



The Donor Committee for Enterprise Development
Business Environment Working Group

Meeting (Teleconference) Minutes

Tuesday, 21 April 2020

Approved by email consent 15 May 2020

PRESENT

Andreja Marusic (WBG, BEWG Chair)	Saki Ito (JICA)
Kåre Johard (SIDA)	Sylvia Solf (WBG)
Anastasia de Santos (USAID)	Catherine Masinde (WBG)
Moussa Traore (USAID)	Tania Ghossein (WBG)
Severine Deboos (ILO)	Martin Weidner (GIZ)
Anna Schrenk (UNIDO)	Brigitte Bruhin (SECO)
Stefan Kratzsch (UNIDO)	Jim Tanburn (DCED Secretariat)
Matthias Altmann (EU)	Amy Rice (DCED Secretariat)
Siobhan Kelly (FAO)	Simon White (Consultant to BEWG)
Toru Homma (JICA)	

APOLOGIES

Peter Stoffelen (Netherlands), Christine Zhenwei Qiang (World Bank Group), Lindsay Napier (DFID)

MEETING OPENED

15:10 Andreja Marusic (WBG) opened the meeting and welcomed everyone.

MINUTES OF LAST MEETING

Minutes of Last Meeting (14 February 2020, previously approved): Matters Arising

There was no business arising from the Minutes of the Last Meeting.

WORK ITEM UPDATES

Promoting structural and economic transformation through BER

Kåre Johard (SIDA) provided an update on this item, outlining the process that has led to the revision of the draft Policy Brief that was distributed to members. These revisions have responded to issues raised on the previous draft. Note that the full Technical Report was finalised and published some months ago: <https://cdn.enterprise-development.org/wp-content/uploads/DCED-BEWG-Study-Report-Promoting-ET-Through-BER.pdf>

A webinar is proposed on 11 June 2020. A wide audience will be invited.

In the next fiscal year another webinar on this topic is proposed.

No further work on this topic is proposed. However, the task team is open to ideas.

AGREED: Final comments on this draft are required by COB on Friday, 24 April 2020.

Use of new technologies in regulatory delivery

Andreja provided an update on this work item, including the publishing of the technical report: <https://www.enterprise-development.org/wp-content/uploads/DCED-BEWG-Use-of-New-Technologies-in-Regulatory-Delivery.pdf>

Simon White spoke on the revised draft Policy Brief on Using Emerging Technologies to Improve Regulatory Delivery.

AGREED: Final comments on the draft policy brief are required by COB on Friday, 24 April 2020.

BER in fragile contexts

Martin Weidner (GIZ) provided an update on this work item, indicating that Simon White had been commissioned to undertake the work. Simon spoke on the challenges experienced in getting hold of respondents to interview.

Matthias Altmann (EU) asked a question of Martin regarding potential EU financing of this work, indicating the need for recognition. Martin recognised this and reassured Matthias.

There were no further comments on this.

New and emerging trends in PPD

Andreja Marusic provided an update on this item. This work is underway, and she hopes to share further details on the literature review in the coming weeks. There has been some discussion on which countries to choose. A developed draft is expected in June 2020.

There were no comments on this.

WORK PLANNING

Simon provided an overview of the results of the work planning brainstorm and shortlisting.

Much of the discussion regarding future planning was dominated by the Covid-19 pandemic. Andreja asked members to briefly describe the issues arising in their agencies on this topic:

- Siobhan (FAO) has prepared a series of policy briefs. Includes how firms in the food sector can respond; logistics; trade and food security. FAO is also organising a private sector roundtable on Africa, listening to thought-leaders on this topic. There is also an emergency programme underway. <http://www.fao.org/2019-ncov/en/>
- Ole (Denmark): Danida response and a broader government response. In general, large share of aid budget is on hold to reserve it for a Covid response. Much of the private sector response in Danida is decentralised to embassies, etc. Striking to observe how diverse various country needs are: some are fast, others slow. In most cases, responses involve prolongation of payment on credit lines and other support packages. Also looking for ways in the private sector can participate and stimulate the economy. In terms of the BE it is more difficult to know how to respond. Looking for a generalised framework to understand the phases of response.
- Toru (JICA): Office is almost shut down for last two weeks; state of emergency. Starting to consider options for a Covid-19 response to be finalise in the coming weeks: include short-term, immediate response, and a longer term response.
- Anastasia and Moussa (USAID): focusing on stabilisation of partner countries. Everyone in lock down, working from home. Many posted officials returning home. Looking at financing issues and disruptions to supply chains. Looking at phases: (1) stabilising for SME and issues affecting the private sector; (2) regulatory reform — expect this will be a critical issue (e.g., insolvency, judicial systems, business restructuring).

- Silvia (WBG): Investment climate note has been prepared—government responses. Describes issues around financial support and monetary responses; dangers of distortions; preparing of a slow opening of the economy. Preparing for coming phases (i.e., opening the economy)—options and considerations. The paper will be updated soon. Business continuity: Philippine Anti-Red Tape Authority issued a guidance note on how government agencies can respond via regulatory instruments.
- Martin (GIZ): can the BEWG address issues that are ‘behind the curtains’—the issues that affect the capacity of government to respond. GIZ looking at how countries are accessing and analysing data on the crisis. Many GIZ colleagues are still in-country (some have returned).
- Tania (WBG): referred to documents on emergency measures and the need for transparency; SME and services to government.
- Matthias (EU): focus on mobilising funding to support 15 billion Euro-package; “Team Europe” approach. Expectation now is that member states will coordinate and align their inputs across the EU. Also looking at how to leverage the private sector in Covid-19 responses.
- Severine (ILO): preparing data on the impact of the crisis on small enterprises; preparing a policy brief on what can be done for informal enterprises. Can share the brief as soon as it is issued. <https://ilostat.ilo.org/topics/covid-19/>
- DCED page: <https://www.enterprise-development.org/private-sector-development-and-covid-19/>

Following the updates, there was a discussion on the work plan. It was agreed that a BER-COVID-19 response was a priority.

BER-COVID-19 Responses

The COVID-19 pandemic is a major global crisis creating an unprecedented shock for private enterprises and their employees around the world. Many donor and development agencies are currently in the process of formulating a response to this shock, spanning immediate actions to mitigate the threat to livelihoods and longer term responses that deal with the process of recovery. The BEWG will commence the process of responding to the crisis by collating information on how agencies are approaching the crisis, sharing information that improves our overall understanding of the scope of the pandemic and the nature of the response required.

Is it possible to prepare a quick note on the Covid-19 Business Environment Response? This would require work on a TOR immediately. The WBG is happy to assist in this process. Maybe there could be smaller sets of tasks that make up the overall response, such as a short note, webinar, followed by a more detailed note and further work.

The challenge is that everyone is trying to develop a Covid-19 response in their own agencies. Maybe it is useful to consider preparedness. This crisis came as a shock: How can governments and business be better prepared? Could be useful to share information on what each agency is doing in response. There are many sub-topics emerging within the overall Covid-19 response.

Maybe there is scope for a series of short, policy briefs on business environment topics, rather than trying something too large.

Work Item Objectives (2019/20): To prepare policy-guidance to support BER in developing economies in response to COVID-19 pandemic.

Activities (2019/20): This will begin with the preparation of a series of 4-6 Special Topic Papers in BER-C-19. These will be 3-4-page documents prepared around key BER themes, identifying the issues of concern and providing guidance on how to address

these issues. These papers will capture the approaches and advice on BER from member agencies.

This will be followed by the preparation of more detailed policy notes government policies and approaches for re-opening national economies and a broader review of the economic literature on aspects of the business environment most relevant for economic recovery post-crises.

Work Item Outputs: Policy papers on BER-COVID-19 responses.

Task Team: FAO, GIZ, ILO, JICA, SECO, UNIDO, and WBG.

AGREED: It was agreed that the Task Team should form to oversee this item. The item will cover immediate actions for the remainder of this year, as well as work for 2020/21.

End of next week: The Task Team prepare a scope of work and share this with the broader BEWG.

Dealing with Firm Informality

High informality rates remain an unresolved challenge to a healthy business environment with implications for businesses (informal and formal) and governments. Informal firms lack access to markets, key institutions and social protection, formal firms are impacted by unfair competition by informal firms, and for the public sector informality creates challenges related to regulatory non-compliance and lost revenues. This is especially the case in developing economies where the grey economy has been stubbornly high for decades. This topic is also receiving particular attention in light of the COVID19 outbreak and its impact on the less resilient economic operators. Current research to informality has brought limited knowledge of how to address informality beyond the recognition of well-established correlations. A part of this difficulty lies in the complexity of what the informal sector really consists of and the wide-ranging influences on the sector.

Silvia (WBG) spoke on this topic, highlighting its relevance in post-Covid-19 environment. Is there a new approach that agencies can develop based on a typology of informality? Matthias (EU) expressed interest. Can't join the team now but hope to in the future.

Work Item Objectives (2019/20): To prepare policy note on the avenues to further our understanding of informality and support the transition to formalisation.

Activities (2019/20): The BEWG will commission a policy note exploring a new approach to informality. It will build on existing evidence of studies on the informal sector and incorporate new tools for addressing the widespread levels of informality. It proposes several complementary and interconnected avenues we can take to further our understanding of informality and support the transition to formalisation, whether directly or indirectly. These will complement and expand on previous and existing informality focused work.

Work Item Outputs: Policy Note

Task Team: DFID, EU, GIZ, ILO, JICA, SIDA, USAID, WBG

Enhancing the Use of Evidence and Results Measurement in BER Programming

Description: Revisiting the [2013 Guidance Annex on Measuring BER Results](#) to see whether the sample indicators or guidance needs updated. This particular work could look at the following:

- Is there an alternative or better measure of the state of a country's business environment than the Doing Business report (which doesn't reflect business experiences)?
- Collating sources of global data which donors can use to inform the indicators (and mapping this against the indicators)
- Evidence collection on linkages between BER and reduction in poverty and increase in prosperity (increased investment, productivity etc.)

Inclusion of new indicators (e.g., productivity increases; increase in GDP; cross-cutting themes such as climate change and inclusion/inequality; labour force participation) or amendment of existing indicators (e.g., DFID has comments on the jobs indicators which we can share) and methodology for collecting this data. Moreover, this work may involve the compilation of a kind of evidence base on BER and especially guidance for how to 'apply' evidence within operations. This might complement and expand the current DCED Evidence Framework. Consider how different agencies work with evidence (within BER or PSD more generally), i.e., (1) how new programmes build on past lessons learnt, in turn dependent on (2) how evidence within BER is compiled, (3) how easily evidence can be accessed and (4) how programme results contribute to institutional memory.

Work Item Objectives (2019/20): To review the use of indicators and other evidence that can inform the design of BER programmes.

Activities (2019/20): The BEWG will commission a paper to explore how donor and development agencies are using evidence and indicators to formulate and monitor reform programmes.

Work Item Outputs: Technical Report

Task Team: EU, DFID, GIZ, JICA, SECO, SIDA, USAID

Business Environment Reform and Climate Change – Sustainability

Description: Building on the [joint work](#) with the Green Growth working group in 2017, this work item will explore the topic of business environment reform and climate change. It will seek to answer the question: How do donors need to adapt their approach?

Some other questions that could be asked, as well as looking at existing evidence and any best practice, include:

- What positive or negative impacts could business environment reform have on climate change?
- What considerations should donors take into account when designing interventions?
- What are the trade-offs of taking climate change considerations into account?
- How could climate change impact our work on business environment reform or the contexts we are working in?
- What indicators could donors use to track climate impacts in BER programming?

Work Item Objectives (2019/20): To ways donor and development agencies can support BER in ways that respond to climate change while enhancing environmental sustainability and the transition to carbon-neutral economy.

Activities (2019/20): The BEWG will commission a technical report.

Work Item Outputs: Technical Report

Task Team: DFID, EU, FAO, GIZ, ILO, JICA, USAID

Webinar Series

A series of webinars will be held on selected BER topics, including:

- BER-COVID-19 responses
- Use of new technologies in regulatory delivery
- BER in fragile contexts
- New and emerging trends in PPD
- Promoting structural and economic transformation through business environment reform

OTHER BUSINESS

Toru (JICA): planning a webinar on 27 May 2020 on BER and Investment Promotion, which will be based on the previous work done on this topic. This will also consider the current Covid-19 crisis.

NEXT MEETING

To be advised. The DCED will conduct a virtual business meeting focusing on core administrative issues in June 2020 in place of the Annual Meeting which was going to be held in Switzerland.

CLOSE OF MEETING

Andreja closed the meeting at 17:00.