

DI's response to the Danish Ministry of Foreign Affairs public consultation on Danish Business Support Initiative - E1, E2, E4

Danish Business Support Initiative - E1, E2, E4

With the Strategy for Development Cooperation as well as the Action Plan for Effective Economic Diplomacy, the Danish government has initiated an ambition to interlink aid and trade and strengthen the private sector's engagement in the Global South. If these ambitions are to be realized, Danish companies must be able to access a broader selection of business support initiatives, expanding the private sector's opportunities to engage in markets in the Global South where they can contribute to growth and job creation.

Thus, DI welcomes the Strategy for Development Cooperation's announcement of an expansion of the current business support initiatives and has the following comments on the business support initiatives E1, E2 and E4 that are currently put forward for public consultation:

The proposed business support initiatives put forward constitute an expanded and relaunched version of the former business instruments DIBE and DGBP, as well as a new instrument with the ambition to create closer interlinkages between private sector actors and the Danish SSC and government-to-government cooperation. With the tools, Danish companies will be able to access a much broader palette of financial instruments, and DI thus warmly welcomes the instruments.

DI furthermore welcomes that the instruments can be used across sectors as well as they provide different funding types. However, with the current proposal the business support instruments can only be used in OECD-DAC countries with a Danish representation.

The Business Support Initiatives should not be limited to OECD-DAC countries with Danish representation. Furthermore, there should be no limit on the number of projects per country per year.

The division of responsibilities between the non-commercial actor and the private sector partner should be further examined under E2 and E4.

The Business Support Initiatives should be reassessed on an ongoing basis, allowing for a relocation of funds between the instruments.

DI fears that this will unnecessarily limit the possibilities for Danish companies to engage in potential markets and thus finds it crucial that the focus is expanded, so the tools can be used for projects in all OECD-DAC countries or in all OECD-DAC countries where there is either a Danish representation or a Danish side-accreditation. To avoid that projects with a clear focus on both development effects and commercial viability are turned down due to geographic scope, DI suggests, that the limit of three new projects per country per year is removed as a criterion for E2.

Both Business Support Initiative E2 and E4 are implemented in partnerships between non-commercial actors and private sector partners. DI acknowledges that the new Business Support Initiatives, compared to DGBP, provide an updated framework for the division of responsibilities between the non-commercial and private sector actors. This includes an opportunity for the private sector partner to act more as an implementing partner within certain phases of the project as well as a criterion for the non-commercial actor to prove their ability to work with private sector actors.

However, DI encourages the Ministry of Foreign Affairs to further examine the possibilities of letting the private sector partner to a much higher degree manage the administration, implementation and budget of the projects within the instruments, ensuring that the commercial potential is fulfilled, while still contributing to a clear development purpose. It should furthermore be specified which specific eligible costs the private sector partner can cover within the specified budget limits. Lastly DI welcomes the ambition of the Ministry of Foreign Affairs to ensure that reporting of the projects between commercial- and non-commercial actors is simplified and lean and encourages the Ministry to ensure that this is highlighted in the guidelines for the instruments.

To ensure that the ambition to strengthen private sector engagement in the Global South is realized as an outcome of the Business Support Initiatives, DI highlights the importance of ongoing monitoring and evaluation. A yearly stocktaking should be conducted, leading to adjustment of the instruments where needed. Furthermore, there should be an opportunity to move funding between the five different instruments to ensure, that the funds are spent where the demand is highest and the opportunity to contribute to growth, development

and job creation in the Global South is best realized.

DI would be happy to engage in further dialogue both with the Ministry of Foreign Affairs and the selected Fund Manager on the further development and implementation of the instruments.