



The Donor Committee for Enterprise Development

**Private Sector Engagement Working Group (PSE WG) Meeting  
with a special focus on Instruments to Promote Responsible Business Conduct  
hosted by the Finnish Ministry of Foreign Affairs in Helsinki, 11-12 February 2020**

**Minutes**

17/03/2020

**Participants:**

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| 1. Gunter Schall, ADA (Co-Chair)       | 12. Tobias Lechtenfeld (BMZ)                     |
| 2. Lars Stein, SDC (Co-Chair)          | 13. Linda Scheik (GIZ)                           |
| 3. Keert Ajamaa, Estonia MFA           | 14. Lukas Schneller (SECO)                       |
| 4. Matthias Altmann (EC)               | 15. Nina Schuler (DFID)                          |
| 5. Juergen Bartelink (Netherlands MFA) | 16. Virpi Stucki (UNIDO)                         |
| 6. Priscilla Boiardi (OECD)            | 17. Melina Heinrich-Fernandes (DCED Secretariat) |
| 7. Caroline Bright (IFC)               | 18. Holger Grundel (DCED Secretariat)            |
| 8. Lollo Darin (Sida)                  | 19. Jim Tanburn (DCED Secretariat)               |
| 9. Laura Desmoulin (Finland MFA)       |  |
| 10. Suzanne Krook (Sida)               |  |
| 11. Thomas Lammar (Luxemburg MFA)      |  |

*Apologies: USAID, Belgium, JICA*

**Additional participants on 11 Feb:**

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|----------------------------------|-------------------------------|
| 20. Alva Bruun, Finland MFA      | 24. Riikka Thomson, Finnfund  |
| 21. Irene Leino, Finland MFA     | 25. Nina Elomaa, Fazer Group  |
| 22. Kent Wilska, Finland MFA     | 26. Eija Hietavuo, Stora Enso |
| 23. Antti Piispanen, Finland MFA | 27. Ilona Mooney, Work Ahead  |

**Summary of agreed action items (detailed Minutes of the discussions can be found below)**

**1. Ongoing work plan:**

- 1.1 Introductory video on PSE:** The Secretariat will start developing a draft script of the video for review by members in due course. While advice on the most suitable video format will ultimately be sought from a video production company, members had a preference for including photo and video material of actual PSE projects; white board animation was also considered as an option. Ideally, DCED member logos should be featured in the video. The main agreed target group are agency colleagues who are not familiar with 'the why and how' of PSE.
- 1.2 Short lessons learnt note on co-creation:** The Secretariat will develop a full lessons learnt note based on the interview findings presented at the meeting. WG members welcomed the insights so far and noted their interest in hands-on advice on the use of different co-creation approaches.
- 1.3 Webinars:** New webinars will be explored, including on the theme of Responsible Business Conduct. For example, the Finnish feasibility study on a national Business & Human Rights law could be shared via a webinar once published (this or next financial year).
- 1.4 Updating the DCED's 2014 additionality guidelines:** The WG confirmed their continued interest in how best to demonstrate additionality in PSE. In addition to any updates based on recent literature, members would welcome practical examples on the decision-making process around additionality. Several members noted their interest in contributing to the updating process, including by sharing examples.

2. **Preparations and content for the FY20-21 Work Plan:** The Secretariat will draft a work plan including the following action areas – for review by the WG via teleconference in early April:
- 2.1 *Conceptual work on PSE and Responsible Business Conduct:* Members agreed that further conceptual work on PSE and Responsible Business Conduct by the Secretariat would be helpful. This may include developing a reading list and synthesis note on the theme and/or a more comprehensive working paper which would clarify the concept of RBC and how it relates to PSE; identify key organisations and publications in this field; review different instruments to promote RBC, including to influence investors; and explore the role of such instruments in encouraging different ‘degrees’ of RBC (e.g. from ‘do no harm’ to business model transformation).
- 2.2 *Considering practical formats of exchange on specific technical themes or questions:* Some members were interested in sharing experiences or internal tools on specific technical themes and questions. One proposed way of doing this is through task teams with relevant technical staff in member agencies. The theme of Agency risk management approaches (incl. due diligence) has attracted the interest of at least three PSE WG members so far (the typical threshold for a DCED working group activities): SDC, IFC and UNIDO. Other themes of interest include Private sector collaboration design & contracts (SDC, UNIDO); the most important drivers of change towards RBC in the private sector (GIZ); and a ‘reality check’ with companies on whether donors’ stance on RBC is still relevant (EC). The PSE WG meeting in June will be used to further explore interest in these themes by other members and to decide which ones will be pursued going forward. Bilateral exchanges may also happen in the meantime.
3. **The next physical PSE WG meeting will take place on 3 June in Berne,** in the week of the DCED Annual Meeting.

### **Technical discussions on Instruments to promote Responsible Business Conduct (RBC) – 11 February**

Gunter Schall, Lars Stein and Laura Desmoulin welcomed participants to the 1.5 day meeting, which had three main elements: a technical exchange among members as well as invited private sector representatives and experts on instruments to promote Responsible Business Conduct; a progress review regarding ongoing PSE WG work items; and exploring common priorities as a basis for new work items in the 2020-21 work plan.

Participants noted diverse learning objectives for the day, including to understand better

- what different agencies are doing to promote RBC – potentially under different terminologies and acronyms – and how the group might work jointly on the theme going forward;
- how donor agencies can support or engage with private sector-driven initiatives to promote RBC;
- how to get individual business to achieve certain standards of RBC as a basis for IFI investment;
- how RBC relates conceptually to PSE;
- how donor agencies might collaborate with other government ministries on RBC; and
- under what conditions donors might agree to RBC regulation at EU level.

#### Setting the scene: The RBC concept and ongoing Finnish initiatives to promote RBC at national and EU level

Melina Heinrich-Fernandes then framed the topic for the PSE WG (see the slides in [Annex 1](#)). The OECD defines RBC as ‘considering and integrating environmental and social issues within core business activities.’ Public instruments to promote RBC typically include regulating, facilitating, partnering or endorsing good RBC practices in the market. Business actions may be ‘essential actions’ to comply with the law; actions that go beyond the law and are ‘expected’ by shareholders, consumers or other key stakeholders; and ‘desirable actions’ that are typically company-specific and represent particular high standards of RBC. The slides further

outlined initial thinking on how donors' actions to promote RBC relate to the PSE WG's [operational framework](#).

Kent Wilska, Commercial Councillor, Finland MFA, kicked off the technical discussions with insights into a national level process to explore a law on business and human rights, which started in 2014. Sectoral and cross-sectoral consultations with the private sector revealed that there were a lot of different interpretations in implementing existing human rights guidelines and no consensus on what can realistically be achieved. The consultations also revealed questions on the added value of legislation if leading sectoral actors already have a longstanding dialogue on responsible business practice (e.g. forestry). Nevertheless, many consumer-facing companies were in favour of legislation. The Finnish Government is currently implementing a feasibility study on the business and human rights law (to be finalized in June 2020) as well as a corporate benchmarking study to inform the decision on whether or not legislation will be introduced.

Kent Wilska also gave an overview of Finland's support to an [EU-level action plan on business and human rights](#), which emerged from the EU-level [Business & Human Rights Conference](#) in December 2019. Recognising the need for a mix of measures to promote RBC, the Conference covered legislation as well as public finance and collective private sector initiatives as instruments to incentivise RBC. On the issue of legislation, it was agreed that legislation at EU level makes more sense than at country level, to avoid fragmenting the European regulatory landscape. The 'spirit' of the Finnish law would be to 'start somewhere', with the aspiration to ultimately achieve EU-wide legislation.

Other international discussions on RBC legislation are currently ongoing UN level; they are however unlikely to lead to a global binding treaty. A more promising process are the ILO's technical meetings on decent work in supply chains, which include companies as part of the ILO's tripartite structure and will make a proposal to the ILO governance body.

The Working Group then discussed implications from an aid management angle, including:

- the need for PSE practitioners in donor agencies to work more hand in hand with colleagues focused on compliance, to identify minimum requirements and additional good practices
- the challenge of regulating business activity in developing countries at EU level and the need to engage with partner governments in developing appropriate laws
- the need to support voluntary approaches alongside regulations; one example in Luxemburg is the [National Pact on Human Rights](#) (launched in October 2019)
- the need for more evidence on whether the lack of such legislation was a genuine barrier to companies adopting more responsible business practices.

#### World Café to understand member's understanding and priorities related to RBC

The following world café session revealed further questions as well as different perspectives on RBC among donor agencies, as summarised in the table below.

<b>Members' different understandings of RBC</b>	<b>Priority instruments to promote RBC</b>	<b>Members' key challenges and questions regarding RBC</b>
RBC may refer to... <ul style="list-style-type: none"> <li>• one of many tools to achieve inclusive (private sector) development</li> <li>• a tool for companies to manage reputational risk, ensure positive</li> </ul>	<ul style="list-style-type: none"> <li>• Global/ agency-specific/ private-sector oriented policies, guidelines and standards, including:               <ul style="list-style-type: none"> <li>○ ESG standards</li> <li>○ <a href="#">OECD MNE Guidelines</a></li> <li>○ <a href="#">UN Global Compact tools</a></li> <li>○ <a href="#">UN Guiding Principles on Business &amp; Human Rights</a></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• No harmonised RBC definition and measurement standards (although harmonisation efforts ongoing in impact investment; UN common approach to due diligence)</li> <li>• Many existing standards too challenging for local businesses</li> </ul>

<ul style="list-style-type: none"> <li>impacts and do no harm</li> <li>• a lens through which agencies 'screen' their private sector partners to identify like-minded companies</li> <li>• a theme around which agencies can engage partners, transfer know-how, and define common collaboration objectives</li> <li>• a specific focus of the SDGs or a wider, longer term agenda</li> <li>• ESG (Environmental and Social Governance) metrics or a broader umbrella concept</li> </ul>	<ul style="list-style-type: none"> <li>○ <a href="#">UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP)</a></li> <li>○ <a href="#">UNDP SDG Impact Practice Standards for Private Equity Funds</a></li> <li>○ Public procurement guidelines, inspired by global standards</li> <li>• Sector/ value chain analysis, e.g. to identify bad practices of companies or identifying the most promising entry points for RBC cooperation</li> <li>• Dialogue with the private sector/ convening risk management and CSR staff</li> <li>• Influencing funding decisions of DFIs and other entities that channel donor funding</li> <li>• Training of companies or business associations, e.g. UN Global Compact Training</li> <li>• Written agreements with partner organisations, e.g. on adherence to good practices and non-financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>• How can we best leverage existing private sector initiatives (e.g. green financing)</li> <li>• Sequencing: <ul style="list-style-type: none"> <li>○ How can donor agencies enhance their own RBC, before requiring it from businesses?</li> <li>○ How to support companies on their journey from 'not doing harm' and ESG reporting to a more fundamental business model shift?</li> </ul> </li> <li>• How should instruments differ for supporting champions vs dealing with low performers?</li> <li>• How do can agencies effectively screen their partners and supply chains?</li> <li>• Is RBC 'owned' by PSE teams or are PSE teams supporting other colleagues in promoting RBC?</li> </ul>
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### Focus 1: Laws and voluntary standards and initiatives to promote RBC

The next session explored the roles, risks and benefits of voluntary and mandatory actions to promote RBC in more detail – based on an introduction by Lars Stein and a Q&A session with two Finnish company representatives: Nina Elomaa, Sustainability Director at Fazer, Finland's biggest chocolate producer; and Eija Hietavuo, SVP Sustainability at Stora Enso, a global leader in the production of renewable materials. Insights from the Q&A and subsequent discussion on key challenges, solutions, and possible roles by donors are summarised below:

- *There are several drivers of change towards more systematic attention to RBC, which differ in importance depending on the sector, the nature of the business (e.g. family-owned companies and publicly-listed companies), and the scope of operations (international company vs. local company):*
  - Reputational risk (e.g. arising from harmful practices in local supply chains)
  - The need to secure future access to raw materials and therefore promote more attractive working conditions (e.g. in agriculture);
  - Pressure from consumers as well as shareholders such as institutional investors to comply with high environmental and social standards. For publicly-listed companies, shareholder pressure was considered as probably the most important driver of change that will trigger the attention of company boards. More generally, 'making the business case' for engaging in RBC is likely to be more effective than highlighting reputational risk to boards.
  - Legislation: While legislation was also mentioned as a driver of change, laws alone cannot address the frequent lack of capacity and incentives among local partners to engage in collective action towards RBC.
- *Private sector interlocutors were in favour of legislation on RBC, with the following qualifications:*
  - Legislation should be 'grounded in reality' and possible to implement

- The scope of legislation should be as global as possible, e.g. inspired by the UN Guiding Principles, and not sector-specific; while EU-level legislation would be welcome, it would be very complex for companies to manage different laws in individual EU countries and sectors.
- *While legislation should be sector-agnostic, tools and guidelines are most useful when they are country-and sector-specific.* There is a potential role of donors in helping to develop tools and guidelines to promote RBC in local supply chains, and in promoting them consistently across their programmes.
- *Collective voluntary action among international buyers to influence their supply chains is most likely in consumer-facing industries – but it is not always possible.*
- *Recent developments in companies' internal structures illustrate an increasing recognition of the importance of RBC:* While sustainability still tends to sit with communications, advocacy and/or CSR departments, sustainability teams now report to management, have grown in size and/or organisation-wide influence. Sustainability is also more integrated across companies. In Stora Enso, for example, more than 500 people with a focus on sustainability are spread across different units.
- *Increased collaboration with donors would be welcome by companies, if engagement can be responsive, nimble and based on a joint understanding of objectives and appropriate ambition level.* For example, individual international buyers are often minor buyers from +10,000 local suppliers and have therefore limited control over their supply chains. The buyer has to focus on issues that they can influence, while donors need to balance the risks with the opportunities of engaging with the buyer.
- *More generally, particular useful areas of donor engagement (in addition to support to local SMEs) could include*
  - Facilitating dialogue with local governments that may not consider RBC as a priority;
  - Engaging with pension funds and other institutional investors on investment criteria. There is particular potential in better translating the human rights agenda into investment criteria; more progress has already been made in green finance; and
  - Supporting consumer awareness, including in partner countries
  - Focusing more on sector-wide action to promote RBC, not just individual, short-term partnerships

#### Focus 2: Financial instruments: Integrating RBC and sustainability in partner and investee selection

In this session, Sida, the Netherlands MFA and Finnfund gave an overview of how they integrate RBC in their partner selection and PSE more broadly (*all PPTs to be circulated among members with the Minutes*).

Suzanne Krook and Lollo Darin of Sida provided a summary of their internal RBC screening tools and the issues they aim to cover in assessing prospective private sector partners, although a certain level of flexibility is always required in particular with local partners. A new development is that Sida now also procures ESG and financial data services from an external provider. To promote the RBC agenda more broadly, Sida is actively engaged in global policy advocacy, including through dialogue platforms with Swedish companies (through the [Swedish Leadership for Sustainable Development](#) platform) and investors (through the [Swedish Investors for Sustainable Development](#) platform, which inspired the [Global Investors for Sustainable Development](#) alliance recently launched by the UN), and by supporting third-party initiatives that encourage more responsible business behaviour, e.g. the World Benchmarking Alliance. The Swedish government has launched a platform for sustainable business. It states among others. that Sweden's welfare as well as the

private sector's business models should be built on economic, social and environmentally sustainable development and contribute to the development challenges that are identified in Agenda 2030.

Juergen Bartelink presented on how RBC is integrated in Dutch development cooperation more broadly and reviewed the particular practice of the Dutch Good Growth Fund, an investment fund for Dutch and local companies in developing countries. The Good Growth Fund uses RBC criteria in the screening process of potential investee businesses but also support partner companies during project implementation to work towards RBC compliance. This support is based on an RBC action plan which is formally agreed on in the contract with each investee. Several of the key challenges the Fund faces in assessing and supporting RBC relate to investees' supply chains. It is difficult to access supply chain data, in particular when the investee is an SME, and also to influence change, for example when a small investee sources from a large or international supplier.

The presentations were followed by a commentary by Riika Thomson of Finfund and Alva Bruun, Finland MFA. One issue mentioned by Alva was the challenge of policy coherence across departments and ministries in relation to RBC. Riika Thomson's presentation highlighted, for example, that DFI's are often more advanced than other PSE programmes in developing detailed methodologies for screening, monitoring and supporting partner companies' RBC. Donor agencies could therefore learn from DFIs in enhancing attention to RBC in their own programmes.

### Focus 3: Generating the data needed to assess RBC: Innovative digital solutions

The lack of transparent data on RBC in companies' supply chains in developing countries can make it difficult for buyers to identify needs for improvement. Ilona Mooney, presented the business model of the Finnish technology start-up company [Work Ahead](#), which 'helps enterprises survey anonymously workers in their supply chain, focusing on human rights, decent working conditions, and advancing sustainable development' (*PPT to be circulated with the Minutes*). The video-based app is specifically designed for surveying low-skilled, often illiterate workers.

The discussion however also revealed several challenges, including the need for cultural change among workers who are not used to providing feedback on their workplace wellbeing; the lack of support options by donors for such innovative and experimental solutions to enhancing supply chain transparency; and questions on how the data generated is ultimately used by companies to effectuate change. Digital solutions are most suited to companies that are already championing RBC in their supply chains, and can help them identify relevant partners such as NGOs to tackle specific concerns.

Members also flagged that while many new data solutions now exist, the lack of harmonised terminologies, definitions and indicators of RBC makes it difficult to aggregate and share data. It was agreed that knowing more about existing definitions and measurement initiatives (e.g. in the context of Shift's work on [Valuing Respect](#) or the private-sector driven [Value Balancing Alliance](#)) would be helpful. The [Financial Times' Moral Money Newsletter](#) was mentioned as a useful source of information on ongoing initiatives in RBC more broadly.

## **Member updates, work item progress and plans – 12 February**

### Member updates

At the beginning of the day each participant gave an update on the latest development around PSE in their agency. Highlights are summarised in [Annex 2](#).

### Presentation of progress with current work items and member feedback

Melina Heinrich-Fernandes gave an update on progress with work items included in the FY19-20 work plan (*slides to be circulated among members with the Minutes*).

To inform the development of an introductory video on PSE, the Secretariat has gathered 17 PSE case studies that members considered successful. The case studies cover most PSE strategies included in the PSE WG's operational framework and therefore provide a good basis to illustrate how PSE can look in practice. While not all 17 case studies can be featured directly in the video, many can also be included on the DCED's impact stories page. Members agreed that the main target group of the video are agency colleagues new to PSE. As an immediate next step, the Secretariat will draft the video script for comments by members. There are different video style options, for example a cartoon, motion graphics, white board animation or real-live project photos and video material. The working group expressed a preference for including real-live project footage, although white board animation was also considered as an option. The feasibility and suitability of these video styles will be explored in more detail with a video production company. Some working group members also suggested to feature all DCED member logos in the video, to demonstrate ownership among colleagues.

Following their February 2019 meeting, which including a thematic day on co-creating innovative business models in BMZ's Lab of Tomorrow project, the WG also agreed to develop a short note on co-creation based on lessons learnt from different agencies. The Secretariat has so far interviewed 10 agencies and programmes that self-identified as using co-creation as a method, and held additional conversations with members that wish to adopt the approach (*PPT slides on selected findings to be shared with the Minutes*). The interviews revealed that there are many different understandings and formats of co-creation with the private sector, which may be suited for different contexts and purposes. Nevertheless, they also share similarities in terms of their rationale (e.g. moving towards better, locally adapted and/or commercially viable development solutions) and challenges (e.g. how to move from tightly managed partnership contracts to a more open-ended, exploratory form of PSE). The Secretariat will now translate the interview findings into a short paper. Participants noted that they would welcome hands-on advice on when and how to use different co-creation approaches, to the extent that this is possible.

In line with the PSE WG's interest in promoting peer learning on PSE, the Secretariat has organised a webinar with Sida and USAID on [Engaging the private sector in practice](#) on 6 February. Discussions are ongoing with several member agencies on other future webinars. It was also suggested that a webinar could usefully be organised on the topic of RBC, for example once the Finnish feasibility study on the Business & Human Rights Law has been finalised.

The Secretariat's Knowledge Management Work Plan further includes the idea of updating the DCED's 2014 document on [Demonstrating Additionality](#) to streamline the content and incorporate new developments and practices. The WG confirmed their continued interest in the topic and, in particular, in learning from practical examples on the decision-making process around additionality. Several members noted their willingness to contribute to the updating process, including by sharing examples.

#### Defining possible future PSE WG work on RBC and other themes

The WG agreed that it would be useful for the DCED to continue working on the topic of RBC to help members make sense of the many definitions and initiatives in this field, and learn more about the most effective levers of change. The Secretariat will draft a work plan based on the suggestions detailed below for review by the working group in a teleconference in early April:

Most members would welcome a conceptual piece of work by the Secretariat, which could include a reading list and synthesis note on the theme and/or a more comprehensive working paper (similar to the innovative finance paper). Such a paper would clarify the concept of RBC and how it relates to PSE; identify key organisations and publications in this field; review different PSE and PSD instruments to promote RBC, including how to best influence investors; and explore the role of such instruments in encouraging different 'degrees' of RBC (e.g. from 'do no harm' to business model transformation). Conceptual work by the DCED

will take into account existing publications in this sphere. For example, the British Academy has recently investigated [levers of change to reform business](#) and published a series of studies on [purposeful business](#).

Some members were also interested in considering practical formats of exchange on specific technical themes or questions, including but not limited to RBC. One proposed way of doing this could be through task teams ('sub groups') with relevant technical staff in member agencies (not necessarily the PSE WG representative), who could share experiences or internal tools. Several members however noted that they would not have the time to engage in such task teams in addition to other activities of the PSE WG. Themes suggested so far include:

- a) Risk management approaches (incl. due diligence) – SDC, IFC, UNIDO
- b) Private sector collaboration design & contracts (with the intention to develop template contracts for different collaboration purposes) – SDC (compliance department), UNIDO
- c) The most important drivers of change towards RBC in the private sector (GIZ); and
- d) A 'reality check' with companies on whether donors' stance on RBC is still relevant (EC).

Melina Heinrich-Fernandes noted that a typical threshold for joint activities in other working groups was a minimum of three interested member agencies. The PSE WG meeting in June will be used to further explore interest in these themes by PSE WG and other DCED members and to decide which ones will be pursued going forward. Bilateral exchanges may also happen in the meantime.

The Co-Chairs also raised the question whether PSE WG members would be interested in working towards an overall Theory of Change for the group to articulate a common vision and how they would like to achieve it. Feedback by individual members however indicated that there is currently limited appetite for developing such a Theory of Change, and that members are generally happy with the current way of working of the group.

#### **Next meeting**

The group will get together again via teleconference in early April to discuss a draft work plan and prioritise items to be addressed in the coming financial year. An in-person meeting is planned for Wednesday, 3<sup>rd</sup> of June in Berne, Switzerland, ahead of the DCED Annual Meeting, 4-5 June.

## A definition of RBC

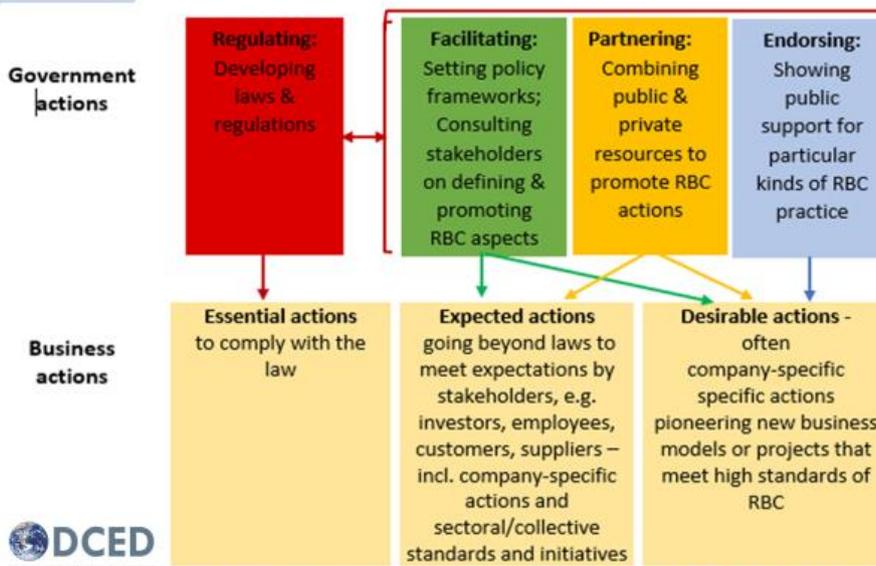


“Responsible Business Conduct (RBC) means considering and integrating environmental and social issues within core business activities.”

“RBC principles and standards set out an expectation that businesses avoid and address negative impacts of their operations, while contributing to sustainable development where they operate.” (OECD, 2017)

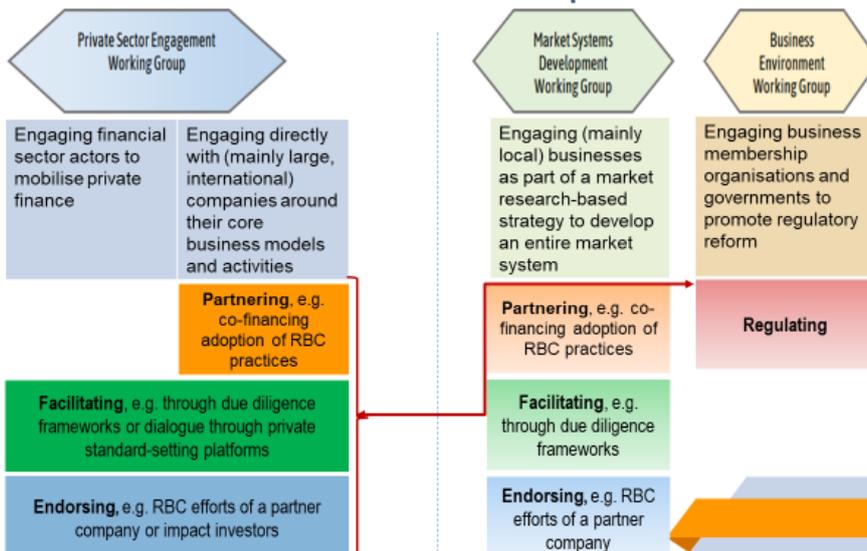


## Key types of instruments to promote RBC...



(general categories of action drawn from OECD, 2018 and Business Leaders' Initiative on Human Rights)

## ...and preliminary thoughts on how they relate to the PSE WG's operational framework



## **Annex 2:**

**Austria:** Promoting ‘frugal innovation’ in collaboration with the Austrian Innovation Agency and partner countries is a key focus, with pilot activities in the Western Balkan region. The Donor Committee for Dual Vocational Education Training (whose members include Austria, Germany, Lichtenstein, Switzerland) is considering how best to involve the private sector in design and planning of training programmes. It will organise a conference jointly with the World Bank at the end of March in Vienna. A new government has been formed in coalition with the Green Party. One early priority will be to develop an Africa strategy which will include measures to encourage the Austrian private sector to engage more strategically in Africa. This was informed by a study of the Austrian Chambers of Commerce which recommended that Austrian companies become more strategic about the African countries and sectors they invest in.

**BMZ:** The PSE budget for 2020 is 200mn EUR. A new SDG Compact has been signed with Siemens, SAP and Martin Bauer Group (with total private sector contributions of 30 Mio. EUR). In June 2019, BMZ launched a new Development Investment Fund in collaboration with KfW/DEG, including three components: AfricaConnect, which support European companies to invest in Africa: AfricaGrow, which provides growth capital to African SMES via local private equity and venture capital funds; and Business Network for Africa, which provides advisory services to German companies in entering African growth markets. To speed up the energy and mobility transition, Germany will support the production of ‘green hydrogen’ in Africa. This is expected to create new large-scale business and investment opportunities. The LEVERIST match-making platform for business opportunities in the international aid sector is up and running.

**DFID:** The flagship Business Innovation Facility (BIF) and Responsible, Accountable and Transparent Enterprise (RATE) programmes are closing this year and significant effort will go into learning lessons for future programming. DFID commissioned five papers on obstacles to inclusive business; an evidence review on responsible and inclusive business practices is currently underway. It is expected that DFID will move away from the distinction between responsible and inclusive business for future initiatives. DFID will also invest less in smaller, free-standing programmes in favour of larger, cross-government platforms. Expected components will include evidence generation; vehicles to create larger, long-term business partnerships to support the Global Goals and mechanisms to address specific sectors and/or issues. The UK is also looking ahead to its Presidency of the G7 in 2021 as well as the COP26 Summit in Glasgow in November 2020.

**Estonia:** A national development agency is currently being developed and should be up and running from 2021. Estonia is also devising an Africa strategy which is likely to focus on IT amongst other priorities. Consultations on international development are ongoing with several countries (Denmark, Germany, Finland, France, Sweden). They include how best to engage with the private sector.

**European Commission:** New plans for engagement with the financial sector, especially fund managers, around creating a taxonomy and funding criteria on green investment. Another expected focus is sustainable value chains, which is also driven by successful consultations with the governments of Ghana and Cote d’Ivoire in the cocoa sector. All of this will sit under the umbrella of the ‘New Green Deal’. The new EU Commission and financing round could have a significant impact on future priorities, including those related to the private sector.

**Finland:** The Finnish government is in the process of drafting an Africa strategy which will include commercial relationships. Country programming is also underway and should incorporate all relevant PSE and PSD instruments (e.g. Finnfund). A review will be carried out to establish what has been achieved through past job creation initiatives. With support from Finland, UNOPS will set up an impact investment facility in Helsinki. The UN Technology Innovation Lab (UNTIL) is now up and running and plans to co-create new tech solutions to specific development problems with Finnish start-up businesses.

**IFC:** SECO is supporting a programme to develop better ESG practices in Eastern Europe and Central Asia. New IFC impact investing principles were launched last year. The Sustainable Banking Network is looking to expand and build links with the Sustainable Stock Exchanges initiatives (which is working on a guide for company disclosure). The IFC is aiming to use machine learning and AI to gather historical internal ESG risk data and package it for internal and external audiences.

**Luxembourg:** The evaluation of the last phase of the Business Partnerships Facility has been completed with generally positive results. The summary of the evaluation can be found [here](#). The next phase will be launched at the end of February with stronger emphases on M&E and financial management. The Social Performance Task Force is revising its standards to promote a more responsible and impactful inclusive financial sector with a particular focus on green and digital priorities. Such standards can also apply to the broader impact investment industry. The Luxembourg House of Financial Technology (LHoFT) organises a [bootcamp](#) for the African Fintech sector. A new Financial Inclusion Fund with the EIB – set up as a multi-donor trust fund – provides TA and is open for financial instruments, for instance it will consider providing guarantees for refugees in the Sahel region. Luxembourg has also been providing support to the [SDG 500 platform](#) launched in Davos with Bamboo Capital. Support to the microinsurance network was extended, and cybersecurity for the African financial sector is being actively promoted.

**Netherlands:** The Dutch Good Growth Fund which provides loans, participations, guarantees, export credit insurance and export finance to Dutch entrepreneurs seeking to expand their business internationally is currently being evaluated. Findings are unlikely to be available ahead of the DCED AM in June. The Dutch government aims to promote RBC by requiring the funds it supports to report their contribution to the SDGs.

**OECD:** The main focus areas continue to be blended finance and impact investing. Guidance notes for the five blended finance principles included in Tri Hita Karana Roadmap are being developed through dedicated working groups. A survey of blended finance funds and facilities will be carried out with a particular focus on impact analysis. The impact investment priority includes several work streams, e.g. impact-weighted accounting standards for the private sector, SDG alignment for corporates (under the French G7 Presidency) and a cross-directorate working group on blockchain.

**SECO:** The new government's budget proposal for 2020-24 is going to parliament soon and includes PSE as a priority. There is an ongoing debate about on the ODA-eligibility of non-grant instruments. The outcome of the forthcoming referendum on a new responsible business law will define the way forward in the RBC space. In the area of blended finance, specific priorities include local capital markets and how to achieve scale, liquidity and stronger pipelines for impact investment markets. For work on value chains there will be a move away from individual sectors towards the meta level through e.g. cross-sectoral certification principles such as ISO and sector-wide platforms.

**Sida:** A [review](#) on how the agency works with the private sector – including practical examples - has been finalised. A [summary brochure](#) with the 13 examples from the study is also available. Later in February, Sida is organising an internal event (network meeting) with 55 staff to discuss experience with PSE & MSD and consider future priorities. The UN Global Investors for Sustainable Development (GISD) Alliance will organise a conference in Stockholm in June.

**SDC:** The goal of doubling PSE-related programming by 2020 has already been achieved. A new PSE strategy is being developed. An internal strategic guidance document on key concepts can be shared with the PSE WG. The 'EPS 100' PSE workshops and strategic training courses are being rolled out in SDC's operational units. SDC also works with the University of St Gallen to professionalise PSE training via a new 'Public Entrepreneurship Academy' and to replicate BMZ's Lab of Tomorrow.

**UNIDO:** The UN-wide reform programme to harmonise due diligence systems for PSE has been completed. An online platform for agencies to share due diligence reports will be developed. As part of the

implementation of the Abu Dhabi Declaration UNIDO is considering a stronger focus on manufacturing and is currently looking at who else is active in this area. Incorporating an MSD perspective into PPDPs is a continued priority (with support from Austria and Sweden).

**USAID (The high-level updates on PSE initiatives in USAID below has been shared in writing ahead of the PSE WG meeting):**

- **PSE Developments and Priorities:**
  - A majority of USAID Bureaus and Missions designed country-specific PSE plans (internal) by December 31, 2019 and an analysis is currently underway of strategies, sectors and support needed from Washington.
  - Each Bureau and Mission has named a PSE POC, listed publicly [here](#).
  - USAID continues to solicit ideas to support the PSE Evidence and Learning Plan, [here](#).
  
- **Capacity Building and PSE Resources:**
  - The agency now has internally-facing sharing portals for incorporating PSE into Mission programming, conducting private sector landscape analyses and a PSE communications toolkit.
  - Continued onboarding PSE staff: an Executive Director of the Agency-leading PSE Hub has been hired, with a Corporate Relationship Manager coming on soon. This latter position will lead the Agency's work in relationship management with industry and build staff capacity for engagement.
  - USAID - Washington continues to design and roll out new PSE trainings and support mechanisms for PSE activities in the field. Trainings include: PSE 101, Mobilizing Finance for Development.
  - Quarterly internal, Agency-wide PSE calls and a newly launched PSE Knowledge Exchange on any PSE issues globally.
  - The Bureau for Food Security (BFS)--an Agency leader in PSE--is also bringing on multiple PSE staff, including a digital expert for cross-cutting technical work.
  - BFS has rolled out a PSE Secretariat (leadership) and PSE Community of Practice (bureau-wide) that meets regularly on PSE issues.
  - BFS continues its monthly PSE Learning Series, and other Bureau's now do the same.
  - PIVOT (webinar topic) change management and peer-to-peer PSE learning initiative in 6 African Missions (Ghana, Uganda, Rwanda, Kenya, Southern Africa and Madagascar) continues into its second year.
  
- **International Development Finance Corporation**
  - Website live [here](#).
  - \$60 billion investment ceiling, equity provision and a Chief Development Officer that set development direction some of the changes from OPIC