DAC Network on Poverty Reduction

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

held on 13 April 2005 at the OECD, Paris

Contact person: Michael Laird - Tel.: + 33 (0) 1 45 24 90 33 - E-mail: michael.laird@oecd.org
I. Adoption of the agenda [DCD/DAC/POVNET/A(2005)5/REV1]

1. The agenda was adopted.

II. Opening remarks by the Task Team Leader

2. The Leader of the Task Team (Albena Melin, Sweden) welcomed participants and reminded members of the Task Team to supply her, by the end of May, information on groups in developing countries focused on private sector development. This information can be used to conduct “virtual” consultations with practitioners in the field on the Task Team’s products.

III. Presentation and discussion of “Hot Topic” paper on “Reforming institutions aimed at improving the enabling environment for pro-poor private sector activity”

3. Presentations were made by the consultant hired by the Netherlands (Nathalie van der Poel, MDF) and Canada (Patricia McCullagh) on the results of the field work that had recently been undertaken in Tanzania and Viet Nam (respectively) to prepare for the Hot Topic paper on “Reforming institutions aimed at improving the enabling environment for pro-poor private sector activity”. The research in Tanzania highlights four main constraints to pro-poor private sector development: i) access to credit; ii) shortage of associations; iii) difficulties related to the tax regime, particularly value-added tax; and iv) price fixing and access to price information. The research in Viet Nam identified several challenges including: i) the need for capacity building; ii) high costs associated with expanding local participation; iii) planning processes still being “top-down”; and iv) fiscal, administrative and political decentralisation processes not being well co-ordinated. Following discussions, participants were invited to provide written comments to the authors/lead agency, copied to the Task Team Leader.

IV. Presentation and discussion of work in the DAC Network on Governance on a good practice paper on capacity development and on drivers of change

4. The Secretariat (Ben Dickinson) briefed participants on work currently being pursued in the DAC Network on Governance (Govnet) on drivers of change and capacity development. The drivers of change work is focusing on how change takes place, rather than what needs to change. In contrast to conventional approaches, it emphasises the importance of understanding incentives before addressing issues related to institutions and policies. The capacity development work recognises that while technical capacity at the sectoral level is important, cross-cutting skills - such as the capacity to plan, manage, implement and account for results - are critical for achieving overall development objectives. These are areas that donors have tended to neglect and where the role of donors may be limited to facilitating and catalysing change. The Govnet is preparing a good practice paper on capacity development and it was agreed that this paper should be circulated to members of the Task Team for their information and inputs. It was also generally felt that there were complementarities between the work in Govnet and the Povnet Private Sector Development Task Team and further collaboration should be encouraged.

V. Discussion of main policy messages from draft Hot Topic paper on “Promoting the supply-side response: Business development services and financial assistance for pro-poor growth”

5. The last meeting of the Task Team decided to merge two former Hot Topic papers into a single paper to be entitled “Promoting the supply-side response: Business development services and financial assistance for pro-poor growth”. A first attempt has been made, but further work is needed before the draft paper will be ready to circulate for comments. There is a particular need to stress that the market-based approach is central. Pages 58 to 61 of “Accelerating Pro-poor Growth through Support for Private Sector Development” provide the analytic framework for this Hot Topic paper. It was proposed that a draft
version of the Hot Topic paper could be circulated electronically to members of the Task Team by 6 May 2005. Comments should be provided within two weeks of receipt of the draft paper.

VI. Discussion of main policy messages from other draft Hot Topic papers

6. Four draft Hot Topic papers were circulated in advance of the meeting: i) “Removing barriers to formality”; ii) “Competition policy”; iii) “Enhancing women’s market access”; and iv) “Contribution of the financial sector to pro-poor growth” [the draft papers on “Removing barriers to formality” and “Competition policy” were circulated as DCD/DAC/POVNET(2005)4/ANN1, as illustrations of the Task Team’s current work.] During discussions of these drafts, a number of specific comments were made which will be incorporated as the texts are refined further. Written comments may also still be forwarded to the authors/lead agency, copied to the Task Team Leader.

VII. Discussion of the Task Team Leader’s presentation to the Povnet plenary meeting on 14 April 2005

7. The Task Team Leader outlined the presentation she intended to give at the Povnet plenary meeting the following day [see: DCD/DAC/POVNET(2005)4]. The presentation was generally well received although refinements were requested by France and some other countries on the main messages from the draft Hot Topic paper on “Promoting the supply-side response”. It was agreed that the Team Leader could reflect these refinements in her presentation, even though there was insufficient time to alter the document that had already been circulated for the Povnet plenary meeting.

VIII. Taking the Task Team’s work further forward

8. A number of decisions were made to take the Task Team’s work further forward:

- A preliminary decision was taken to meet again towards the end of June, with the Task Team Leader to confirm arrangements by the end of April (it was subsequently proposed that the meeting take place in Paris on 20 - 21 June 2005).

- A Hot Topic paper will be prepared on the issue of “Reforming institutions aimed at improving the enabling environment for pro-poor private sector activity” that brings out, for the private sector Task Team, the specific private sector messages from the institutional perspective. In addition, the issue of “Reforming institutions” will be offered as a potential cross-cutting theme for the Povnet at plenary level.

9. A number of other issues remained unresolved and may be pursued at the Task Team’s next meeting (the Task Team empowered the Task Team Leader to propose options for addressing these issues, especially in the light of discussions at the Povnet plenary meeting on 14 - 15 April 2005):

- The form of the individual Hot Topic papers.
- Publication of the Hot Topic papers. Two possibilities have been suggested:
  - Produce a compendium of Hot Topic papers, with a preceding introduction that links these to the Task Team’s Analytical Framework paper and draws on the main policy guidance for donors from each Hot Topic paper.
  - Re-issue the Analytical Framework paper and incorporate boxes presenting the main policy guidance for donors from each Hot Topic paper, as well as including the Hot Topic papers themselves as annexes.
- Consultations with a broader range of stakeholders on the Task Team’s products.
- Dissemination of the Task Team’s products.
### FINAL PARTICIPANTS LIST FOR POVNET TASK TEAM ON PRIVATE SECTOR DEVELOPMENT

13 April 2005

#### OECD member states or permanent delegations

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Title</th>
<th>Organization</th>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>Mr. Manfred HORR</td>
<td>Senior Advisor</td>
<td>Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)</td>
<td>Germany</td>
<td>Tel: +49 (6196) 79 12 42</td>
<td>Fax: +49 (6196) 79 61 57</td>
<td>e-mail: <a href="mailto:manfred.horr@gtz.de">manfred.horr@gtz.de</a></td>
</tr>
<tr>
<td>Canada</td>
<td>Ms. Patricia MCCULLAGH</td>
<td>Senior Economist</td>
<td>Canadian International Development Agency (CIDA)</td>
<td>200 promenade du Portage K1A 0G4 Gatineau Canada</td>
<td>Tel: +1 819 997 14 80</td>
<td>Fax: +1 819-953-5229</td>
<td>e-mail: <a href="mailto:patricia_mccullagh@acdi-cida.gc.ca">patricia_mccullagh@acdi-cida.gc.ca</a></td>
</tr>
<tr>
<td>United States</td>
<td>Mr. Bradley WALLACH</td>
<td>Director, Enterprise Development and Financial Markets Team</td>
<td>U.S. Agency for International Development (USAID)</td>
<td>United States</td>
<td>Tel: +1 202 712 0128</td>
<td></td>
<td>e-mail: <a href="mailto:bwallach@usaid.gov">bwallach@usaid.gov</a></td>
</tr>
<tr>
<td>France</td>
<td>M. Jerome ADAM</td>
<td>ICT Adviser</td>
<td>Agence Française de Développement (AFD) Paris</td>
<td>France</td>
<td>e-mail: <a href="mailto:adamj@afd.fr">adamj@afd.fr</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>Mlle. Sandra EUGENE</td>
<td></td>
<td>Agence Française de Développement (AFD)</td>
<td>5 rue Roland Barthes 75012 Paris France</td>
<td>e-mail: <a href="mailto:eugenues@afd.fr">eugenues@afd.fr</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>Mme Martha STEIN-SOCHAS</td>
<td></td>
<td>Agence Française de Développement (AFD) Paris</td>
<td>France</td>
<td>e-mail: <a href="mailto:stein-sochasm@afd.fr">stein-sochasm@afd.fr</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Japan
Mr. Kuniaki AMATSU
Official, Aid Planning
Ministry of Foreign Affairs (MOFA)
2-2-1, Kasumigaseki, Chiyoda-ku
100-8919 Tokyo
Japan
Tel: +81-3-3580-3311 ext. 2564
Fax: +81-3-5501-8362
e-mail: kuniaki.amatsu@mofa.go.jp

Japan
M. Eigo AZUKIZAWA
Representative
Japan Bank for International Cooperation (JBIC)
21, bd de la Madeleine
75008 Paris
France
Tel: +33-(0)1-47-03-61-90
Fax: +33-(0)1-47-03-32-36
e-mail: e-azukizawa@jbic.go.jp

Netherlands
Mr. Jan VLAAR
Ministry of Foreign Affairs
Postbus 20061
2500 EB Den Haag
Netherlands
Tel: +31 70 34 87 027
Fax: +31 70 34 85 956
e-mail: jan.vlaar@minbuza.nl

United Kingdom
Ms. Anna MORRIS
Deputy Policy Analyst
Department for International Development (DFID)
1 Palace Street
SW1E 5HE London
United Kingdom
Tel: +44 (0)207 023 0865
Fax: +44 (0)2070230636
e-mail: a-morris@dfid.gov.uk

United Kingdom
Ms. Cerstin SANDER
Enterprise Advisor, Pro-Poor Growth Team
Department for International Development (DFID)
1 Palace Street
SW1E 5HE London
United Kingdom
Tel: +44 (0) 2070230203
Fax: +44(0) 2070230636
e-mail: c-sander@dfid.gov.uk

Sweden
Ms. Albena MELIN
Advisor, Division for Market Development Department of Infrastructure and Economic Cooperation
Swedish International Development Co-operation Agency (SIDA)
Sveavagen 20
10525 Stockholm
Sweden
Tel: +46-8-698 5432
Fax: +46-8-698 5430
e-mail: albena.melin@sida.se
Sweden
Mr. Mikael SODERBACK
Chief Policy Coordinator,
Department of Infrastructure and
Economic Cooperation
Sida
Stockholm
Sweden
Tel: + 468 698 5087
e-mail: mikael.soderback@sida.se

International Organizations

World Bank
Mr. Brian NGO
Lead Economist
The World Bank
66 avenue d'Iena
75116 Paris
France
Tel: 01 40 69 31 68
Fax: 01 40 69 30 63
e-mail: bngo@worldbank.org

OECD

OECD
Mr. Benjamin DICKINSON
Unit Manager, Conflict and Governance
OECD
2, rue André Pascal
75016 Paris
France
Tel: 01 45 24 15 29
e-mail: Ben.DICKINSON@oecd.org

OECD
Mr. Lennart GORANSON
Competition Division
OECD
2, rue André Pascal
75016 Paris
France
Tel: 01 45 24 91 44
Fax: 01 45 24 96 95
e-mail: Lennart.GORANSON@oecd.org

OECD
Mr. Michael LAIRD
OECD
2, rue André Pascal
75016 Paris
France
Tel: 01 45 24 90 33
e-mail: Michael.LAIRD@oecd.org

OECD
Ms. Courtney Sara MINARD
Socio economist Private Sector Development
OECD
2, rue André Pascal
75016 Paris
France
Tel: 01 45 24 84 83
e-mail: Sara.MINARD@oecd.org
OECD
Ms. Kaori MIYAMOTO
OECD
2, rue André Pascal
75016 Paris
France
Tel: 01 45 24 90 09
e-mail: Kaori.MIYAMOTO@oecd.org

Other
Ms. Nathalie VAN DER POEL
Consultant
Human and Institutional Development
MDF Training & Consultancy
PO Box 430
6710 BK Ede
Netherlands
Tel: +31 (0) 318 650 050
Fax: +31 (0) 318 614 503
e-mail: mdf@mfd.nl