



# Private Sector Development

With decent jobs, people can work their way out of poverty. Enterprises create jobs. The Netherlands therefore encourages the development of the private sector by improving the business climate and strengthening entrepreneurship. It does so with a special focus on women and youth. The Netherlands encourages Dutch companies to contribute innovative solutions to the challenges faced by developing countries.



Expenditure (euro) 2016:  
**315 million**

## Related SDGs

- No poverty
- Gender equality
- Decent work and economic growth
- Industry, innovation and infrastructure
- Reduced inequalities
- Responsible consumption
- Partnerships for the goals

## Highlights

- 5,650** Companies with a supported plan to invest, trade or provide services in low- and middle-income countries
- 217 thousand** Direct jobs supported in enterprises by programmes for Private Sector Development



## Indicators

- Market access and sustainable trade
- Infrastructure development
- Business development
- Economic institutions and actors
- Financial sector development

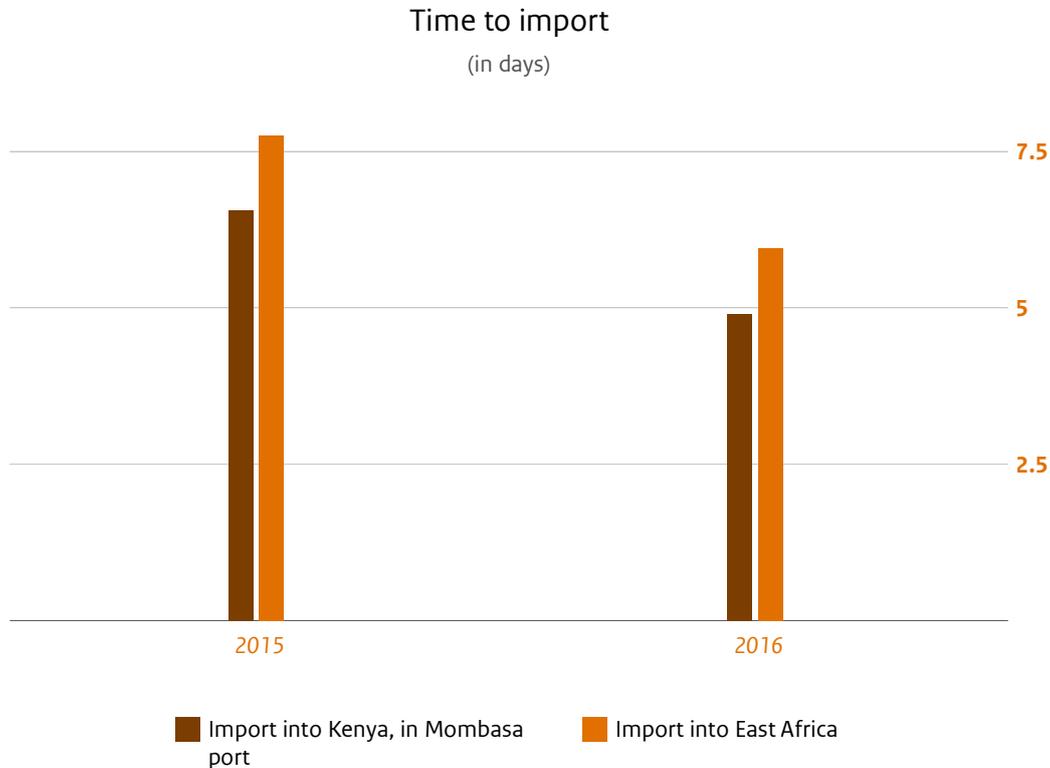


## Market access and sustainable trade

To expand production beyond local demand, developing countries need knowledge and technology.

Speeding up border procedures and adopting international production standards with a favourable social and environmental impact, provide welfare gains to developing countries that participate in sustainable trade.

### Time to import



#### What does this indicator mean?

Opportunities for trade increase when costs are reduced. Costs can be significantly reduced through more efficient and faster procedures for documentary and border compliance, and with better domestic infrastructure and logistics. The **time** required to cross borders can be crucial, especially for perishable agricultural goods. In Africa, the average import time was 34 days in 2015, compared to 39 days five years earlier.

#### What does the result mean?

TradeMark East Africa (TMEA) supports the growth of trade - both regional and international - in East Africa.

One ambition for 2010-2017 of this Dutch-supported programme was to realise an average 15% reduction in time to trade in five countries in East Africa. TMEA reached this goal in June 2016.

In East Africa **women** have an 80% share in informal cross-border trade. In the coming years (2017-2023), TMEA will enhance its gender focus and will provide one million female entrepreneurs with market and trade information.

A key **result** of TMEA was achieved in Kenya. Co-operation with port authorities in this regional trade hub has led to a reduction of time to import to 4.9 days from 11.2 days in 2010 .

## Workers with improved labour standards



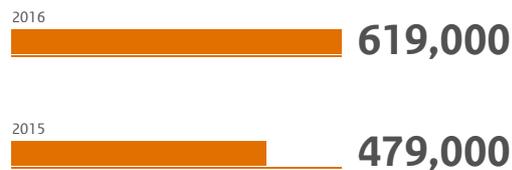
### What does this indicator mean?

Promoting the adoption of higher standards for production and decent work can help developing countries to effectively participate in [global supply chains](#) and thus promote their sustainable and inclusive growth and development.

To ensure that growth and welfare benefit all participants in global value chains, the Netherlands advocates that Dutch companies should adhere to the OECD guidelines for [responsible business conduct](#).

The Netherlands actively supports initiatives that aim to improve the labour conditions of workers in different production sectors in developing countries. These range from the production of agricultural commodities, such as palm oil, cocoa, tea and soy, to labour-intensive production, such as the garment industry. Partners in this are the [International Labour Organisation](#), multinational companies and NGOs.

### Workers



### What does the result mean?

Support to the Netherlands-based organisations, the [Sustainable Trade Initiative](#) (IDH) [Solidaridad](#) and the International Labour Organisation's (ILO) [Better Work Programme](#) resulted in improved labour conditions for 619,000 land and factory workers, in line with international agreements. In 2015, labour conditions improved for 480,000 workers.

With the support of the Netherlands, all exporting garment factories in Bangladesh were inspected in 2015. In 2016, as a follow-up, 3,540 corrective action plans, covering the inspection results and required actions for 1,290 factories, were explained to the factory management and developed within agreed timelines.

An independent [review](#) of the ILO's [Better Work Programme](#) in 2016 showed a positive effect on workers' health, as injury rates declined, access to pregnancy-related health care improved and fewer workers suffered from severe hunger. Additionally, the review showed that factories participating in the programme experienced an increase in productivity of up to 22% and up to 25% in profitability, mainly driven by training female supervisors.

## Smallholder farmers trained in sustainable agricultural production practices



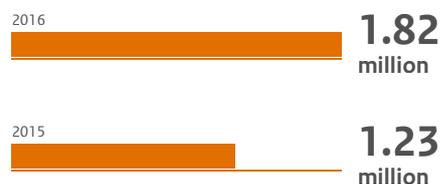
### What does this indicator mean?

Programmes run by the Netherlands-based organisations The [Sustainable Trade Initiative](#) and Solidaridad's [Practice for Change](#) (2016-2020) aim to accelerate the sustainable production of key commodities, such as palm oil, tea and soy, in global value chains.

They do so by working globally to align private companies (the major buyers), NGOs, governmental bodies and knowledge institutes in adopting sustainable production practices.

Training farmers is a key activity to this end. Training subjects include better agricultural practices and crop protection

### Farmers



management, implementation of sustainability standards, empowering workers and improving working conditions (wages, overtime, child labour and gender issues), and certification of producers.

### What does the result mean?

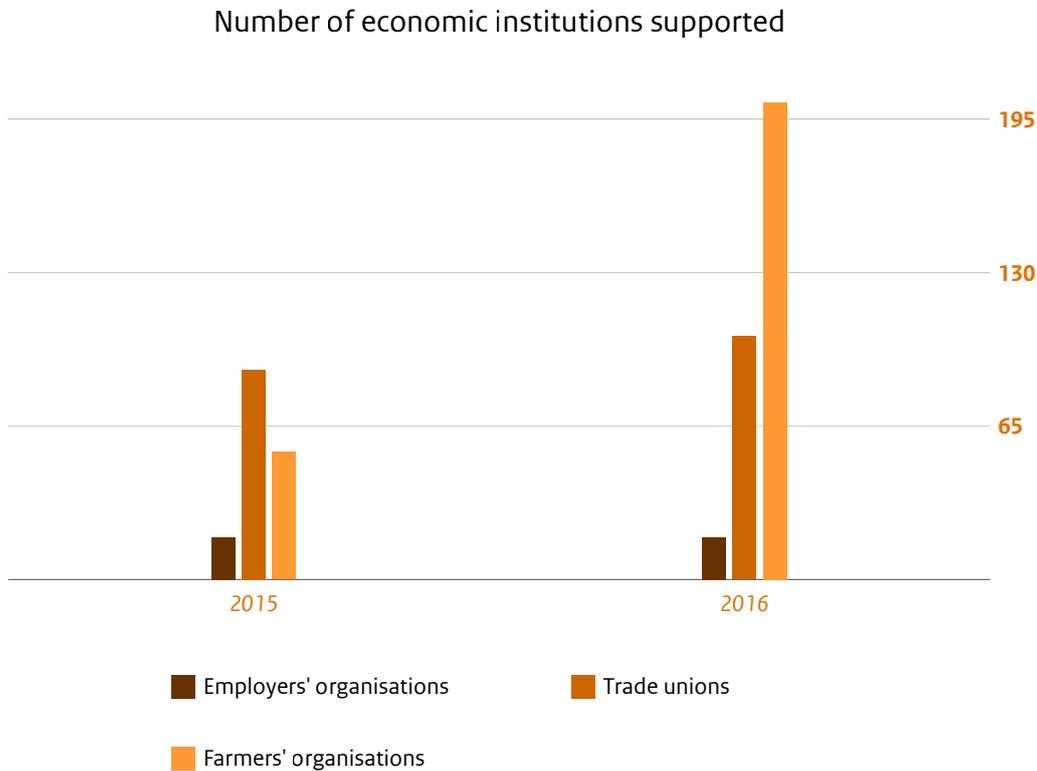
In 2016, support to The [Sustainable Trade Initiative](#) (IDH) and to Solidaridad's [Farmer Support Programme](#) (2011-2016) and [Practice for Change](#) programme (2016-2020) resulted in 1.8 million smallholder farmers being trained to adopt sustainable production (in addition to 1.2 million in 2015).



## Economic institutions and actors

[Reliable economic institutions](#) contribute to a business climate in which the private sector can grow and workers can strengthen their economic position in and through the companies for which they work. The Netherlands therefore supports Dutch economic institutions that actively assist in building the capacity of peer organisations in developing countries.

### Supported economic institutions



#### What does this indicator mean?

Dutch trade unions FNV and CNV, the Dutch [employer](#) organisations VNO-NCW and SME Netherlands, and the Dutch agricultural advisory organisation [Agriterra](#) offer peer-to-peer capacity-building support for an enhanced business climate.

The average number of members in the institutions supported has been monitored since 2014, as an indicator. Increased capacity results in increased membership, reflecting appreciated quality of services provided by these organisations.

#### What does the result mean?

In 18 supported [employers'](#) organisations (the same number as in 2015), average membership slightly declined from 6,500 in 2015 to 5,600. This was due to a small change in partner countries and organisations.

In 2016, the number of trade unions supported rose from 89 (2015) to 103. Average membership declined from 110,000 in 2015 to 81,600. Female membership rose from 34% in 2015 to 39%. In 2016, there was a decline in the average number of members in Dutch-supported farmer organisations. This is partly due to an initiative of [Agriterra](#) and its partners in developing countries to update and clear out their member registration and to focus service provision on active, paying members.

## Co-operation with tax authorities



Dutch minister Lilianne Ploumen, co-chair of the Addis Tax Initiative in 2015

### What does this indicator mean?

Proper tax policies will help developing countries to generate greater income for development. The Financing for Development Conference in Addis Ababa in 2015 has accelerated the importance of Domestic Resource Mobilisation.

The Netherlands therefore actively supports the [Addis Tax Initiative](#), which promotes wider acknowledgment that higher tax income is needed to realise Sustainable Development Goals.

To meet the growing demand in developing countries for technical assistance, donor countries supporting the Addis Tax Initiative have committed to doubling their investment in technical assistance by 2020.

### What does the result mean?

The Netherlands is making progress towards its commitment, under the Addis Tax Initiative, to double its support for domestic revenue mobilisation/taxation. Expenditure in 2016 nearly doubled, compared to the base year of 2015, in which EUR 2.8 million was reported. The Netherlands provides both multilateral and bilateral support. The Dutch bilateral tax programme is operational in 10 countries and, so far, about 600 tax inspectors have received training under various programmes.

There is growing evidence that support to tax administrations helps to increase revenue. The OECD Tax Inspectors without Borders programme, co-sponsored by the Netherlands, reported EUR 278 million in additional tax revenue for nine developing countries.

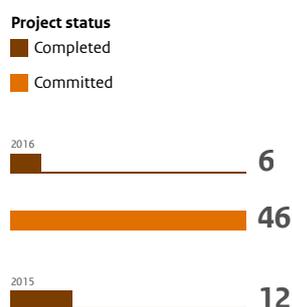
## Infrastructure development

Public infrastructure is at the core of structural transformation in developing countries. Access to reliable physical infrastructure is key to private sector development and to improving the quality of life of poor people. The realisation of infrastructure projects requires the long-term commitment of all parties involved.

### Completed and committed infrastructure projects



Number of projects



### What does this indicator mean?

The Netherlands monitors the number of infrastructure projects that each year are completed under its [private sector development programmes](#). As securing the necessary finance with partners is a crucial milestone for successful completion of infrastructure projects, another indicator is the number of committed projects with a signed finance agreement.

### What does the result mean?

In 2016, the Development-Related Export Transactions programme [ORET](#) realised all six reported completed projects. It is expected to complete the remaining 19 projects by the end of the programme, in 2018.

Committed projects were as planned: 19 under [ORIO](#), six under the [Infrastructure Development Fund](#) (IDF) of the Dutch development bank FMO and nine under the Private Infrastructure Development Group (PIDG) (eight of which in fragile states).

The Development-Related Infrastructure Investment Vehicle [DRIVE](#) and the Government-to-Government infrastructure programme Develop2Build started in 2015. Creating a pipeline of DRIVE projects is taking longer than expected. [Develop2Build](#) saw its first committed projects with five grant arrangements signed in 2016. For DRIVE, the first projects are coming through in 2017.

## End users with access to new or improved infrastructure



### People



### What does this indicator mean?

Dutch-supported infrastructural projects aim to have a positive social and economic impact. This includes the period before and during the often long period of construction. The indicator to monitor is the number of end users expected to gain access to new or improved infrastructure.

The number of end users that will gain access to infrastructure is also estimated for committed projects (for which a finance agreement has been signed) and aggregated with the estimated number of end users of projects completed in the reporting year.

### What does the result mean?

In terms of end users reached, the Private Infrastructure Development Group (PIDG), FMO's Infrastructure Development Fund (IDF), the Development-Related Export Transactions programme (ORET) and the ORIO programme for development-related infrastructure development have proven to be effective vehicles for delivering improved infrastructure services.

In 2016, committed and completed projects were estimated to provide 47 million end users with access to new and improved infrastructure.

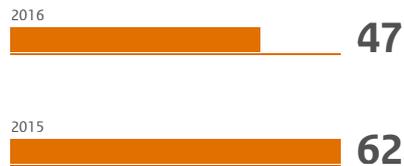
## Financial sector development

Access to finance is key for economic development. This is especially relevant for poor people in rural areas and for small enterprises in countries with weak financial markets and institutions. The Netherlands therefore promotes access to financial services and insurance schemes.

## Financial products introduced



### Products



#### What does this indicator mean?

One way to help poor people gain access to financial services is to develop and introduce innovative or improved financial products that are tailored to meet the specific needs and local constraints of groups of people and communities.

Examples include an electronic wallet that guarantees women and their children access to quality health care, agricultural or climate insurance for small-scale farmers and accommodating women entrepreneurs with limited credit history.

#### What does the result mean?

In 2016, 47 new financial products (in addition to 62 in 2015) were introduced under Dutch-supported programmes for financial inclusion.

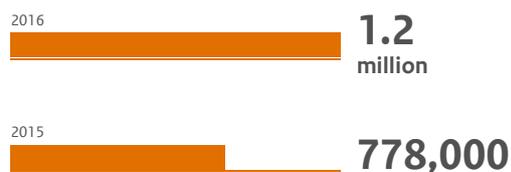
An inspiring example is the [M-TIBA digital platform for inclusive health care](#). The M-TIBA electronic wallet provides poor people in Africa with access to quality health care by using a mobile phone. Piloting of M-TIBA was supported by the Dutch Ministry of Foreign Affairs' Health Insurance Fund.

Since its launch in Kenya in mid-2016, more than 920,000 people have signed up for this financial service. M-TIBA has been awarded the 2017 Financial Times/IFC Transformational Business [Award](#) for Sustainable Development with a focus on Health, Wellness and Disease Prevention.

## People enrolled in new pro-poor insurance schemes



### People



#### What does this indicator mean?

[Access to finance](#) is also improved by special insurance programmes. These help poor people to cope with major adversities, like bad weather conditions, volatile prices in the local market for agricultural crops, sickness and old age.

#### What does the result mean?

In 2016, more people were able to insure themselves through new pro-poor insurance schemes supported by the Netherlands. Insurance against agricultural risks was possible through the [World Bank's Global Index Insurance Facility](#). Insurance for access to

quality health care was promoted through the Dutch Health Insurance Fund. In 2016, a pilot for [micro pensions](#) from the Foundation for Sustainable (Micro) Pensions in Developing Countries (SDMO) was also scaled up.

Evaluation of the [Health Insurance Fund](#) has shown that health insurances have been successfully introduced among informal low-income groups on a broad scale. Moreover, several of its products have received recognition for their innovative and transformational business models. Dutch support of the Health Insurance Fund has been extended for an additional seven years.

## Business development

A decent job is the best way out of poverty. Enterprises create jobs. The Netherlands therefore actively promotes and strengthens entrepreneurship in low- and middle-income countries. International and Dutch companies are encouraged to invest and trade in these countries.

### Companies with a supported plan to invest, trade or provide services



#### Companies



#### What does this indicator mean?

The Netherlands supports the start-up and growth of companies with advice and finance. Progress in business development is measured by the number of plans made by companies to invest or trade in low- and middle income countries, supported by Dutch supported private sector development programmes.

#### What does the result mean?

The number of companies with a supported plan to invest or trade in low- and middle-income countries more than doubled in 2016: more programmes have reported on this indicator and some programmes, like the Dutch Good Growth Fund, increased their investments in SMEs. Of the total of 5,650 companies,

836 are Dutch companies and more than 4,800 are local or other enterprises.

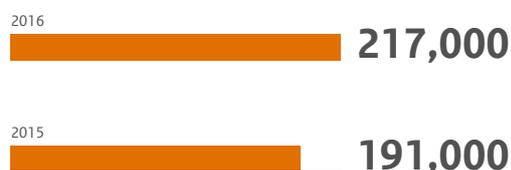
The number of developed projects will decrease in the period 2017-2020. This is firstly due to programmes ending in this period. In addition, following evaluations of their respective programmes in 2016, the Netherlands Centre for the Promotion of Imports from developing countries CBI and the Netherlands senior experts programme PUM will focus more on poorer countries and fragile states. This will most likely require more in-depth and longer business support, which, given the available capacity of the programmes, will be directed at fewer companies.

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### Direct jobs supported by Private Sector Development programmes



#### Direct jobs



### What does this indicator mean?

Successful business development results in more and better jobs being created or maintained. Following international harmonisation, since 2016 annual monitoring of jobs in enterprises has focused on **direct jobs supported** by private sector development programmes. These are jobs in enterprises that are targeted by programmes for business development.

### What does the result mean?

With more programmes able to report on this indicator, direct jobs in the portfolio of supported enterprises increased to 217,000 in 2016, up from 191,000 in 2015.

In seven programmes supported by the Netherlands, which could disaggregate jobs for women in 2016 (up from four programmes in 2015), a weighted average of 36% of jobs were held by women.

A decrease in project development is expected in this result area over the coming years. Several programmes for business development will end in the period 2017-2020 and the CBI and PUM programmes are shifting their focus towards smaller SMEs in poorer countries and fragile states. On the other hand, the Dutch Good Growth Fund will increase its number of transactions with (Dutch and local) small and medium-sized enterprises (SMEs) over the coming years.

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## Private co-investment



### Investment

(in euro)



### What does this indicator mean?

Heads of State at the Financing for Development conference in Addis Ababa in 2015 acknowledged that adding private investment and know-how to public investment is increasingly important for sustainable development. Several Dutch programmes therefore help local and Dutch enterprises with advice and finance to overcome certain higher investment risks in low- and middle-income countries.

The extent to which companies and other private organisations, like banks, are able and willing to share in curbing these financial and political risks is monitored based on the amount of private co-investment.

### What does the result mean?

Investment by the Dutch private sector, in addition to funding from private sector development, amounted to EUR 2,800,000,000 in 2016. More Dutch programmes were requested to report on this indicator. This higher amount also corresponds with a considerable increase in supported company plans to invest or trade in low- and middle-income countries in the same year.

"If there is any disruptive innovation happening on the African continent today, which is leading us to the attainment of universal health coverage, it is private sector engagement through the Health Insurance Fund. M-TIBA is truly leapfrogging healthcare in Kenya. And since it's already there, any organisations trying to reach the poor need only ask."

- Dr. Khama Rogo, Head of Health Initiative in Africa, IFC/World Bank Group

## Featured project

*Health Insurance Fund: innovation for access to private health care in Africa*

Under the [Dutch Health Insurance Fund](#), financial innovations and quality standards in private clinics were developed and piloted, enabling low-income groups in Africa to save, via their mobile phones, for access to quality private health care facilities.



## Additional Sources

- [Doing business in developing countries](#)
- [Follow @HansDocter, director Department of Sustainable Economic Development](#)
- [Video Dutch Aid and Trade agenda](#)