New Communication on the Role of the Private Sector in Development

Donor Committee for Enterprise Development (DCED) Annual Meeting
9 July 2014

Unit C4 - Private Sector Development, Trade and Regional Integration
European Commission DG DEVCO - EuropeAid
New Communication on Private Sector in Development

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Global policy context of the new Communication: "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"

- **Agenda for Change:**
  - Calls for making the private sector a main partner in development
  - Aims for greater use of blending to mobilise private capital
  - Strengthening private-public collaboration in other sectors (e.g. energy, agriculture, infrastructure)

- **Busan HLF on Aid Effectiveness:**
  - Recognizes central role of the private sector in development and encourages closer private-public engagement for development.

- **Post-2015 global agenda and Rio+20 (SDGs):**
  - Private sector as main partner in developing and implementing post-2015 agenda.
  - Role of private sector in transition to a green economy.
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Stakeholder consultations (Oct. 2013 – March 2014)

- **EU Member States:**
  EU Expert Group meetings; national events; CODEV meetings

- **European Private Sector:**
  General and sectoral dialogue; meetings with associations, companies

- **Civil Society / NGOs:**
  EESC Exploratory Opinion; Policy Forum with CSOs and LAs; consultation meeting with CSOs and private sector; EDD side event

- **Partner countries:**
  Regional consultation events in Uganda, Cameroon, South Africa; 28 national consultations at EU Delegations in Africa, Asia, Latin America.

- **Approx. 200 written contributions**
  from Member States, International Organisations, private sector, NGOs, individual experts, partner countries and EU Delegations.

Stakeholder consultations – written contributions

By geographical area

Repartition by stakeholder group
**Stakeholder consultations** – written contributions

Most popular Issues by number of answers

![Bar chart showing the number of answers for each issue.](image-url)
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Structure of the Communication

Principles

- Focus on job creation, inclusiveness and poverty reduction
- A differentiated approach to the private sector
- Create opportunities through market-based solutions
- Follow clear criteria in provision of direct support to private sector
- Account for different local contexts
- Put strong emphasis on results
- Observe policy coherence in areas affecting the private sector in partner countries

Actions

Private Sector Development
- Enabling Business Environment
- Support to MSMEs in formal and informal sector
- Empowering women
- Access to finance, financial inclusion

Private Sector Mainstreaming
- Sustainable energy
- Sustainable agriculture
- Infrastructure
- Green sectors

Private Sector Engagement
- Promoting responsible business / CSR
- Scaling up inclusive business and solutions
- Facilitating PPPs and Stakeholder-Alliances
- Role of business on global dev. agenda

Tools

- Dialogue with private sector
- Blending
- Harnessing the EU’s political weight

- Public-private policy dialogue
- European platforms and networks
- Sectoral dialogue

- Financial instruments to crowd-in private funding
- Private Sector Windows
- Positive interaction between development, trade and other relevant EU policies
- Policy dialogue with partner countries
- Budget support
Proposed principles for strengthening the role of the private sector in EU development cooperation

1. Focus on job creation, inclusiveness and poverty reduction
2. A differentiated approach to the private sector
3. Create opportunities through market-based solutions
4. Follow clear criteria in provision of direct support to private sector
5. Account for different local contexts
6. Put strong emphasis on results
7. Observe policy coherence in areas affecting the private sector in partner countries

Principles

Private Sector Communication
Actions on PSD and PSE

Private Sector Development
- Enabling Business Environment
- Support to MSMEs in formal and informal sector
- Empowering women
- Access to finance, financial inclusion

Private Sector Mainstreaming
- Sustainable energy
- Sustainable agriculture
- Infrastructure
- Green sectors
- Promoting responsible business / CSR
- Scaling up inclusive business and solutions
- Facilitating PPPs and Stakeholder-Alliances
- Role of business on global dev. agenda

Private Sector Communication

Actions
Tools for implementation

- Private Sector Communication
  - Tools
    - Dialogue with private sector
      - Public-private policy dialogue
      - European platforms and networks
      - Sectoral dialogue
    - Blending
      - Financial instruments to crowd-in private funding
      - Private Sector Windows
    - Harnessing the EU’s political weight
      - Positive interaction between development, trade and other relevant EU policies
      - Policy dialogue with partner countries
      - Budget support
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The way forward

- **Council Conclusions**
  - Discussion of Communication by Member States in European Council.

- **EU framework of principles**
  - Work with Member States on common framework of principles for private sector development support and partnerships.

- **Implementation of actions**
  - Private sector development support objectives and priorities integrated EU programmes of period 2014-2020.
  - Actions and private sector dialogue in field of sustainable energy, agriculture, infrastructure and green sectors implemented jointly with respective thematic units.
  - Further work with Financing Institutions and Member States on development of EU blending facilities.
Thank you!
Communication on Role of the Private Sector in Development

- **Purpose of Communication:**
  - Outline the future direction of EU policy and support to private sector development (incl. new tools like blending, private-public dialogue):
  - Introduce private sector engagement as a new dimension into EU development cooperation (incl. principles for engaging with PS).

- **Private sector development actions on:**
  - Business environment reforms;
  - Support to MSMEs in formal and informal sector (incl. VET, women);
  - Access to finance / financial inclusion (incl. through use of blending)

- **Private sector engagement dimension:**
  - Private sector as implementing and financing partner in EU DC;
  - Mainstreaming of PSD objectives and partnerships with private sector in other sectors (such as energy, agriculture, infrastructure);
  - Actions to encourage the private sector to increase development impact as part of their core business strategies.