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Matching businesses, public support and sustainability ambitions

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Key messages

Public instruments to support the private sector, for both development and commercial interests, have similar objectives and take similar forms. They, therefore, offer potential synergies to achieve more sustainable development outcomes, while sharing risks, costs and resources.

ECDPM research points to a lack of consistent sustainability and development criteria for businesses to access public support instruments. While this is important for development cooperation, commitments to both the 2030 Agenda and policy coherence for sustainable development also raise their importance for commercial instruments.

As development and commercial objectives are increasingly sought through private sector engagement at EU and national levels, there is a need for a more integrated approach to tackle global challenges: one that explicitly recognises the similarities between commercial and development instruments and draws lessons from both.

Systematically applied, sustainability criteria could increase the effectiveness and impact of all public support instruments to businesses and help ensure that firms actively contribute to development outcomes, beyond 'doing no harm'.

1. Sustainability objectives and dilemmas

Over recent years value chains have grown in importance as a means of production and trade, offering potential opportunities for developing and emerging economies to engage and integrate. Simultaneously, developing countries' governments promote inwards investment in order to exploit resources, create jobs and help pay for infrastructure and other services to further develop and increase social and economic prosperity.

At the same time governments in Europe and institutions of the European Union (EU) also increasingly focus on supporting businesses to promote trade and investments outside the EU. Typically, public instruments to support the private sector fall into one of the two following categories: commercially-oriented instruments to encourage internationalisation, and development cooperation instruments, generally financed by official development assistance (ODA). Both categories of public instruments aim at supporting business in terms of matchmaking, investment promotion or/and technical assistance. They both aim at building on market forces and business incentives. But they differ on their stated objectives. While commercially-oriented instruments focus primarily on stimulating private economic returns, those focused on development ostensibly aim to use private sector involvement to deliver development impacts.

The principle that private sector should *do no harm* is already well-enshrined in general public support to business. The adoption at the United Nations in September 2015 of the *2030 Agenda for Sustainable Development* provides the basis for more systemic changes with commitment by all countries to contribute to sustainable development along the three dimensions of social, environmental and economic objectives. The *universality principle* underlying the *Sustainable Development Goals* (SDGs) means that sustainability objectives are no longer to be confined to developing countries, as in the case of the *Millennium Development Goals*, but should now apply to all countries, irrespective of their level of development, and in all their activities. A similar endeavour is also enshrined in the *Paris Agreement* in terms of commitments on climate change, concluded in December 2015. The 2030 Agenda also places high expectation on the private sector to finance and implement the agenda.

This calls then for a paradigm shift, where governments and public agencies are asked to reconsider the ways they can engage with and support the private sector, to ensure that it systematically and consistently contributes to achieving sustainability objectives, even in the case of commercially-oriented public instruments. Ideally, this should help promote more sustainable and inclusive business activities and investments, and ensure public support is provided where it is most in need and can make a difference in commercial and developmental terms.

In this new context, where sustainability goals become overarching principles, what then distinguishes public support instruments to business that are more development-oriented from those that are more commercially-oriented, along economic diplomacy objectives? What are the differences in practice, and what principles should drive each type of support? How to build on potential synergies and increase the coherence between these two sets of instruments? And how to avoid commercial interests capturing development cooperation instruments, and public support more broadly?

Such considerations are important for all public actors engaging in business support and promotion of partnerships. They are particularly relevant in Europe, where the EU and its Member States have adopted a new development cooperation policy framework for stimulating "*A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"* (EC, 2014; Byiers et al., 2015), and at the same time are actively promoting the internationalisation of their own business along more explicit economic diplomacy lines (Mogherini, 2016; BUSINESSEUROPE, 2016; Okano-Heijmans and Saverio Montesano, 2016). Hence, there is a need for the EU and its Member States to find the right balance and appropriate synergies between own commercial interests, development cooperation objectives, and related public instruments to engage the support the private, so as to actively and coherently support the 2030 Agenda.

To shed light on this process, ECDPM mapped instruments focused on engaging the private sector for development, and those supporting own businesses with commercial objectives in order to better understand their challenges, opportunities and synergies (Große-Puppendahl et al., 2016a) - hereafter called 'the mapping'. By taking a closer look at EU matchmaking instruments in particular, both with development cooperation and commercial interests, more specific differences and synergies could be identified (Große-Puppendahl et al., 2016b) - this is hereafter called 'the matchmaking case study'.

For the remainder, this synthesis note summarises some of the key findings of our analysis so far, and presents implications and an outlook on what that means for public support instruments to better engage businesses for inclusive and sustainable development.

2. Key findings

Instruments

Public instruments to support the private sector for both development and commercial purposes have similar challenges and opportunities that therefore allow for potential synergies to achieve more and better sustainable development outcomes. A recent mapping of those instruments provided an overview, outlined in Table 1, and suggested the following conclusions (Große-Puppendahl et al., 2016a):

1. Development and commercially-oriented public instruments to engage the private sector abroad take *similar forms* that can be roughly categorised as (i) matchmaking services, (ii) financial support and (iii) technical support, with an increasing use of loans, equity investments and guarantees – rather than grants or soft loans only.
2. The similarities between the *objectives and means* of instruments also point to the potential opportunity for synergies and greater coherence between public instruments with commercially-oriented and development-related objectives, and activities that are more inclusive and to the benefit of the poor.
3. Dedicated efforts are needed for: (i) a more coherent application of sustainability criteria to the instruments, (ii) better evaluation and learning opportunities of existing instruments, and (iii) increasing transparency through better access to data and achieved impact and results.

Table 1: Similar challenges, differences and opportunities across instruments

Similar challenges	Differences	Opportunities
Financial: • Accountability to taxpayers • Financial know-how and capabilities of relevant staff	• Objectives and motivations to work together • Underlying criteria to access finance • Geographical focus	• Better data publicly available and accessible to inform about objectives, progress, outcomes and impact • Shared criteria and principles of sustainability • More coherent application of development principles across instruments
Transparency: • Results and development impact measurement • Data availability and access for public	• Level of concern with 'tied aid' • Pressure to show additionality and attribution of results • Scaling-up from small-scale pilots • Pressure to disburse development funds	• Harnessing opportunities to better learn from each other's sustainability criteria
Practical: • Targeting the 'right' companies • Distortionary/driving biz out the market • Instruments design as private sector is diverse	• Sustainability: doing no harm to development (social, human & environmental rights) • Limited positive impact on development	• Reform of ECAs away from reducing harm to contributing to development • Greater synergy/coherence in policies • Potentially greater institutional synergies of private sector support in one ministry

Source: Große-Puppendahl et al., 2016a.

Synergies, challenges and opportunities

Potential synergies

The underlying rationale for publicly financing private investment and trade is to address market failures, including those related to risk perceptions, by addressing investment risks, the costs of investment and a lack of information on potential business partners or business opportunities. A key question when looking at the two broad sets of instruments is the degree to which they complement one another. Are instruments for promoting business 'engagement in development' simply a version of commercially-oriented instruments, but more targeted at developing countries?

Both the mapping and the matchmaking case study suggest that a majority of commercially-oriented public support to business instruments target countries outside Africa, while many of the development-oriented instruments focus in particular on the African continent. While primary objectives may differ, the underlying reasons of sharing risks, costs and resources are very similar in both sets of instruments. While the development impact has in principle been of prime importance in the case of development-oriented instruments, the SDG agenda and growing pressure for ethical firms implies that commercially-oriented instruments will increasingly also have to take criteria for sustainability actively on board.

In a world of growing interest and reliance on private sector investments and finance to promote development, and increasing alignment of donor government objectives, the similarities and potential synergies between both the objectives and the means of instruments point to the potential opportunity of combining some of the funds currently channelled through commercially-oriented public instruments with more development-related investments and activities to be more inclusive and of benefit to the poor.

Similar challenges

While there may be positive synergies between commercial and developmental approaches to engaging the private sector in developing countries, there are also similar challenges.

Both commercial and developmental instruments are under close scrutiny for being potentially distortionary to local markets, and at risk of driving businesses out of the market. This closely relates to the challenge of being able to identify those businesses that need public support to be commercially and financially viable, to avoid supporting initiatives that would have taken off anyway without the public support component, referred to as the additionality requirement. At the same time, the matchmaking case study shows that support to internationalisation efforts may not be sustainable if firms face underlying challenges that mean that they are in fact not able to sustainably go abroad even with support. Certain forms of financial support also require financial expertise to avoid mismanagement or high administration costs. This holds particularly true for instruments based on returnable capital, as this is more difficult to manage compared to grant capital for instance. Working with the private sector inevitably involves risk of failure, requiring instruments that therefore balance experimentation with supporting viably sustainable investments.

Criticisms are also levelled at the fact that public money is channelled to firms with weak mechanisms for ensuring corporate social and environmental responsibility, despite sustainability criteria and principles in place – these are often considered to be vague and poorly monitored. Even binding commitments often have no or only a weak monitoring or follow-up frameworks that ensure adherence. Instead, a number of both NGOs and CSOs argue that scarce public money would be better channelled to projects and programmes with high social returns, which are unlikely to be (significantly) financed by the private sector, as in the case of improved health, access to education or social services (CAFOD et al., 2015; Kwakkenbos, 2012). The public component should therefore be a catalyst for private sector investment that can generate its own resources rather than relying on taxpayers money to conduct its business, as expressed by some.

Another major challenge is the limited availability of data and analysis on the effectiveness and impact of public support and partnering with the private sector. This means that it will be increasingly important to take stock of existing experiences to be able to boost development impact. This also relates to information on results and additionality assessments. Here the DCED standard for Results Measurement[1] could be a useful starting point though even here, the focus is more on helping policy-makers think through ways to design projects with potential impacts and indicators in mind, rather than establishing and measuring causal impacts.

Matchmaking instruments also face difficulties in identifying the right approach given the variety and diversity of companies that might be targeted as well as diverse market risks that are dependent on context and time in a project's lifecycle. Hence, matchmaking instruments need to take these into consideration to avoid market risks that put the provided support under pressure or make it even pointless. Other concerns relate to financial support instruments and the issue of results attribution, as sometimes outcomes or achievements cannot easily be ascribed to the public support element, an issue closely connected to additionality. Further there is a question about whom to work with, so whether working directly with firms or through business associations or chambers. The matchmaking case study shows that this can lead to shifting some of the responsibilities of firm selection and applying criteria to do so away from the public actor who is actually managing the programme or instrument.

Differences

While similar challenges exist for development and commercially-oriented public support, there are nonetheless some clear distinctions as well. Development-oriented instruments have the primary obligation to demonstrate their contribution to achieving sustainable development, whether that be in an economic or social sector, whereas more commercially-oriented ones are often rather required to do the opposite: prove that there is no harm done to the environment because of their activities as well as that human, social and/or workers' rights are not abused.

Further, the discussion on sustainability criteria highlights that there is a different focus for both sets of instruments: commercially-oriented instruments tend to focus on environmental and human rights criteria, development instruments rather on job creation, inclusive growth and social concerns. Adhering to and seriously introducing these principles into public support instruments and business practices, however, remains a continued challenge for both. The matchmaking case study also points to difficulties in terms of expected results, which are often expressed in economic terms rather than pointing to desired development impact.

Identifying challenges as well opportunities in all public support to private sector offers clear windows for change, to find greater synergies between development and commercial objectives and instruments and make public support to the private sector more coherent.

Opportunities

Several opportunities might be seized to improve existing instruments and improve their coherence. New public support mechanisms could more systematically benefit from past experiences. This relates to better results measurement by means of more and better quality data made publicly available and accessible, which needs to inform about objectives, progress, outcomes and impact. This would facilitate assessments of additionality and attribution. It requires however that ministries and public agencies that provide public support are willing to disclose information about where and how public money is spent and what it has been able to achieve.

1 http://www.enterprise-development.org/measuring-results-the-dced-standard/

A second opportunity occurs with respect to criteria and principles of sustainability, which, if more coherently applied to all public support instruments, could substantially improve the effect of support mechanisms in developing countries. Despite differing objectives between both sets of instruments, criteria applied to development-oriented instruments could inform commercial support criteria and vice versa. Doing so could make commercial instruments more development-friendly, increasing their impact on sustainability objectives, while those with a clear development objective could be made more appealing to private sector with greater development impact. While the criteria - besides the primary objectives - seem to make a difference between both sets of instruments, they are simultaneously an opportunity to achieve greater coherence and synergy between the approaches of supporting or engaging with the private sector. Recognition of the need to reform export credit agencies may offer opportunities to not only minimise harm, but to more proactively promote development outcomes.

Thirdly, there are important lessons to be learnt from the management of some of the commercially-oriented instruments for those in charge of development instruments in the ministries and agencies in terms of fund management for instance. If internal financial capacities and capabilities can be enhanced, there is a clear opportunity for being better able to administer returnable capital - loans, guarantees and equity - rather than only grant funds.

A possible step to improve coherence towards engaging the private sector for development could therefore be to focus on better coordinating approaches, explicitly linking trade, economic, development and foreign policy objectives. This should be done with the sustainability objectives as key universal guiding principles. Great attention should be paid to avoid the capture of the development agenda by vested economic interests. This implies addressing questions such as: do economic diplomacy interests capture development cooperation? Are funds primarily aiming at achieving development objectives misused by supporting the domestic private sector?

This requires dedicated efforts towards i) a more coherent application of sustainability criteria to the instruments, ii) better evaluation and learning opportunities of existing instruments and across both sets, and iii) increasing transparency through better access to data and achieve impact and results. The latter could then inform existing ones as well as help to develop new mechanisms to support the private sector for sustainable development.

Criteria

Both the mapping and the matchmaking case study revealed that there is a lack of consistent criteria of sustainability and development attached to the instruments. While this would be particularly important for development cooperation ones, commercial instruments are also required to be in line with the argument of policy coherence for sustainable development (PCSD) and the 2030 Agenda commitments related to the universality principle so all goals applying to *all* countries regardless of income or development level. One of the main considerations would be to link firm eligibility for public (financial) support to a clear set of criteria, which need to be fulfilled to quality for support instruments and programmes. This would of course require a proper monitoring and follow-up framework that ensures both adherence to criteria and eventually needed adaptation either of the support or of the project itself.

Further, a more consistent application of criteria across instruments with both commercial and development objectives could ensure increasing synergies and coherence in the approach towards the private sector, which could ultimately reduce the harm to social, environmental and human rights. At the same time they provide a good basis to measure results and outcomes in order to be able to capture the impact on development and tackle the issue of additionality.

The EC's 2014 Communication "*A Stronger Role for the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*" captures this objective. It includes six criteria for supporting private sector actors that relate to having: a measurable impact; demonstrable additionality; market neutrality; shared interest and co-financing; a demonstration effect; and social, environmental and fiscal standards. One of seven "principles" for engaging with the private sector is also to "follow clear criteria for support".

Recent examples of the EU Global Strategy and the EU's trade strategy *'Trade for All'* further exemplify the trend to include development and sustainability dimensions into commercial or EU interests driven agendas, to increase synergies and coherence, while at the same time delivering on global commitments made in New York and Paris in 2015. However, in practice that also means to be politically willing to more clearly define such criteria, balancing effectiveness with ease of application while building on and working around power structures, incentives and interests, making it a complex undertaking.

The following section will therefore shed light on the policy implications arising from those findings with the ultimate goal to present concrete recommendations for policy makers.

3. Policy implications

As Carter (2014) observes "subsidising private investment in developing countries is a legitimate use of aid when the benefits to society exceed private returns" recognising that "ideally only projects that genuinely require a subsidy to be viable would be subsidised, but some misallocation is inevitable". Further, he finds that "many social benefits of investment emerge slowly and are hard to trace". Taking that into account, donor private sector engagement policies face three important challenges:

1. Results and impact measurement,
2. The issue of additionality, and
3. The identification of suitable projects and companies that qualify to be subsidised in the form of financial, technical or matchmaking support.

Keeping this and other challenges in mind helps to identify a number of policy implications along the dimensions of institutions, technical design and balancing interests and objectives.

Institutions

Recently there is increasing discussion about the 'new" development agencies and how they should be set up in terms of structures, objectives and focus areas.[2] This requires that development cooperation not be considered as an isolated field but in a wider context of international cooperation to tackle various global challenges linking development with many other policy areas - trade, climate change and the environment, food and agriculture, migration, defense, foreign (economic) policy and diplomacy. The interconnectedness of these fields closely relates to institutional mandates though there are differences on the EU member states level compared to EU institutions.

At an EU member states level, various countries, such as the Netherlands and Finland have integrated their development cooperation ministry into the ministry of foreign or trade, thus, explicitly linking development objectives with foreign and trade policy. Consequently, from an institutional point of view, policies are more likely to combine elements of economic diplomacy and development cooperation, ideally leading to win-win situations and mutual benefits. This also allows for greater synergies between policies and strategies and a more coherent approach towards engaging with the private sector.

However, it raises concern over the extent to which own economic interests shape and influence development cooperation to the detriment of the poor and marginalised countries that are often fragile and to a greater and lesser extent dependent on external funds and support.

At the EU institutional level, the matchmaking case study highlights an apparent institutional division of labour, so the different Commission Directorates-General (DGs) provide similar instruments, which differ in overall objectives but do not substantially differ in the services they provide. Hence, there are questions of duplication and increasingly blurred lines between instruments' set-up with a different institutional mandate and guiding policy or strategy behind. Additionally, the institutional division of labour at the EU level also seems to imply that commercial instruments are very different from development cooperation ones. However, in the context of universality deriving from the Agenda 2030, climate change commitments and

[2] For example, a recent ODI event 'Designing the development agency of the future' looked into the implications of a changing development agenda for international development agencies and the way they work, as there will be fewer poor countries in the future but more global challenges.

PCSD, all should be contributing to the bigger picture in terms of sustainability and development impact to avoid making progress in one area, while not delivering on commitments in another.

Technical design

The instruments design and scope varies significantly and largely depends on policy context and the way cooperation is carried out (Große-Puppendahl et al., 2016b). While some of the instruments are clearly understood in the context of development cooperation and the more classical private sector development approach, others are operate through an economic lens, where the focus is on economic cooperation and mutual benefits. This shapes the way instruments are designed, who benefits from support and where they operate geographically.

ODA *vis-a-vis* non-ODA funding

While some instruments use ODA to engage with businesses, either to leverage private finance or to engage with private sector investments and activities to achieve development objectives - public benefits - other instruments rely on commercial funding - still public capital - to achieve commercial goals. Those however also aim to achieve public benefits, as increased trade and investment ultimately raises more taxes, and provides jobs and income. Hence, the ultimate objectives are similar regardless of funding, the only major difference being who benefits. In order to make sure that ODA funding benefits those most in need, a more coherent application of development or sustainability criteria should be applied to avoid development cooperation capture by commercial interests.

Sustainability and development criteria

An application of stricter sustainability and development criteria across instruments could ensure greater benefits for those in need and targeted and avoid harmful impacts by purely commercial activities. At the same time, criteria of eligibility for instance could also avoid supporting firms that either do not need to support (question of additionality) or where support is (financially) not sustainable, as the firm cannot deliver on its promises and ambitions (question of identification and targeting).

The matchmaking case study has revealed that criteria and related measurement indicators are not adequate at times or have a particular focus, such as not merely a lack of development focus but a purely economic nature. Hence, across instruments capturing development results and/or impact is difficult. How such criteria are selected or results indicators chosen relates however closely to the issue of balancing development and commercial interests and which DG or ministry manages the instrument. The following section will therefore look at the linkages between development cooperation and commercial objectives.

Balancing development and commercial interests

Both the 2030 Agenda for Sustainable Development and the concept of PCSD bring development cooperation and commercial objectives closer together. Both call for assuming greater responsibilities for policies beyond pure development cooperation and hence urge the EU institutions and EU member states to rethink the ways how e.g. economic or trade policy affect development policy. By doing so governments and ministries will have to balance their commercial interests with commitments made (2030 Agenda and Paris agreement) and other priorities or urgencies under the umbrella of development cooperation.

At the EU member states level, the integration of development ministries into the trade ministry or ministry of foreign affairs (e.g. Finland or the Netherlands) reflects the trend of a more integrative approach. More structural cross-ministerial collaboration and ‘whole-of-government approaches’ (e.g. Germany or the UK) exemplify the changing mind-set and an increasing interconnection between global problems and the need for an integrative response to them. Additionally, there is also increasing recognition among EU member states that it is in their self-interest to respond to global challenges.

This is the case for instance for the Netherlands recognising in their aid and trade strategy[3] that "where aid and trade meet, the Netherlands will be guided in its policy by both solidarity and enlightened self-interest." Similarly, the UK jointly published by HM Treasury and DFID introduced their new aid strategy under the theme of "tackling global challenges in the national interest".[4] Those two examples make the assumption that own objectives contribute to development elsewhere but they do entail the risk that commercial interests may dominate development ones to the detriment of the poor and those most in need. However, there is also increasing recognition that the donor-recipient relationship is an out-dated one and instead cooperation takes place among equal partners based on an equal footing. Hence, one should be open about own objectives and interests to also show that the partner is taken serious and like other more developed countries.

At the EU level, there are several indications of development and commercial interests coming closer together. At least there is increasing recognition of the need to include aspects of sustainability in areas not explicitly dealing with development cooperation, as the EU trade policy and discussions on the EU Global Strategy have revealed. Also the 2014 EU's private sector communication mentions other examples of sustainable development aspects being included in more commercial aspirations: "provisions on sustainable development issues are also included in recent EU trade and investment agreements, and some EU autonomous trade preference schemes involve respect for international human and labour rights, as well as environmental and good governance conventions".[5]

Ensuring coherence across the institutional mandates has also been a priority of the Juncker Commission. To benefit from growth taking place outside Europe, the EU foreign policy's economic diplomacy instruments - the EEN under DG GROW and ELAN under the PI - aim to actively support the European economy. To be able to leverage these instruments the High-Representative/Vice-President (HR/VP) Federica Mogherini[6] however reaffirmed: "we need to make sure that we all push in the same direction – all Commission's DGs, all EU institutions, all Member States." Additionally, the College of Commissioners has been structured according to several working groups, including one called 'Europe in the World', comprising the HR/VP of the Commission and Head of the European External Action Service (EEAS), Federica Mogherini, Commissioner for Trade, Cecilia Malmstroem, Commissioner for International Cooperation and Development, Neven Mimica, Commissioner for Humanitarian Aid and Crisis Management, Christos Stylianides, and Commissioner for European Neighbourhood Policy and Enlargement Negotiations, Johannes Hahn.[7]

The matchmaking case study (Große-Puppendahl et al., 2016b) has additionally shown that the institutional division of labour among the European Commission's Directorate Generals (DGs) has created different instruments according to their mandates but in their nature they are rather similar showing the 'blurred lines' between development and commercially-oriented public instruments.

Different understandings of development cooperation

Balancing those interests however largely depends on how development cooperation is understood and applied. 'Engaging the private sector' is understood differently at the EU and member states level: some relate it more to a traditional agenda of supporting developing country private sector development, while others interpret it as broader economic cooperation, where growth and economic activity is considered good for development, as investments are triggered leading to job creation and raising income levels.

At the member state level, the mapping showed that there are different approaches to engage the private sector in development: stand-alone development ministries, such as SIDA in Sweden, DFID in the UK or the BMZ in Germany, and more integrated approaches in the Netherlands and Finland. In the case of a more institutional division between both domains, this however does not mean that commercial interests do not feature in development cooperation and vice versa.

3 The Netherlands: 'New agenda for aid, trade and investment', April 2013: https://www.government.nl/latest/news/2013/04/09/new-agenda-for-aid-trade-and-investment.

4 HM Treasury & DFID.'*UK aid: tackling global challenges in the national interest*', November 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478834/ODA_strategy_final_web_0905.pdf.

5 European Commission. 2014. COM(2014) 263 final http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX%3A52014DC0263&qid=1400681732387&from=EN.

6 Speech delivered at a Business Europe event on 3 March 2016.

7 See European Commission 2014-2019 and its structure.

4. Conclusion

The presented analysis demonstrates the continued need for more comparative analysis of public instruments supporting or engaging the private sector. Recent ECDPM research has shed light on both the instruments and interests, objectives, assumptions and policies behind. By doing so, it has sought to better understand some of their challenges as well as opportunities with a view to increase their practical relevance for achieving sustainability and development objectives. While keeping both challenges and opportunities in mind, increasing synergies but also differences could be identified, which trigger the following policy recommendations, outlined in Table 2, along the dimensions of institutions, instruments and criteria.

Table 2. Policy recommendations: institutions, instruments, criteria

Institutions	• Ministries, European Commission's DGs and other public agencies should increasingly seek ways to collaborate across policy domains in private sector engagement in order to deliver on global commitments, such as the 2030 Agenda and the Paris Agreement. • An institutional division of labour at EU level to engage the private sector for development could further benefit from identifying concrete complementarities between DGs' services, thus, increasing resource efficiency and making public support to the private sector more coherent. • Increasing integration of development cooperation and other policies (e.g. trade and foreign policy) can strengthen international cooperation and the ability to adequately respond to global challenges (e.g. climate change, migration, poverty, conflict and security).
Instruments	• Given the importance of institutional mandates and the policies behind them, public support instruments should learn from each other (development cooperation from commercial ones and vice versa) in terms of scope, design and administration to increase their effectiveness and attractiveness towards businesses. • Development cooperation and commercially-oriented public matchmaking instruments seem to benefit from containing mutual benefits for both EU firms and businesses in partner countries. • Public support instruments and particularly development cooperation ones should include a clear set of indicators that are able to measure results and impact beyond purely economic parameters.
Criteria	• Across both sets of instruments (development cooperation and commercially-oriented) clearer and more coherent criteria of sustainability and/or development could ensure a better link between eligibility for (financial) public support and positive development impact. • For public support instruments under the umbrella of development cooperation, clear principles and criteria for development should ensure that monitoring, results and impact measurement are done beyond economic parameters. • For public support instruments with commercial objectives, sustainability criteria should be mainstreamed that ensure not only no harm with regard to social, environmental and human rights, but also a more positive engagement from business supported towards sustainability objectives.

These policy recommendations are based on findings presented in the public support instruments mapping and the matchmaking case study (Große-Puppendahl et al., 2016a; 2016b). While these recommendations stay rather general, presented cases, instruments and programmes can benefit from taking them into account in order to further develop and enhance their effectiveness and ultimate purpose: engaging the private sector for development in an efficient and sustainable manner.

The principles and criteria adopted by the EU on a stronger of private sector (EC, 2014) are a good starting point to mainstream such principles across instruments. They should not be confined to development-oriented instruments only. Especially for public instruments with commercial objectives, these principles and criteria are increasingly important considering global commitments made by European governments and more relevant even considering the global challenges Europe and its member states face.

Outlook

Upcoming ECDPM work will further inform and expand the presented analysis by looking at public support instruments that promote responsible investments for both development cooperation and commercial purposes. By taking a closer look at investment promotion instruments at both EU and member states level under the umbrella of development cooperation, ECDPM will provide analysis to better understand challenges and opportunities of risk mitigation instruments (e.g. guarantees or subsidies) and of blending for instance. With the same objective, it will also examine commercial public support instruments, which promote investment and trade. This is often done by explicit investment promotion agencies (IPAs) or export credit agencies (ECAs) but increasingly also at EU level through trade agreements, internationalisation strategies and through multilateral or regional development banks (MDBs) providing loans, venture capital, equity and microfinance. Using commercially-oriented public support aims at the EU, its member states and business to benefit from growth taking place outside Europe and supporting their investments beyond the EU.

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