Private Sector Development and COVID-19
Development Cooperation Response of Belgium

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The Belgian development cooperation is acutely aware that the consequences of the COVID-19 crisis, beyond their short-term sanitary consequences, will be dramatic for developing economies in the long-term. Whilst the first priority is to ensure the safety of populations, helping the private sector in developing economies redevelop post-crisis will be one of the key ways donor countries can minimize the long-term human costs of the current crisis. DGD, Belgium’s development cooperation agency, will address both these long-term and short-term issues through continued support for the development of the private sector in its partner countries and through the adaptation of certain existing programs to tackle, through the local private sector, the more immediate health-related consequences of the coronavirus pandemic. Part of the existing funding has therefore been reoriented accordingly and has been directed towards health care, research, water and sanitation but also towards further private sector development.

BIO – Invest

As a relatively small DFI, the Belgian Investment Company for Developing countries (BIO), has a specific focus on the development of local MSMEs in which it invests both directly and indirectly (through FIs, MFIs, NBFIs, Investment Funds). In geographical terms, Africa is a strategic priority region for BIO, accounting for almost half of its investment portfolio. As in terms of DAC-categories, BIO’s investment activities concentrate mainly on Low Middle Income Countries (42%) and Least Developed Countries (29% of its portfolio). BIO’s clients are particularly vulnerable to the negative effects of the Covid-19 crisis and an increasing number of them are facing serious liquidity problems. To meet their clients’ most pressing needs, BIO has established an Emergency Financing Facility, a temporary instrument for the rapid provision of financial means (through loans and equity) aimed at helping existing clients to bridge this difficult period. The facility will allow a certain degree of flexibility with regard to specific aspects such as the level of return on investment (lower) and investment assessment procedures (less comprehensive and faster) but the exact conditions under which it will be implemented are still under discussion with the political and budgetary authorities. The budget needed for the facility is estimated at 40-50 million euro and will consist of committed non-allocated funds. The facility will only be invested in clients with good survival prospects.

The Business Partnership Facility

The BPF has quickly become Belgium’s signature PSD mechanism, supporting local MSMEs through grants (matched with at least the equivalent in private capital) designed to boost business growth and help local
businesses secure financial resources for their futures. In the light of the COVID-19 crisis, additional funds amounting to €2.5 million has been allocated to the Business Partnership Facility, in order to launch a new, on year rolling call for proposal that, while maintaining the good governance and sound market principles key to Belgian cooperation, will respond more flexibly and give priority to MSMEs that show potential in tackling one of the many aspects of the sanitary crisis.

The Trade for Development Center

Another flagship project for Belgian PSD, this program implemented by Enabel (Belgium’s technical cooperation agency) aims to help cooperatives and other social enterprises expand and consolidate their businesses through long-term marketing and financial training courses delivered by international experts directly to local participants. The TDC will continue to deliver on its mission despite the COVID-19 crisis, switching to online coaching where possible, and, importantly, trying to shift the focus away from “western experts” to working more with local experts and business support organizations in order to deliver on the different coaching packages.