The Belgian Development Cooperation

Private Sector Development
Agenda
- The ecosystem
- Facts & vision
- Rethinking the way it works
- Some PSD initiatives
The Belgian public ecosystem

- **DGD (Development Cooperation Department of the FPS Foreign Affairs)**
  - Develop overall strategy of the Belgian Development Cooperation
  - Allocates funding

- **Enabel (Development Agency)**
  - Operationalizes the Belgian governmental cooperation in its 14 partner countries
  - Provides expertise to other donors

- **BIO-Invest (DFI)**
  - Invests & supports (in)directly SMEs in developing countries to enable them to gain access to growth within the framework of the SDGs.
  - Funded with at least 40*10^6 € annually
  - Covers 52 countries
Facts and vision

- Organizational changes
  - PSD team created at
    - DGD: service D2.4 - ‘one-stop-shop’ (also in charge of D4D)
    - Enabel (Development Agency)

- Key consideration
  - Support enterprises to present bankable projects rather than providing new funding sources
Rethinking the way it works (1/2)

- Update / review previous PSD strategic note

- Develop synergies between the different actors of the Belgian Cooperation
  - Public: DGD, Bio-Invest (DFI), Enabel (development agency)
  - NGOs, Academics, …

- 5 clusters identified
  - (1) SDG as a compass: impact indicators, monitoring, criteria to consider?
  - (2) BE comparative advantage?
    - Experience, scale of means, …
    - Other ways to proceed?
Rethinking the way it works (2/2)

- 5 clusters identified (next)
  - (3) Financing arrangements
    - fit for purpose? guarantees, loans, blending, impact bonds, …
    - Additionality and market distortion: shared vision & lessons learned?
  - (4) Division of labour, synergies & complementarities
    - Known issues, opportunities
    - Coordinated approach (sector, value-chain, region, …)
    - Relation with development banks
  - (5) Differentiated approach
    - Act according to specific context of a country / region and not in a generic way
Some PSD initiatives (1/4)

- **Business Partnership Facility**
  - Lever to reduce risk for private investors
  - We support
    - Profitable business initiatives contributing to at least one SDG
    - Partnership consisting of at least one business entity
    - Project located in country on BIO’s list - 52 developing countries

- **How?**
  - Non-refundable matching funding;
    - between €50,000 and €200,000;
    - max. 50 % of the total investment
  - Continuous call for projects between 2019-2023; two rounds of selections per year with a yearly budget of €2mio
  - Initiated and funded by DGD
  - Operational management by King Baudouin Foundation (KBF)

DGD - D2.4 Private Sector Development
Some PSD initiatives (2/4)

- Business Partnership Facility (next)
  - Evaluation criteria
    - Development effects
    - Sustainability
    - Innovation, reproducibility and scalability
    - Additionality
    - Impact on the sector or the market
    - Experience and capacity of the beneficiary
    - Degree of co-financing
    - Efficiency
    - Inclusiveness
    - Synergy and complementarity
  (+ external screening of the enterprises)
Some PSD initiatives (3/4)

- **Beyond Chocolate**
  - Belgian and international private sector engaged: chocolatiers, civil society, supermarkets, universities, ...
  - Commitment of all the stakeholders to raise the living income of the small producers

- By 2025
  - all the chocolate produced / sold in Belgium shall comply with a relevant certification standard

- By 2030
  - cocoa growers will earn at least a living income
  - deforestation due to cocoa growing for the Belgian chocolate sector has ended

- (By December 2019, the partners shall have agreed on measurable indicators).

This example created expectations of other sectors: coffee, palm oil
Some PSD initiatives (4/4)

- Innovative Financial Instruments
  - New legislation adopted (2019)
  - Implementation on-hold due to ‘current affairs’ …
Thank you

Questions

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