DAC Network on Poverty Reduction

SUMMARY RECORD OF THE MEETING OF THE TASK TEAM ON PRIVATE SECTOR DEVELOPMENT

17 (p.m.) - 18 March 2005 in Stockholm

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I. Adoption of the Agenda [DCD/DAC/POVNET/A(2005)1]

1. The agenda was adopted.

II. Opening Remarks by the Task Team Leader

2. The Task Team Leader (Ms Albena Melin) summarised the objectives for Phase 2 of the task team’s work, the expected products and timeframes and the links to the overall Povnet agenda. A summary of these remarks is attached as Annex 1.

III. and IV. Presentation and Discussion of Draft “Hot Topic Papers”

3. Presentations were made of the draft “Hot Topic” papers or background reports on:
   - Competition policy.
   - Direct financial assistance to firms.
   - Making business development services work for the poor.
   - Formalising the informal economy.
   - Financial market deepening.
   - Enhancing women’s access to markets.

V. Update on Progress with Preparation of the “Hot Topic” Paper on “Reforming Institutions Aimed at Improving the Enabling Environment for Pro-Poor Private Sector Development”

4. Representatives of Canada (Ms Patricia McCullagh) and the Netherlands (Mr Jan Vlaar) advised that consultants were currently in the field, in Viet Nam and Tanzania respectively, and will finalise their studies by the end of March. Although it has become apparent that it is somewhat artificial to “limit” the scope of the exercise to issues specifically related to private sector development, it should nonetheless be possible to produce a “Hot Topic” paper for the task team. However, the intention is to propose at the Povnet plenary meeting on 14-15 April that this subject be treated in future as a Povnet cross-cutting theme.

VI. Next Steps and Timelines for Producing “Hot Topic” Papers

5. A number of decisions were taken:
   - Written comments on the draft “Hot Topic” papers are to be sent to the authors/lead agency by close of business on 24 March. All comments are to be copied to the Task Team Leader.
   - The papers on “Direct financial assistance to firms” and “Making business development services work for the poor” will be combined and have the title “Promoting the supply-side response: Business development services (BDS) and financial assistance for pro-poor growth”.
   - The paper on “Financial market deepening” will be renamed “The Contribution of the financial sector to pro-poor growth”.

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The paper on “Formalising the informal economy” will be renamed (“Removing barriers to formality” has subsequently been adopted).

The draft “Hot Topic” papers on “Competition policy” and “Formalising informal enterprises” (now “Removing barriers to formality”) will be revised and submitted to the Secretariat by 1 April, so that they can be circulated on OLIS in advance of the Povnet plenary meeting on 14-15 April.

Other draft “Hot Topic” papers will be prepared or revised and circulated by e-mail to other members of the task team by 6 April.

VII. Taking the Task Team’s Work Further Forward

6. The task team will meet again at the OECD on 13 April. Amongst other things, this will provide an opportunity to have a first discussion of the draft “Hot Topic” paper on “Reforming institutions aimed at improving the enabling environment for pro-poor private sector development”, to discuss the merged “Hot Topic” paper on “Promoting the supply-side response: BDS and financial assistance for pro-poor growth” and to review the revised versions of other “Hot Topic” papers.

7. The Task Team Leader will make a presentation at the Povnet plenary meeting on 14-15 April on progress with preparing the “Hot Topic” papers, based on a document to be supplied to the Secretariat by 1 April. To help prepare this document, task team members will prepare the three to five main messages from their “Hot Topic” paper and send these to the Task Team Leader by close of business on 25 March. The Task Team Leader will discuss the main points of her presentation with the task team at the meeting on 13 April.

8. The task team confirmed that the analytical framework “Accelerating Pro-poor Growth through Support for Private Sector Development” constitutes the team’s final product. However, it was also agreed that the “Hot Topic” papers will be collated in a single document and preceded by an Executive Summary that refers to the analytical framework and synthesises the main messages from the “Hot Topic” papers. The content and process for preparing this compendium will be discussed further at the task team’s meeting on 13 April, with a view to finalising as much of this work as possible before July 2005. This will facilitate integration into the Povnet overarching paper of the main messages and policy guidance for donors coming out of this work.

9. Regarding a consultation on the task team’s work with stakeholders (e.g. the private sector, developing countries and donor agencies’ staff in the field), it was decided that this should take place as part of a broader consultation on the Povnet’s various work strands. However, it may also be possible to ask private sector development co-ordination groups in developing countries to provide feedback on the team’s products, through the designated lead agency for these fora. As a first step to identify where private sector development co-ordination groups are currently active and who the designated lead agency is, members of the task team will compile information available in their agency and send this to the Task Team Leader by 8 April, so that she can collate the data and share it with the broader Povnet group to try and fill in any missing information. It was also suggested that there may be opportunities to test the task team’s products as part of some of the processes organised by the Economic Commission for Africa (ECA).
VIII. Possible Contributions to the Conference on “Reforming the Business Environment: From Assessing Problems to Measuring Results”

10. The Task Team agreed that some of its work could provide inputs for the conference being organised by the Committee of Donors for Small Enterprise Development on “Reforming the business environment: From assessing problems to measuring results” (Cairo, 29 November to 1 December 2005). The work on informality and on institutions and the enabling environment were two specific areas that could be presented.
ANNEX 1

OPENING REMARKS BY THE TASK TEAM LEADER

• The work of the Povnet’s Task Team on Private Sector Development started towards the end of 2003. The United Kingdom led Phase 1 of the work, which produced an analytical framework paper “Accelerating Pro-Poor Growth through Support for Private Sector Development”.

• After a transition period from July to September 2004, Sweden took over leadership of the task team for Phase 2 of its work. The objective during this phase is to develop policy guidance for donors anchored in the analytical framework paper. This work is taking the form of preparation of a series of brief “Hot Topic” papers (5-6 pages in length) for which initial work may be compiled in a background report.

• The criteria used to choose the topics for Phase 2 were agreed at the task team’s meeting in London on 18-19 May 2004. These criteria are:
  – Where donors can have the biggest pro-poor impact.
  – Where there is a need for innovative thinking.
  – Where there is a need to gain better understanding.
  – Where there is available knowledge and experience within the task team and a donor is willing to take ownership.
  – Where the task team can add value, compared to other groups.
  – To the extent feasible, where the task team can identify linkages with other Povnet task teams.

• The selection of subjects for “Hot Topics” was discussed at task team meetings in Stockholm on 29-30 September 2004 and in Paris on 3 November 2004. As a result of these discussions, as well as subsequent experience when doing the preparatory work, six draft “Hot Topic” papers or background reports have been circulated for today’s meeting. The six subjects1 are:
  – Competition policy (led by the United Kingdom).
  – Financial market deepening (led by France).
  – Firm-level assistance (led by Sweden).
  – Improving market access for women (led by the United States).
  – The new business development services approach in weaker markets (led by Germany).
  – Reducing disincentives to formality (led by the United States).

1. During the course of the meeting, it was decided to merge two of the “Hot Topic” papers and to rename several others.
There is, in addition, a seventh “Hot Topic”, led by Canada and the Netherlands, on “Reforming institutions aimed at improving the enabling environment for pro-poor private sector development” for which a background paper should soon be available. Due to the relevance of this subject for all Povnet work streams, this subject will first be addressed in relation to private sector development before being pursued as a Povnet cross-cutting issue. This will be in complement to the other two cross-cutting issues already being addressed:

- Reducing risk and vulnerability.
- Poverty impact assessment.

A series of guiding questions for preparing the “Hot Topic” papers was agreed at the task team Meeting in Stockholm on 29-30 September 2004. These are:

- Why is the topic important for pro-poor growth?
- What do we know so far and/or still need to know?
- What are the big controversies (if any)?
- What sort of policy implications and suggestions for donors can we give?
- Recommended best practices (more of a prescriptive value).

The task team’s “Hot Topic” papers will be an important input into the overall Povnet product. For that reason, their preparation needs to respect the timeline established for the Povnet itself:

- Draft “Hot Topic” papers should be available by the time of the Povnet plenary meeting on 14-15 April 2005, when an annotated outline of the final Povnet paper will also be discussed.
- Final “Hot Topic” papers should be submitted to the Povnet plenary meeting in November 2005, where a first draft of the final Povnet product will be discussed.
- Final Task Team products should be endorsed at the DAC Senior-Level Meeting (SLM) on 5-6 December 2005.
- The final Povnet product should be endorsed at the DAC High-Level Meeting (HLM) in April/May 2006.
ANNEX 2

FINAL PARTICIPANTS LIST FOR POVNET TASK TEAM ON PRIVATE SECTOR DEVELOPMENT
17 March 2005 - 18 March 2005

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