making markets work for a detailed understanding of demand, exploration of innovation in products and business models to better meet demand drive the poor lens. <http://www.uncdf.org/fr/making-access-possible>

A mapping of **donor-funded cost-sharing mechanisms** in PSD: <http://www.enterprise-development.org/page/partnershipmechanisms#DCEDPartnershipMechanisms>

DCED's directory of funding opportunities for businesses (and other partnerships), allows to search for different partnership opportunities by types of support, target regions and countries. It also gives quick links to more detailed information and contact persons: <http://www.enterprise-development.org/page/signposting-for-businesses>

GAIN (Global Alliance for Improved Nutrition) and SUN (Scaling up Nutrition) are global networks that support the leadership of their members, leading to innovative approaches and public-private partnerships. More at: <http://www.gainhealth.org/> and <http://scalingupnutrition.org/fr/>.

Examples of PPPs related to the health sector. Public Private Partnerships are created to for example deliver medicines in "the last mile" (<http://www.colalife.org>) or control sleeping sickness through the establishment of private veterinary practices and services (<http://www.stampoutsleepingsickness.com>). Platforms can bring together public and private actors of specific branches like "The German Food Partnership" <http://www.germanfoodpartnership.de/en.html> or the "German Health Care Partnership" <http://www.germanhealthcarepartnership.de/>,

Establishing effective results measurement systems, to learn from experience, enhance and demonstrate effectiveness. See: Practical Guidelines for Measuring Results in Challenge Funds (DCED 2013): <http://www.google.es/url?sa=t&rct=j&q=practical%20guidelines%20for%20measuring%20results%20in%20challenge%20funds&source=web&cd=1&ved=OCC8QFjAA&url=http%3A%2F%2Fwww.enterprise-development.org%2Fdownload.ashx%3Fid%3D2272&ei=yk9JU7bwHqmQ0AWt9oDQCw&usg=AFQjCNHxCUBMevCuFKm5oluWEj5vaomXtw&sig2=zITlg-ioc8takBqltSGSCg&bvm=bv.64542518,d.d2k> . To learn more about this intervention model, refer to the DCED Synthesis Note on Matching Grant Schemes and Systemic Approaches, and the M4P Knowledge Page: <http://www.m4phub.org/>

The **GIZ Private-Public Partnership** portfolio. More information available at: <http://www.giz.de/expertise/html/7594.html>

The World Urban Campaign, UN Habitat, is the advocacy and partnership platform for cities in the twenty first century. Its goal is to place the urban agenda at the highest level in development policies. More at: <http://www.worldurbancampaign.org/>

The **Supply Chain Sustainability School** in the UK (www.supplychainschool.co.uk) provides support, training and resources to suppliers, including SMEs, to promote sustainability issues, such as sustainable construction, procurement and waste management. More is available at: <http://www.supplychainschool.co.uk/about/about-our-partners/skanska.aspx>

Mainstreaming private sector in bilateral cooperation. The German Federal Ministry for Economic Cooperation and development (BMZ) indicates it mainstreams private sector cooperation in its bilateral programmes wherever possible. Two examples of the mainstreaming at country level: [Ghana](http://www.giz.de/fachexpertise/downloads/giz2013-en-kenya-country-report.pdf); [Kenya](http://www.giz.de/fachexpertise/downloads/giz2013-en-kenya-country-report.pdf) (<http://www.giz.de/fachexpertise/downloads/giz2013-en-kenya-country-report.pdf>)

DESERTEC demonstrates how to combat climate change, ensure a reliable energy supply and promote security and development by generating sustainable power from the sites where renewable sources of energy are most abundant. <http://www.desertec.org/global-mission/>

OXFAM's **Enterprise Development Programme** (EDP) help people work their way out of poverty. "Business as usual – OXFAM's enterprise development programme", OXFAM, http://www.oxfam.org.uk/~media/Files/policy_and_practice/private_sector_markets/edp/edp_overview.ashx

Scaling up agroecology. How farming communities in the South are making use of ecological principles for the design and management of sustainable agricultural systems that provide and increase income opportunities and production. EAA 2013, http://aprodev.eu/files/Trade/ea_a_scalingupagroecology2012.pdf

Horizon 2020 is the biggest EU Research and Innovation programme ever with nearly €80 billion of funding available over 7 years (2014 to 2020) – in addition to the private investment that this money will attract. It promises more breakthroughs, discoveries and world-firsts by taking great ideas from the lab to the market. <http://ec.europa.eu/programmes/horizon2020/>

Examples of new PPPs and models by the World Economic Forum. At the Annual General Meeting of the World Economic Forum in 2013, the New Vision for Agriculture presented a report highlighting examples of private-public partnerships and models. This included emerging multi-stakeholder transformational partnerships in Africa, Asia and Latin America. WEF 2013 report: http://www3.weforum.org/docs/IP/2013/NVA/WEF_IP_NVA_New_Models_for_Action_report.pdf