ORGANISATION OF AFRICAN, CARIBBEAN AND PACIFIC STATES

Revised OACPS Private Sector Development Strategy

June 2023

This publication receives financial support from the European Union and the OACPS. The content of this publication is the sole responsibility of the author and can in no way be taken to reflect the views of the European Union or the OACPS.

Funded by the European Union

Table of Contents

1. LIST OF ACRONYMS

ABC	African Business Council
AfCFTA	African Continental Free Trade Agreement
BREXIT	Withdrawal of the United Kingdom from the European Union
BSO	Business Support Organisation
CARICHAM	Caribbean Chamber of Commerce
CARIFORUM	Caribbean Forum of ACP States
CBAM	Carbon Border Adjustment Mechanism
CDB	Caribbean Development Bank
COMESA	Common Market for Eastern and Southern Africa
COMSEC	Commonwealth Secretariat
DG INTPA	Directorate-General, International Partnership
EC	European Commission
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EPA	Economic Partnership Agreement
EU	European Union
FDI	Foreign Direct Investment
FEWACCI	Federation of West African Chambers of Commerce
GDP	Gross Domestic Product
GTA	Georgetown Agreement
ICR	Investment Climate Reform Facility
IRA	Inflation Reduction Act
LDCs	Low-income Developing Countries
LICs	Low-income Countries
OACPS	Organisation of African, Caribbean and Pacific States
OECD	Organisation of Economic Cooperation and Development
MFN	Most-Favoured Nation
MRAs	Mutual Recognition Agreements
MSMEs	Micro, Small and Medium-sized Enterprises
NDICI	Neighbourhood Development and International Cooperation Instrument
PA	OACPS-EU Partnership Agreement
PIFS	Pacific Island Forum Secretariat
PIPSO	Pacific Islands Private Sector Organisation
PPPs	Public–Private Partnerships
PSD	Private Sector Development
REC	Regional Economic Community
RFPs	Regional Focal Points
SADC	South African Development Community
SDGs	Sustainable Development Goals
SIDS	Small Island Developing States
TVET	Technical and Vocational Education and Training
UEMOA	Union Economique et Monétaire Ouest Africaine
UK	United Kingdom
UN	United Nations
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organisation
WHO	World Health Organisation
WTO	World Trade Organisation

2. EXECUTIVE SUMMARY

The radically reshaped global economic and political landscape compels the consideration of radically new approaches to OACPS private sector development. New regulatory measures are being increasingly imposed by major trading partners resulting in additional costs of compliance for OACPS firms. In addition, OACPS countries face a potentially potent mix of external factors including a potential global economic downturn, spike in food and energy prices, climate change heralding severe weather conditions, high commodity dependency, the COVID-19 pandemic and BREXIT. These factors not only blight OACPS sustainable development but also dent countries' SDG advances. The global policy context is further compounded by the recalibrated OACPS-EU relations as envisioned by the Partnership Agreement with its new development cooperation instruments and accent on regional interventions.

On the other hand, a raft of economic opportunities remains available to OACPS countries. Most notably, the global push towards sustainability could be harnessed by OACPS firms, particularly in sectors such as the green transition, blue economy, sustainable tourism and agricultural value chains. Indeed, renewable energy has the promise of fuelling the economic transformation of OACPS member states. In order to seize these commercially-relevant prospects, a host of interventions is required at both the general economic and sector-specific levels. As a starting point, the revised PSD strategy is predicated on the Group's deep political recognition of the effective role the private sector can render in pursuit of members' sustainable development.

To fully harness this ambition, accent should be placed on institutional strengthening of all salient entities promoting private sector development. In that context, the highest priority should be reserved for strengthening private sector groups to be able to effectively develop and articulate policies and engage in national and regional private-public consultations. Here, the OACPS PSD strategy could be used as a blueprint to inform the specific formulation of regional *cum* nations strategies. Advancing both trade and investment regulatory reform and strengthening public-private consultations to oversee agreed reforms reflect the overall aim of the revised PSD strategy, namely, empowering OACPS private sector to advance countries' sustainable development ambitions.

In implementing the revised PSD strategy, two levels of thematic interventions are envisioned. At one level, four identified pillars should be systematically pursued, *viz.:* (a) enhancing OACPS business climate; (b) strengthening OACPS entrepreneurship, competitiveness, innovation, and business development; (c) financing OACPS MSMEs; and (d) advancing effective market access for OACPS MSMEs. Complementing these strategic pillars are implementing the eight sector-specific strategies, namely, creative industries; professional services; digital trade; green transition; agricultural value chains; sustainable tourism; and blue economy. These sectors were identified on the basis of their rich potential to catapult OACPS economic growth (and thereby address challenges such as poverty alleviation and SDG ambitions), spur the multiple strains of OACPS sustainable development, and the full concurrence with previously established OACPS policies.

While the OACPS PSD strategy remains both ambitious and expansive, its implementation needs to be predicated on a targeted set of priorities framed by specific delivery schedules. In policy terms, elements of the four central pillars enumerated below are apportioned the highest priority:

a. improve the business climate by simplifying business incorporation processes and reducing the administrative burden on OACPS MSMEs;

b. establish technical working groups to craft and monitor sector-specific policies and conduct policy exchanges with counterparts in major OACPS trading partners;

c. strengthen business development services, with a focus on training, incubation and clustering initiatives, innovation through academic-firm partnerships, and advisory services on access to financing;

d. strengthen MSMEs' regulatory compliance capacity through, *inter alia*, certification schemes, good regulatory and systematic use of regulatory assessments;

e. enhance financial inclusion by developing credit guarantee and risk-sharing schemes to reduce financial risks and further MSMEs' access to traditional and non-traditional finance by promoting innovative schemes such as allowing movable assets to be used as collateral and crowdfunding platforms;

f. strengthen collaboration with both OACPS development banks and other international development partners to increase MSME financing and securing additional coherence and complementary with these partners' PSD initiatives;

g. strengthen regional trade and investment regulatory frameworks to advance effective market access for OACPS MSMEs; and

h. develop preferential schemes to promote OACPS MSMEs access to public procurement contracts.

Complementing the pursuit of these cross-cutting thrust should be prioritised treatment of the following sector-specific strategies:

a. craft policies to advance trade regulatory framework supportive of <u>creative industries</u>; develop sector-specific strategies through training and cultural entrepreneurship; create regional digital platforms to disseminate creative content; and promote the establishment of regional industry groups to promote standards and common certification; and advocate policies through private public partnerships;

b. support opportunities in <u>professional services</u> by conducting regulatory assessments to strengthen legal frameworks; and promote skills and competences through, *inter alia*, enhanced partnerships with academic and training bodies;

c. strengthen regulatory framework for <u>digital trade</u> by securing cross-border transfer of data; protecting personal data and consumer rights on digital platforms; countering cybercrime; recognising certificates for electronic transactions; and incentivising entrepreneurial ecosystems and accelerate technology-based enterprises, through incubators, accelerators, business networks and digital ecosystem observatories;

d. forge <u>nursing skills partnerships</u> by secure effective market access (Mode IV) for OACPS nurses to enter industrialised countries; facilitating negotiations of mutual recognition agreements between OACPS and trading partners' professional bodies; securing funding to expand OACPS nurse training facilities to cover domestic demand of nurses to be fully covered and also host third country nationals; and promote the enrolment of third country in expanded OACPS nurse training facilities;

e. advance <u>green transition</u> by promoting green fuel sources to spur low-carbon industrialisation by developing long-term and comprehensive sectoral strategies including regulatory frameworks, institutional capacity and business development interventions, green industrial polices, and green public procurement; and promote innovation through partnership schemes, training, and policy exchanges and best practices;

f. promote agricultural value chains through MSME compliance; enhance production and export value-addition by funding upgraded plants, brand promotion, and strengthening producer associations; harness traditional knowledge and biodiversity to develop new products; and support farmers to ensure food safety by, *inter alia*, using technology to prove traceability, risk management and eradicate animal and plant disease;

g. promote sustainable tourism by sector-specific policies and strategies; facilitate transition to cleaner technologies; advance marketing and promotion of sustainable tourism products, and foster skills development; and

h. advance the blue economy by developing the required regulatory framework, infrastructure and institutional capacity; promote investment in technological innovation, domestic research capacity and digitalization; and develop innovative funding mechanisms to support the blue economy.

To support the monitoring and review of PSD implementation, an initial six-month implementation schedule is presented. Here, a key deliverable would be forging an agreement between the OACPS Secretariat and OACP Business Forum to finance the targeted operations of the latter but also to define specific tasks to be delivered.

3. INTRODUCTION

The primary purpose of updating the OACPS Private Sector Development (PSD) strategy is to empower economic operators to harness trade and investment opportunities and thereby spur inclusive and sustainable economic growth and development and eradicate poverty. The revised PSD strategy seeks to build on the efforts of the 2015 policy document but updated to reflect new geo-strategic, trade and investment, environmental sustainability and technological challenges and policies that impinge on the ability of OACPS MSMEs to fully capitalise on trade and investment opportunities. Also, due recognition is granted to the altered institutional setting governing both the OACPS and its relationship with a major international development partner, the EU.

The myriad of challenges facing OACPS firms can be reduced to competitiveness and connectivity with proactive and targeted interventions required and heavy emphasis reserved for addressing the specific needs of young, women and the economically marginalised. The revised PSD strategy has emerged through a thorough process of consultations, driven and owned by OACPS economic operators. Crafting of the document was infused with insights of key institutions such as the OACPS Secretariat, major development partners, implementation agencies of intra-ACP programmes, and multilateral agencies.

The revised PSD strategy should allow OACPS private sector actors to pro-actively develop and present concrete policy recommendations to respective OACPS governments and regional economic communities. In addition, the policy framework should allow for effective interaction with international development partners, in particular to craft interventions to advance OACPS countries' sustainable development objectives. Nevertheless, the depth of the policy challenges facing OACPS firms cannot be understated and therefore radical and transformational approaches are required to empower the Organisation's private sector to earnestly undertake its role as an effective development partner.

The report is structured as follows: (a) introduce the main approach and content of the revised PSD strategy; (b) sketch the major policy initiatives and geostrategic, trade and investment, environmental sustainability and technological trends shaping the performance of OACPS MSMEs; (c) summarily review the previous strategy in order to elicit success cases for both the design and implementation of PSD interventions and private sector consultative mechanisms; (d) enumerate the objectives, approaches and strategic focus of the revised OACPS PSD strategy; (e) summarise approaches to OACPS strategy implementation including possible delivery mechanisms; coherence with national/regional PSD strategies, mapping key institutional actors in each economic sector; funding mechanisms to implement revised PSD strategy; and governance framework including monitoring, review and evaluating and assumptions and mitigating measures; and (f) enumerate a series of conclusions and recommendations, most notably, prioritising partnerships as a key principle to motor OACPS private sector development – both with economic actors (e.g. mentoring, incubation), formation of clusters of economic operators and relationships with implementing agencies in addition to enhancing the capacity of national and regional business service organisations (BSOs) and regional economic communities (RECs) to proactively deliver targeted support to OACPS MSMEs. The conclusions and recommendations include a two-tiered level of implementation with the empowered OACPS Business Forum to prioritise advocacy and best practice propagation at the all-OACPS level. The complementary thrust will see the PSD implementation be rooted at the regional *cum* national levels.

4. ATMOSPHERICS

4.1 Policy environment and challenges

OACPS member states have recorded averaged annual GDP growth of 3.4% during the period 1961- 2021.[1] This metric of economic performance almost matches the 3.5% recorded for all countries during the same period. This impressive growth performance should nevertheless be tempered by the serial persistence of poverty in most OACPS countries. Furthermore, a slew of external factors has eroded recent gains made from economic growth, of which COVID-19, BREXIT, global economic slowdown, and rising food and fuel prices induced by the Ukraine conflict remain prominent. For instance, the United Nations Economic Commission for Africa (UNECA) has claimed that the COVID-19 pandemic induced 58 million non-poor Africans into extreme poverty in 2020. Also, 33 African countries will require external assistance to purchase food with acute food insecurity likely to worsen in the next months in 18 of these economies (UNCTAD TDR 2022).

A COMSEC/UNCTAD simulation shows that COVID-19 led to Commonwealth developing countries' commodity exports to Australia, China, the United States, the United Kingdom and EU being reduced by between $72-$98 billion in 2020. That represents a fall of between 16.5 -23.8% of total export income (Ali, Fugazza and Vickers, 2020). The withdrawal of United Kingdom's membership from the EU (BREXIT) has resulted in the creation of a new EU-UK trading regime. As a consequence, Caribbean raw sugar refined in the UK and re-exported to the EU is now subjected to significant MFN tariff and its economic impact compounded by new rules of origin requirements for the use of cane sugar in high sugar content.

OACPS countries exude trade and preference-dependence with limited number of export products and destinations. Members' marginal role in global value chains results in acute commodity dependence in both agricultural and mineral exports. 47 of the countries are characterised as commodity dependent (defined as an economy deriving at least 60% of its merchandise export revenues from commodities) while 11 slipped into commodity dependence in the period 2018 – 2019.[2] These economic challenges manifest themselves in high cost of infrastructure, high trade costs, underdeveloped trade infrastructure, weak business development, limited domestic markets (despite a host of regional integration efforts); poor access to finance, muted linkages and coordination among actors in their value chains, lacking skills development; and the absence of

[1] All data on GDP sourced from World Bank, *World Development Indicators*, https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG accessed on November 11, 2022.

[2] UNCTAD (2021), *State of Commodity Dependence 2021*, https://unctad.org/system/files/official-document/ditccom2021d2_en.pdf

sector-specific strategies. Addressing this slate of structural challenges remains a prerequisite to enhancing trade competitiveness, and ultimately capture greater export value.

New regional integration efforts have emerged among OACPS countries, with the African Continental Free Trade Agreement (AfCFTA) being the most notable. This trade agreement is based on an internal African market of 1.3 billion people and $3.4 trillion GDP presents huge economies of scale, export diversification, increased regional value chains, and enhanced intra-regional labour mobility. AfCFTA effective implementation could result in a 35% increase in intra-Africa trade by 2045 (UNECA, 2021b). A World Bank study notes that an effectively implemented AfCFTA could potentially lift 50 million people out of extreme poverty and generate total income gains of up to US$450 billion by 2035.[3]

Constituent OACPS regions are also strengthening trade and investment cooperation. Most significant has been the first AfriCaribbean Trade and Investment Forum held in September 2022. Conducted under the theme 'One People. One Destiny. Uniting and Reimagining Our Future,' the business-to-business forum aimed at advancing trade and investment ties via strengthened private sector ties between Africa and the Caribbean. The trade and investment forum was organised around the following clusters of specific themes - accelerating industrialization and manufacturing; developing special economic zones (SEZs) and industrial parks; improving infrastructure, financing and trade logistics, including regional integration; creating the conditions to accelerate private sector investment; promoting trade and tourism; and improving agricultural productivity and expanding agribusiness opportunities and food security.

The impact of the Ukrainian war can already be evinced from the severe threat to food and energy security and steep rise in commodity prices. Food security has become a major issue with the number of food insecure persons across the globe reached 921 million in 2020, an increase of 160 million from pre-pandemic projections and is projected to increase by 294 million people in 2021.[4] Main global trading partners are increasingly adopting restrictive trade and investment measures (especially on fuels, food and critical materials) resulting in fragmented global value chains but also heightened political tension[5]. The stark shift in geo-politics accelerates the risk of a global recession with possible negative impact on OACPS countries due to their high trade dependency. In this context, it is important to recall the dire consequence of the 2008 global recession that resulted in, *inter alia*, LDCs losing US$ 265 billion in export revenue (one-thirds of their total exports) as a result of trade distorting measures mainly by industrialised countries (Evenett and Fritz, 2015).

The global economic tremors in this case precipitated by the rise of COVID-19 induced borrowing have also negatively impacted OACPS countries' respective pursuit of Sustainable Development Goals (SDGs). The OECD recently estimated that developing countries' SDG financing gap increased by 56% in 2020, rising to US$3.9 trillion. Government revenue in developing countries is projected to remain 20% below pre-pandemic projections while external debt servicing is anticipated to reach US$375 billion between 2020 and 2025. Low-income countries (LICs) are most severely affected given that 45% of their outstanding external debt is due to mature by 2024.[6]

Sustainability has become increasingly coupled with trade policy with recent policy initiatives by key global trading partners pose severe challenges for OACPS countries. For example, the US has introduced its Inflation Reduction Act (IRA) aimed at promoting the development of clean energy

---

[3] Echandi, Roberto; Maliszewska, Maryla; Steenbergen, Victor (2022), *Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty.* Washington, DC: World Bank

[4] Bloem, Jeffrey and Jarrad Farris (2022): *The COVID-19 pandemic and food security in low- and middle-income countries: a review, Agriculture & Food Security*

[5] Global Trade Alert (2023), *Expanded Product Coverage and Tagging of States Motive: Not all Essential goods are alike, regional variation too,* https://www.globaltradealert.org/reports/54 accessed on May 3, 2023

[6] OECD (2022), *Global Outlook on Financing for Sustainable Development 2023: No Sustainability Without Equity*, OECD Publishing, Paris

supplies and energy technologies and incentivise the emergence of higher US domestic content. Similarly, the EU has promulgated a Green Deal based, *inter alia,* on the introduction of stringent regulatory demands to advance EU green industrialisation. The EU legislative measures include proposals on carbon adjustment mechanism, deforestation and corporate governance. Collectively, these policies are likely to impose higher cost of regulatory compliance on both OACPS exporters and national administrations on affected merchandise goods.[7]

Finally, a global shortage of labour, particularly in industrialised countries, also impacts on current economic policy configuration. The global population of those older than 65 will increase from 665 million in 2020 to more than 1.9 billion in 2090 led by China's rapidly aging population. The UN estimates that there will be 95 million fewer working-age people in Europe in 2050 than in 2015 (Kenny and Yang, 2021). The WHO estimates that there was a chronic global shortage of nurses of 5.9 million in 2018 with substantial increase foreseen in upper-middle and high-income countries while a shortage of 42,600-121,300 doctors in the US by 2030 is foreseen. The EU and UK needs 44 million more workers by 2050 on top of those that will be supplied by migrant flows under business as usual (WHO, 2020). In contrast, Africa offers the youngest continental population with 40% population being aged 15 years and younger in contrast to the global average of 25%. The resulting median age of 18.8 years in 2021[8] creates strong opportunities to both advance continental industrialisation and enhance export of professional services.

4.2 OACPS Trade and Sustainability Challenges

OACPS firms can potentially spur economic development in the Group's respective regions and countries. However, this prospect can materialise only if targeted and sustained interventions are developed to remedy systemic challenges facing OACPS MSMEs.

The availability of reliable and competitively priced transportation and logistics services remains a major hurdle for developing countries to successfully integrate into global *cum* regional value chains. Yet the availability of transportation and logistics persists as a severe obstacle in most OACPS members. According to the 2018 World Bank Logistics Performance Index (LPI), Cote d'Ivoire is the leading OACPS country with an overall ranking of 50. Note however, that the country's score for infrastructure is ranked at number 79. Other top-10 ranked OACPS countries in the LPI index are Rwanda (57); Kenya (68); Benin (76); Mauritius (78); Maldives (86); Dominican Republic (87); Sao Tome e Principe (89); Djibouti (90); and Burkina Faso (91).[9]

Other key challenges facing OACPS MSMEs include limited access to resources – finance, technology, skilled labour, market access and intelligence, innovation and research and development; underdeveloped trade and investment regulatory framework resulting in unfriendly business environment; limited physical trade infrastructure and services (e.g., electricity and logistics, compounded in land-locked states); reduced competitiveness relative to larger firms due to high transaction costs and lack of economies of scale and scope; limited connection to production, sales, distribution and technology networks; low level of financial inclusion resulting in higher financing costs; limited business development support; and bias against informal sector. In navigating external markets, and in particular, integration into global *cum* regional value chains, OACPS MSMEs are confronted with the twin challenges of enterprise competitiveness and enterprise connectivity, that is, the manner in which these firms can connect to value chains.

---

[7] See V. Ancharaz, (2022), *Assessment of New European Union Regulations on OACPS Exports*, technical report commissioned by Business ACP for the OACPS Secretariat

[8] African population data can be seen at https://www.statista.com/statistics/1226158/median-age-of-the-population-of-africa/ accessed on May 13, 2023

[9] See World Bank Logistics Index, https://lpi.worldbank.org/international/aggregated-ranking

OACPS economic vulnerability is acutely compounded by severe climate change challenges. The prime example can be found in the Pacific region that faces an existential challenge due to rising sea levels. Similarly, the Caribbean prioritises enhancing environmental sustainability and climate resistance given its serial exposure to natural disasters and extreme weather conditions. Since the turn of the 21st century, developing countries have lost 20 - 25% of cumulative GDP per capita to the general rise in average temperature.[10] In 2020, African countries accumulated an economic loss of US$38 billion due to climate change effects. Addressing reduced agricultural yields arising from drought and extreme weather patterns along with depleted physical infrastructure, reduced productivity and lost income will further compound OACPS countries' denuded income. The economic impact of climate change will be particularly acute in the agriculture sector, which generates the most jobs in Africa, heavily relies on female labour, and contributes to countries' pursuit of food security.[11] OACPS members also face the costs of bolstering their environmental resilience to mitigate their acute vulnerability to natural disasters and climate change.[12] In this context, the Bridgetown Initiative launched by Barbados should be politically supported as it seeks to insert climate action funding as a central pillar of the multilateral financing system.[13]

4.3 OACPS-EU Political Context

The revised OACPS PSD strategy is also being crafted in the political context of two significant changes, namely, the revised Georgetown Agreement (GTA) that governs the functioning of the OACPS, and the completed negotiations of the OACPS-EU Partnership Agreement (PA). The GTA, formalised in 2018, established the renamed OACPS as an international organisation and reaffirmed the Group's developmental objectives. For example, the GTA preamble includes the stated aim of facilitating OACPS countries and regions' pursuit of sustainable development through the transformation of their economies. Furthermore, GTA Article 5(a) enumerates as a principal objective the promotion of OACPS Member States' efforts to eradicate poverty, achieve sustainable development, and fully benefit from the advantages of trade, through their gradual and more effective participation in the world economy.

The GTA also recognises the pivotal role played by OACPS private sector in promoting economic growth, and ultimately, the sustainable development of their respective countries and regions. In that context, the GTA recognises "the active involvement of the private sector as a driving force in the creation of a market-driven economy is crucial for the attainment of the objectives of the OACPS." Enumeration of the private sector as an effective OACPS development partner is complemented by the legal treaty's 69 references of economic operators. In addition, GTA Annex II underpins the political legitimacy for the establishment of the OACPS Business Forum in January 2022.

Negotiations for the new PA political settlement were concluded in April 2021. The most fundamental change ushered by the new treaty can be evinced from the very first stated objective "[*t*]*his Agreement establishes a strengthened political partnership between the Parties to generate mutually beneficial outcomes on common and intersected interests and in accordance with their shared values*. Two significant changes can be immediately discerned from the stated objective, *viz.:* a. the post-Cotonou political

---

[10] *African Development Bank, African Economic Outlook African Economic Outlook 2022,* https://www.afdb.org/en/documents/african-economic-outlook-2022
[11] Lebdioui, Amir (2022), *How global decarbonisation can turn into an industrial development opportunity in Africa* https://afripoli.org/how-global-decarbonisation-can-turn-into-an-industrial-development-opportunity-in-africa
[12] UNCTAD, *Supplement on Small States to World Development Indicators 2011*,
[13] See https://pmo.gov.bb/wp-content/uploads/2022/10/The-2022-Bridgetown-Initiative.pdf accessed on April 24, 2023

settlement catapults the relationship to that of political partnership; and b. the pursuit of mutual benefits assume primary importance.[14]

One of the objective of the new PA is to *"mobilise investment, support trade and foster private sector development, with a view to achieving sustainable and inclusive growth and creating decent jobs for all"* (Art. 1.3 (b)). The PA principles also recognise the private sector as *"a critical actor to be engaged in partnership dialogue and cooperation processes"* (Art. 2. 8). The importance of private sector development for economic transformation and job creation role, environmental sustainability and climate change; migration and development; multilateral engagement; investment; and stakeholder engagement are all recognised. Provisions are replicated and given region-specific amplification in the three regional protocols with notable examples including: (a) develop partnership to promote vocational education and training; (b) incorporate private sector perspectives to reduce investment risks and address obstacles in sustainable investment; (c) harness private sector skills and innovation re developing infrastructure; (d) support structured dialogue to support improved business environment; (e) promote green business development and circular economy; (f) promote private sector development in prioritised sectors, e.g., blue economy, sustainable energy, research and innovation and cross-cutting areas such as climate change, natural resource management, decent work and anti-corruption.

The PA represents a radical departure from previous OACPS-EU partnership agreements in three major respects. First, the agreement reflects a hybrid form of a general policy framework applicable to all signatories (General Part) complemented by region/continental-specific provisions based in the respective regional protocols. Second, the new agreement overturns the previous donor-client construct by accentuating the pursuit of a political partnership as captured in the reference to generating "mutually beneficial outcomes on common and intersected interests in accordance with their shared values." Third, the European Development Fund (EDF) – primarily reserved for the OACPS, was retired and replaced by the Neighbourhood Development and International Cooperation Instruments (NDICI) to fund all European development support. The shift to a new EU funding instrument has been accompanied by a political signal that interventions will primarily be implemented at the national or regional levels.

5. 2015 ACP PSD STRATEGY REVIEW[15]

The previous ACP PSD strategy paper was adopted in November 2015 and implemented as a multiannual indicative programme with four central objectives (also known as 4 pillars), namely, (a) support business-friendly and inclusive national and regional policies and strengthen productive capacities and value chains; (b) increase financial inclusion; (c) strengthen access to finance for enterprises, in particular, SMEs; and (d) promote ACP-EU PSD knowledge management. The €600 million funded Joint ACP-EU Private Sector Development Cooperation Framework resulted in the implementation of 18 intra-ACP programmes (See Annex I). Those interventions, jointly programmed by the EU and the OACPS, were designed in coherence and complementarity with both the national and regional levels PSD programmes.

The all-OACPS initiatives are expansive in terms of covering all 4 programme pillars. Interventions have also spanned a host of economic sectors/thematic areas – horticulture, agricultural value chain, digital finance, informal economy, women economic empowerment, blended finance and venture capital funding, and mining. The theme of diversity could also be extended to apply to the

---

[14] For contrast, the corresponding first objective of the previous Cotonou Agreement was as follows: [*t*]*he Community and its Member States, of the one part, and the ACP States, of the other part, herein are referred to as the 'Parties' hereby conclude this Agreement in order to promote and expedite the economic, cultural and social development of the ACP States, with a view to contributing to peace and security and to promoting a stable and democratic political environment.*

[15] The analyses in this section stem from *11th EDF Intra-ACP Private Sector Development Programmes: implementation, results, (2021)*

span of implementation bodies used to advance operationalisation of the PSD strategy - multilateral and UN specialised agencies, national development cooperation entities, private sector groupings, NGOs and development banks. Another overarching approach to advance PSD strategy implementation has been the systematic use of partnerships with key developmental actors. For example, the ICR Facility crafted region-specific capacity building initiatives by partnering with key development actors such as Caribbean Development Bank, ECOWAS Bank for Investment and Development, UEMOA Commission, and the Federation of West African Chambers of Commerce (FEWACCI).

Another recurrent theme underpinning implementation of the 2015 PSD strategy has been the serial application of innovative approaches. For instance, the Fit for Market Programme developed a Rapid SPS Assessment (R-SAT) tool to assess the effective functioning of national SPS regimes and formulate an action plan to remedy identified deficiencies. In its last year of implementation, the programme generated 185,664 visits to its online training platforms with 38,517 unique visitors and crafted an online database on good agricultural practices. UNIDO under the ACP Business-friendly programme developed a digital investment profiling system to advance OACPS investment promotion efforts. Boost Africa's accent on the various strands of venture capital financing and elaboration of the ELab initiative also extended OACPS private sector development into novel instruments. During the COVID-19 pandemic, ELab successfully executed the #AfricaVsVirus Challenge concept to help young people develop innovative solutions to community-based problems caused by the endemic virus. The innovative initiative attracted over 25,000 registrants (ESOs and entrepreneurs), identified 3,000 challenges, engaged over 120 partners and triggered the use of over 4,000 mentors and moderators across 128 countries.

The systematic application of knowledge management and propagation of best practices constitutes yet another cross-cutting theme in implementation of the 2015 PSD strategy. This strategic approach has been adopted by all OACPS implementation partners with the efforts of Business ACP's remaining being paramount. That OACPS-EU co-managed programme has developed a multi-pronged approach to knowledge management featuring the following elements - identification of best practices and lessons learnt; promotion of peer-to-peer learning; strengthening public-private stakeholders' collaboration and learning; increasing the visibility of OACPS PSD platforms; and enhancing the capacity to engage of regional focal points. Business ACP's sustained work has resulted in the emergence of a knowledge management platform armed with over 1000 resource documents and the identification and propagation of 15 best practices. Similarly, FO4ACP's knowledge sharing efforts centred on replicating and scaling up both good practices and the number of peer-to-peer visits *cum* exchanges.

Implementation of the 2015 PSD strategy can also be expressed in quantitative terms with select indicators reproduced here. For example, the "Fit for Market" programme managed by COLEACP has delivered 6oo technical assistance interventions, 600 collective and individual training sessions, and 459 sustainability self-assessments.[16] These efforts resulted in the programme supporting approximately 3.5 million small farmers. In its first year of operations, ACP Business-friendly supported investment promotion agencies in 5 countries; enhanced the legal and regulatory framework for investment also in 5 countries; conducted strategic planning support and training on quality infrastructure for priority sectors in 6 countries; and provided support in 3 countries on nearshoring and global value chains. The same programme built on extensive country sensitization and outreach effort to identify and publicise 381 investment opportunities.

Implemented by IFAD, FO4ACP's efforts to enhance the capacity of farmers' organisations to bring members' produce to market amounted to 420,000 metric tonnes of members' produce valued at €43.6 million. The ACP-EU Development Minerals Programme implemented by UNDP

[16] The specific results of the Fit for Market programme reflects email correspondence with COLECAP on Jan. 18, inst.

contributed to improved business environment by improving mining-related legislation in 2 countries; providing 4 countries with geo-data maps or inventories and geo-data based training, formalising the operations of 8 cooperatives and securing mining cards for 295 miners in Cameroon.

Furthermore, the Minerals Programme also trained over 1200 operators in artisanal and small-scale mining enterprises (ASMEs) to increase their productivity, raise incomes, and gain access to markets and financing. A further 222 ASMEs/cooperatives were trained in entrepreneurial management and related technical skills, 104 ASMEs/cooperatives secured access to grants, credit or other financial products and 73 ASMEs gained training in mine and quarry management including on environmental management, occupational health and safety and gender inclusion. EURIZ has administered guarantees totalling €91.7 million covering a total of €134.9M in new financing to 526 MSMEs. Also, the Investment Climate Reform Facility (ICR Facility) has supported the participation of 2078 persons on business environment and investment climate, produced 15 documents on procedures, best practices, manuals and/or training materials and assisted 54 development financial institutions on capacity building.

Consideration of the impressive statistical qualities of PSD implementation should be tempered by a number of caveats. First, the expanse of OACPS trade and investment capacity needs cannot be covered by the available quantum of development funding. The 20 programmes executed under the previous EDF funding cycle - 17 programmes under intra-ACP PSD 11th EDF and additional three under other resources – DIRECCT, Fish4ACP (intra-ACP 11th EDF Reserve), and "CreatiFI" – are all financed from an €600 million envelope. This results in a nominal average per intervention of €30 million, excluding the impact of leveraged EDF financing.[17] The potential impact is further muted by interventions theoretically spread across 79 beneficiary countries.

Second, OACPS PSD strategy implementation has attracted a host of international development partners, including France's AFD/PROPARCO, Sweden's SIDA, Germany's GIZ, Netherland's SNV, Belgium's ENABEL, Italy's CDP, Spain's AECID, British Council, IADB, World Bank, select OACPS development banks (e.g., AfDB, CDB, etc.) and UN agencies (e.g., UNDP, UNCDF, UNIDO, ITC, etc.). The sustained participation of these strong development partners supports the need for OACPS private sector development to benefit from a cohesive and comprehensive regional *cum* national plan that allows funding from differing partners to be channelled in a coherent manner.

Third, knowledge management and best practice propagation has become germane in almost all projects implemented under the current PSD strategy. This systematic approach has led to a deep understanding of the design and management of PSD interventions in OACPS countries by implementation agencies. One consequence emerging from this wealth of experience is enhanced capacity to propagate the design of private sector support interventions by implementing partners funded in pursuit of the OACPS PSD strategy. An associated concern remains that of interventions being catalytic enough to spawn additional streams of PSD support measures in other countries *cum* regions and sectors.

Fourth, additional consideration should be generated to enhancing the governance framework of OACPS PSD implementation. In particular, OACPS beneficiaries tend to be excluded from oversight bodies monitoring and designing PSD implementation. Greater incorporation and presence of OACPS private sector bodies in the overall administration of PSD strategies would deliver two concrete benefits. The first would be direct enterprise-level experience accumulated by the OACPS Business Forum could inform intervention design, and ultimately, tangible results. Second, donors and implementation partners could prioritise the propagation of knowledge

[17] The actual average value of each programme funded under this all-OACPS facility is higher after considering the additional funding leveraged by some of the supported financial tools.

management and best practices in the design and implementation of future PSD initiatives. These recommendations fully chime with the terms of reference establishing the OACPS Business Forum but the key additionality would be strengthened capacity of this overarching OACPS private sector body and others to implement their respective tasks.

6. PSD STRATEGY (2023 – 2027)

The revised PSD strategy is designed to provide a systematic and coherent framework to promote the private sector to support growth and reduce poverty in OACPS countries. In pursuit of this overarching ambition, the OACPS private sector should be empowered to contribute to framing business climate through public-private sector dialogue. In formulating this revised strategy, full consideration is granted to the slate of global factors shaping OACPS trade and investment; OACPS's overarching objectives; the development challenges facing OACPS countries; the OACPS institutional capacity; lessons distilled from the previous OACPS PSD strategy; and an understanding of best practices reposed among OACPS countries and regions.

The updated PSD strategy enumerates a number of strategic pillars complemented by a number of prioritised sectoral policies. The overarching document also seeks to address operational approaches to advance its implementation. In order to amply frame the thrust of the updated PSD strategy, the main challenges facing OACPS MSMEs are briefly summarised below. The exercise of revising the OACPS PSD strategy also seeks to build on the recommendations of the OACPS Business Summit held on the margins of the 9th OACPS Summit in Nairobi, Kenya (December 2019). Held under the theme: "Industrialization and Private Sector Engagement for Economic Transformation of ACP States," that high-level private-public sector dialogue recommended, *inter alia*, (a) promote the free movement of OACPS nationals, especially that of business persons; (b) promote diaspora investment, entrepreneurship, and human capital development; (c) expand venture and seed capital financing of female and young entrepreneurs; (d) promote Industry 4.0, artificial intelligence and digital entrepreneurship; (e) advance the industrialisation of agriculture; (f) harness the potential of the OACPS orange economy; and establish implementation timelines to track implementation of the recommendations.

6.1 OACPS MSME Main Challenges

OACPS firms can potentially spur economic development in the organisation's respective regions and countries. However, this prospect can materialise only if targeted and sustained interventions are developed to remedy systemic challenges facing OACPS MSMEs. The key challenges facing OACPS MSMEs include limited access to resources – finance, technology, skilled labour, market access and intelligence, innovation and research and development; underdeveloped trade and investment regulatory framework resulting in unfriendly business environment; limited physical trade infrastructure and services (e.g., electricity and logistics, compounded in land-locked states); reduced competitiveness relative to larger firms due to high transaction costs and lack of economies of scale and scope; limited connection to production, sales, distribution and technology networks; low level of financial inclusion resulting in higher financing costs; limited business development support; and bias against informal sector. In navigating external markets, and in particular, integration into global *cum* regional value chains, OACPS MSMEs are confronted with the twin challenges of enterprise competitiveness and enterprise connectivity, that is, the manner in which these firms can connect to value chains.

6.2 Strategic Pillars

Advancing OACPS private sector development is predicated on four strategic pillars, namely, (a) enhancing OACPS business climate; (b) strengthening OACPS entrepreneurship, competitiveness, innovation, and business development; (c) financing OACPS MSMEs; and (d) advancing effective market access for OACPS MSMEs. These strategic pillars address specific areas of interventions but are also conceived to be complementary and coherent with each other. Relative to its previous iteration, the revised PSD strategy inserts two key substantive changes to the names of the strategic pillars. First, innovation and competitiveness augment the pillar dedicated to strengthening entrepreneurship. This change reflects both the emergence of innovation as a key contributor to enhanced entrepreneurship in general, and more broadly, to firm- or sector-specific business development. Second, the pursuit of improved competitiveness reflects a series of multi-pronged and secular interventions – one that can easily span across all four strategic pillars. However, its placement in the cluster on entrepreneurship also reflects the sustained call for the crafting of sector-specific strategies.

a. Enhancing OACPS Business Climate

The cluster of policy interventions entails strengthening the overall governance framework (including legal and regulatory frameworks) to ensure businesses can thrive in a stable and predictable policy environment replete with delivery of the necessary public goods supportive of private sector development. The first and possibly most essential plank of private sector development is preserving and enhancing both legal frameworks, of which the role of the rule of law to preserve stable societies remains paramount. A host of specific interventions are required to complement the aim of advancing the general policy framework aimed at promoting private sector development.

Key public goods include advancing physical infrastructure including through, *inter alia*, the use of public–private partnerships (PPPs) and provision of logistical services. Strengthened trade-related infrastructure has the potential of boosting both trade competitiveness and productive capacity in OACPS countries. Another element of private-sector supportive measures include the development of a transparent and fair taxation policy to spur investment, especially in high-value industries and improve the FDI policy environment and enhancing strategies for linking foreign investors with domestic firms, e.g., tax incentives and business facilitation. Strengthening health care systems, including the use of private sector-led delivery solutions should be advanced to ensure a healthy labour force and consumer base.

Second, strengthening government capacity to draft long-term and coherent policy frameworks in pursuit of sustainable and inclusive development and industrialisation. Such interventions can seek to develop dispute settlement mechanisms for investors; institute competition policies to ensure fair business practices and competitive markets; establish sectoral regulatory bodies, e.g., energy, telecommunications, water, roads and financial institutions; establish legislation in areas such as workers' protection, environmental standards, and protection against discriminatory practices as well as craft the attendant regulatory bodies.[18] As a complement to the secular pursuit of pro-sustainable development policies, OACPS governments' capacity to implement international agreements should be strengthened. In this context, the highest priority should be reserved to translating commitments embedded in the Trade Facilitation Agreement, Paris Agreement on Climate Change, and COP15 global diversity framework into actionable national deliverables.

Third, enhancing OACPS business climate is predicated on advancing administrative efficiency, specifically in simplifying business incorporation and registration; facilitating the easy payment of customs duties and business taxes; and reducing administrative barriers. A number of OACPS countries have been streamlining MSME regulations through, *inter alia,* establishing centralised online portal to allow easy access to information and business development services. In this context, the experiences of Rwanda where business registration entails two procedures completed

[18] This schema is based on UNCTAD (2011), *The Investment Policy Reviews – Shaping Investment Policies Around the World*, UNCTAD, Geneva.

over three days or Mauritius that attained the highest ranking in the now defunct World Bank Doing Business Reports could be universally replicated throughout all OACPS Member States. More concretely, Mauritius enhanced business incorporation was based on the automation of licensing permits led by an e-Registry System. The country also established a mechanism for filing complaints – all resulting in improved transparency of information and improved business facilitation.[19] Such an approach to business facilitation should be replicated in all OACPS countries allied to promoting the full incorporation into the formal economy in light of 86% of total employment in Africa being in the informal sector.[20]

Fourth, as previously intimated, Africa's demographic dividend could be leveraged to commercially exploit the skills shortage besetting leading industrialised countries. However, realising this commercially appealing prospect entails developing human resources inherent in OACPS countries. Here, two tiers of interventions can be envisaged, *viz.*: (a) investing in tertiary education to promote skills in high-value added industries such as information and communication technology, pharmaceuticals, green energy, and agriculture; and (b) promoting technical and vocational education and training (TVET) in economically promising sectors. In these pursuits, interventions such as forging intra-regional skills mobility pacts and developing regional training centres could be considered along with promoting policy dialogue among policy makers, private sector and training institutions aimed at identifying skills needs and design sector-based training programmes. [21]

Fifth, incentivising MSMEs' access to larger firms and public procurement through transparency mechanisms, *de minimus* thresholds and exemptions based on sustainable development and industrialisation objectives. This is an approach mooted is consistent with the "Buy From ASEAN SMEs Pact" initiative mooted by ERIA and OECD (2014) to incentivise large firms and government agencies to procure more from MSMEs. UNEP supported the review and revision of Senegal's legal frameworks governing public procurement resulting in the crafting of that country's sustainable public procurement framework. Beyond responding to Senegal's development challenges, a mix of regulations and incentives has emerged to support the country's vast number of MSMEs, build institutional capacity considerations and promote gender equality.[22]

Sixth, promoting the legal framework to enhance MSME financing. In particular, measures to promote financial technologies (fintech) and novel financial services could address the needs of previously excluded low-income individuals and businesses. Fintech platforms, especially those specialising in peer-to-peer lending and crowdfunding, have witnessed rapid growth in recent years. In addition, the increased use of digital credit scoring methodologies coupled with the use of online collateral registries and credit bureaus contributed to easier access to financial data and information. In order to spur accelerated use of fintech services, policies should be enacted to promote digital financial services and platforms such as secured transactions, e-payments, and e-commerce. As a complement, regulatory and institutional capacity should be advanced to tackle cybercrime and thereby promote increased customer confidence in the nascent fintech *cum* digital trade sectors.

---

[19] PwC Mauritius (2020), *Ease of Doing Business: Mauritius ranked among the 20 best places to do business in Africa and worldwide.* www.pwc.com/mu/en/publications/doing-business-mauritius.html#:~:text=Africa%20and%20worldwide-,Mauritius%20ranked%20among%20the%2020%20best%20places%20to%20do%20business,country%20remains%201st%20in%20Africa.

[20] ILO (2020), *Report on employment in Africa (Re-Africa): Tackling the youth employment challenge,* International Labour Organization, Geneva, https://www.ilo.org/wcmsp5/groups/public/---africa/--- ro-abidjan/documents/publication/wcms_753300.pdf.

[21] See AUC/OECD (2022) *Africa's Development Dynamics 2022: Regional Value Chains for a Sustainable Recovery,* AUC, Addis Ababa/OECD Publishing, Paris https://doi.org/10.1787/2e3b97fd-en accessed on May 8, 2023

[22] See UNEP (2021). *Développer les Achats publics durables (APD) au Sénégal: Révision du cadre juridique.* United Nations Environment Programme. Nairobi.

Seventh, establishing and strengthening private-public partnerships to monitor and review trade and investment policies. Empowering such consultative bodies would facilitate improved ownership of respective national/regional private sector development strategies. In addition, those private-public partnerships could apply specific metrics such as increased MSME competitiveness, productivity and export, gender and youth inclusion metrics to track PSD strategy implementation**.**

Facilitating investment constitutes a final key enabler to improving the OACPS business climate. In this pursuit, two dimensions remain critical, namely, enacting the regulatory framework supportive of increased investment; and strengthening efforts at investment facilitation through targeted institutional efforts. UNCTAD (2022) cites the examples of Angola that introduced several investment facilitation mechanisms. Also, Fiji launched laws allowing for protection guarantees for foreign investors and also harmonized reporting obligations for both foreign and local investors. And of course, most OACPS countries have long used tax incentives to promote investment. More recently, Angola, Botswana, Mauritius and Zambia have all offered new tax incentives while liberalising select sectors for foreign investment represents yet another widely used policy tool. An essential complement to reformed policy framework is the strengthening of investment facilitation measures, including enhancing the use of digitalisation to establish single window to process investment applications and thereby enhance transparency process.

b. Strengthening entrepreneurship, competitiveness, innovation, and business development

This second strategic pillar centres on a slew of interventions aimed at enhancing entrepreneurship, competitiveness, innovation and business development in OACPS countries. The mooted interventions primarily centre on strengthening the targeted delivery of business development services; enhancing innovation policies and support institutions; deepening incubation and mentoring to advance firms' competitiveness, crafting industrial policies; and strengthening firms' regulatory capacity. These support measures all aim to increase firms' competitiveness and thereby enhance their ability to effectively penetrate major export markets. An important counterpart to this cluster of interventions remains that of augmenting the capacity of private sector bodies to craft and advocate policies, mount effective dialogue with governments and review PSD implementation.

Business development services include product design, market data and intelligence, training, incubation and accelerator initiatives, and advisory services on access to financing. In this pursuit, special attention should be reserved for enhancing the capacity of national *cum* regional business support organisations. More specific interventions under this pillar would include conducting diagnostic studies on growth, investment and market to promulgate appropriate national policy responses; improving labour skills through long-term investment in training and education (e.g., STEM) and enhancing partnerships between businesses and human development agencies; and promoting investment in dynamic economic sectors while deepening backward linkages among different sectors through promoting clusters.

Strengthening innovation system remains a main policy tool to enhance trade competitiveness. In that pursuit, the recent experience of the Dominican Republic might be an example worth considering, if not replicating.[23] This CARIFORUM member state crafted Action Plan 2021–2024 of Digital Agenda 2030 that featured 6 main areas, namely, (a) governance and regulatory framework; (b) connectivity and access; (c) digital government; (d) education and digital capabilities; (e) digital economy; and (f) cybersecurity and technological innovation. In advancing its national strategy, the Dominican Republic has forged an innovation partnership with Spain featuring the training courses of the Caribbean state's professionals at Spain's School of Industrial

[23] The reference to the Dominican Republic's recent innovation policies relies heavily on UNCTAD (2022), *Industry 4.0 for Inclusive Development*, Geneva, UNCTAD

Organization. The two countries respective Ministries of Industry and Commerce have also concluded several agreements to promote digitalization in the industrial sector.

Promoting the incubation of small OACPS firms, especially start-ups, remains an imperative to unlock their innovative potential. In pursuit of this objective, one approach could be forging partnerships with larger upstream firms. Yet another, albeit complementary task could be the promoting clustering to facilitate collaborative initiatives on joint production, product development, innovation, distribution, transportation and shipping, and digital payments. Yet another plank could entail strengthening BSOs and MSME trade associations to support collective actions, networking, propagation of best practices and provide customized business support services. Partnerships with multinational trade and investment partners and the diaspora could also spur to promote new trade and investment opportunities, transfer technology and skills, and deepen market development and intelligence. A final example of deepening business maturation process stems from establishing entrepreneurial ecosystems of incubators, accelerators, business networks and observatories while concomitantly facilitating their access to funding and capital from financial institutions.

Crafting industrial policy constitutes a fourth area of policy intervention aimed at improving OACPS innovation, competitiveness and entrepreneurship. Industrial policy was formerly dismissed as governments "picking winners" and heavily discouraged by prescriptive international financial institutions such as the World Bank and International Monetary Fund, and main bilateral donors. However, recent policy measures by leading industrialised countries *cum* groups such as the US' Inflation Reduction, Rescue Plan and CHIPS and Science Acts and EU's New Industrial Strategy and Green Deal underscore the resurgence of industrial policy. OACPS private sector development could be aided by a replication of the key recommendations of a recent OECD report on industrial policy,[24] namely, (a) advance complementarities between policy instruments; (b) target industrial strategies; (c) promote transformative industrial change through demand-side instruments; and (d) periodically review implementation of targeted policies.

Strengthening MSMEs' regulatory compliance capacity, e.g., through certification schemes, good regulatory and regular use of regulatory assessment, constitutes yet another facet of the strategic pillar to strengthen entrepreneurship, competitiveness, innovation, and business development. Augmenting all facets of quality infrastructure remains essential with OACPS efforts already witnessed in the elapsed TBT Programme and new ARSO/CROSQ/UNIDO initiative. Enhanced innovation systems could result in the emergence of either new products or production processes. Therefore, improved innovation systems could be spurred through investment in intellectual property rights regimes and research and innovation institutions to better service businesses needs and advance business and academic partnerships. Initiatives such as the UK-sponsored African Research Universities Alliance Partnership (ARUAP) aimed strengthening UK-Africa research collaborations or the EU's Horizon 2020 programme that funds academic partnerships could targeted to spur innovation systems in OACPS countries.

One final area to be advanced under this strategic pillar would be to enhance the research and advocacy capacity of OACPS private sector bodies. Implementing such an objective would deliver on the GTA promise of the OACPS private sector becoming effective development partners. In more general terms strengthening private sector organisations could also lead to the founding of private-public consultative platforms at both sectoral and economy-wide levels to serve as policy advocates and knowledge hubs. In addition, bolstered private sector groupings could support the

---

[24] Criscuolo, Chiara et al (2022), *An industrial policy framework for OECD countries: old debates, new perspectives;* OECD, Paris. https://www.oecd-ilibrary.org/docserver/0002217c-en.pdf?expires=1672058456&id=id&accname=guest&checksum=3698060DEFC7083EF0E41899A2FC05D9

monitoring of economic policy reforms and track the development of regulatory and productive capacity.

c. Financing OACPS MSMEs

The G20 Global Partnership on Financial Inclusion (GPFI) initiative could be leveraged to promote financial inclusion in OACPS countries. Specific interventions to be introduced could include advancing credit guarantee and risk-sharing schemes to reduce financial risks and enhance MSMEs' access to traditional and non-traditional finance by developing innovative schemes such as allowing movable assets to be used as collateral and crowdfunding platforms. Online collateral registries could unlock small firms' access to loan financing by using movable assets such as crops, livestock, machinery, equipment, inventories and receivables. These financial and technological tools that both unlock investment and enhance transparency in the credit system have been established, with the financial support of international development partners, in Dominican Republic, Ghana, Liberia, Nigeria, Malawi, Rwanda, Saint Lucia, Senegal, and Sierra Leone.[25]

Crowdfunding[26] constitutes an attractive option to advance financial inclusion but also address the specific needs of new class of entrepreneurs, most prominently, start-ups that might lack credit history or capital (or both). The crowdfunding market remains nascent but its commercial promise is driven by an estimated 344 million households actively participating in crowdfund investments in firms and the projection that up to US$96 billion per year could be injected in crowdfunding investments in developing countries by 2025. However, a host of supportive interventions is required to catapult crowdfunding as a viable alternative to traditional bank loans offers or venture capital financing.

The key factors that have facilitated crowdfunding in developed countries include enhancing the regulatory framework to support technological advances; deploying social media market penetration to harness demographic and technology trends to drive collaboration and cultural shifts; promoting regulated online marketplace to facilitate capital formation; and forging collaboration with other entrepreneurial hubs to create a channel for opportunity and oversight. The World Bank's recommendations made to the Kenya Climate Innovation Center also underscore the seminal importance of supporting entrepreneurial training to allow interested companies and entrepreneurs to seize crowdfunding-based investment opportunities.[27]

Financial inclusion could also be advanced in the digital sphere to address the needs of excluded groups, most notably, women and young. The expanded offer of digital financial services should also be complemented by initiatives to promote financial literacy and skills especially among young, women and start-up firms. Therefore, the promotion of digital-based financial inclusion could also become an invaluable tool to both protect and empower vulnerable groups such as young and women.[28]

The development and incentivised use of diaspora bonds could constitute an additional stream of MSME financing. The economic weight of remittances in most OACPS States' balance of payments underscores the economically significant volume of financial resources reposed in the diaspora. However, strong anecdotal evidence suggests that remittances fund either casual

[25] Based on Love, Inessa et al (2013) *Collateral Registries for Movable Assets – Does Their Introduction Spur Firms' Access to Bank Finance?* World Bank Policy Research Working Paper 6477, Washington, DC and IFC Press Release, https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=16066
[26] The section on crowdfunding draws heavily from World Bank (2013), *Crowdfunding's Potential for the Developing World*, Washington, DC
[27] Ibid, p.83
[28] See OECD (2021), G20/OECD-INFE *Report on supporting financial resilience and transformation through digital financial literacy*, www.oecd.org/finance/supporting-financial-resilience-and-transformation-through-digitalfinancial-literacy.htm

consumption or dire social needs such as either education or healthcare. Over the last twenty years, Ethiopia, Kenya and Nigeria have all introduced diaspora bonds aimed at generating new streams of financing from their respective diaspora communities. Limited evidence remains that these national efforts were strikingly successful, hence the pivot to identify policy alternatives. Gevorkyan (2021) proposed the establishment of a Migration Development Bank to formalise remittance transfers and facilitate the emergence of long-term sustainable financing mechanisms.

The Boost Africa programme highlights the potential of harnessing deeper partnerships with an array of development banks to promote entrepreneurship. The initiative is a jointly funded African Development Bank (AfDB) and European Investment Bank (EIB) blending mechanism funding young African entrepreneurs in the innovation and technology sectors. *The State of Blended Finance 2020* report recorded 600 blended finance transactions amounting to US$144 billion to date, with Sub-Saharan Africa accounting for 33% of the value of all transactions. The same report reports that during the period 2017-2019, five OACPS Member States featured in the top countries for number of transactions, *viz.:* Kenya (18 transactions); Uganda (15); Tanzania (10); Cote d'Ivoire (9) and Senegal (6).[29] Blending facilitated enhanced collaboration among development financial institutions and therefore targeted measures should be deployed to promote partnerships with EIB, European Development Financial Institutions (EDFI) members and OACPS development banks.

EDFI is active in a number of OACPS countries, most notable in Sub-Saharan Africa, through a number of interventions. For example, the MSME platform channels European Fund for Sustainable Development plus (EFDS+) guarantees to local financial intermediaries for on-lending to manufacturing and agricultural sectors.[30] EDFI has also managed EDF-funded blending financing through equity funding for both ElectriFI and AgriFI programmes. But these EDFI interventions are miniscule relative to the investment portfolios managed by individual EU national development banks. These development financing institutions such as Kreditanstalt für Wiederaufbau (Germany), COFIDES (Spain), PROPARCO (France), BIO (Belgium) Entrepreneurial Development Bank (The Netherlands) should be encouraged to develop financing facilities windows specific for OACPS MSMEs. The same partnership approach could be extended to tap into philanthropic organisations that invested US$ 42.5 billion between 2016 and 2019.

Among notable OACPS development banks, both the African Development Bank (AfDB) and Caribbean Development Bank have developed private sector strategies for their respective constituent regions. African development financing institutions such as Banque Ouest Africaine de Développement (BOAD); ECOWAS Bank for Investment and Development (EBID) and the Trade and Development Bank (TBD) are also active in not only policy formulation but also in direct lending to MSMEs. Enhanced OACPS development bank support could be advanced by establishing joint policy platforms between these banks and private sector bodies to (a) enhance competitiveness and promote trade and export development; (b) develop more accessible financing for MSMEs; and (c) finance strengthened institutional capacity for private sector bodies and BSOs to implement trade and investment promotion programmes in the region.

Regardless of origin, all development banks could further support OACPS private sector development by dispensing technical assistance to secure improved access to MSME financing. Development banks' technical support could help MSMEs to draft sound financing needs and thereby facilitate credit appraisal by banks; enhance accounting and financial control to facilitate credit monitoring; dispense advisory services to allow better understanding by financial

[29] Accessed at https://wfdfi.net/wp-content/uploads/2021/03/The_State_of_Blended_Finance_2020.pdf

[30] The EFSD+ constitutes an essential plank of the NDICI-funded EU's investment framework for external action. The EFSD+ in tandem with the External Action Guarantee, supports private development banks and development financial institutions to leverage investment of €53,45 billion for sustainable development. Key instruments are loan guarantees, blending and technical assistance.

intermediaries of MSMEs' needs; and assist private sector bodies to propagate best practices by having such advisory services managed by private sector bodies. [31]

International developmental partners are seeking to advance sustainable development by awarding concessionary loans and equity financing in green, social and sustainable investments. For example, sustainable finance was embedded in the EU Green Deal, including the promise of supporting low- and middle-income countries to benefit from increased access to sustainable finance under the NDCI.[32] Translating this promise has initially focus on developing an EU-wide taxonomy of green investment along with enacting transparency requirements for non-EU MSMEs. In addition, a number of EU member states recently launched their own national initiatives led by France through its Sovereign Green Bond programme that now includes an environmental component of its aid. In order to leverage the burgeoning support for financing sustainable development, it is imperative that additional development partners be solicited to increase financing to OACPS firms and enhance partnerships with OACPS development financing institutions.

Finally, capital markets remain a critically important source of private sector financing throughout the globe. The importance of this source of MSME financing is anticipated to rise in light of the acute financing gap for advancing SDGs. One interesting market segment concerns the rapid rise in the issuance of green bonds - $578 billion by 2021.[33] However, the increased use of capital market financing in OACPS countries tends to be constrained due to the limited size of the economies. An additional constraint linked to green financing is the strong risk aversion displayed by traditional development partners. To address these constraints, establishing regional financing platforms and instruments to spur MSME financing remains essential. Complementing the advance of regional financial instruments should be administering a suite of measures including public credit guarantee schemes; creating private mutual guarantees; incentivising the engagement of venture capital investors and business angels; packaging performance-based loans and incentives for innovation and green growth; promoting public-private sector access to finance partnerships for targeted sectors; and provide capacity-building grants and technical assistance to expand lending activities, especially to those traditionally financially excluded and economically marginalised.

d. Advancing effective market access for OACPS MSMEs

AfCFTA remains the most prominent example of regional integration efforts propelling economic transformation. This continental trade agreement combines tariff liberalisation with the removal of regulatory barriers to spur economic development. As previously signalled, AfCFTA's major economic dividend is anticipated to accrue from trade regulatory reforms with income gains from trade facilitation measures projected to be US$292 billion by 2035. Additional income gains is projected to emerge from trade regulatory reforms, particularly by establishing common continental African regimes for SPS, TBT, intellectual property rights, domestic regulation in services, competition policy and public procurement. It would be worth replicating this African continental approach in other OACPS regional integration processes where the trade regulatory frameworks remain underdeveloped.

Strengthening regional trade regulatory frameworks therefore remains an imperative to advance effective market access for OACPS MSMEs. While this imperative is broadly understood and accepted, prioritising trade regulatory regimes for commercially relevant economic sectors might

[31] See *Enhancing SME financing in ACP countries* - a 2012 technical study commissioned by BizClim, Brussels
[32] See EC (2021), *Communication of strategy for financing the transition to a sustainable economy, COM (2021) 390 final* https://eur-lex.europa.eu/resource.html?uri=cellar:9f5e7e95-df06-11eb-895a-01aa75ed71a1.0001.02/DOC_1&format=PDF
[33] See https://www.devex.com/news/devex-invested-how-africa-can-attract-more-climate-finance-105410, This is compounded in the accessed on May 2, 2023

be necessary. One area of immense commercial promise would be the promotion of professional services, particularly in select professional services. Two critical interventions would be advancing mutual recognition agreements (MRAs) and conducting audits to establish trade regulatory capacity. In more general terms, OACPS private sector bodies could strengthen trade regulatory regimes through tracking non-tariff measures, monitoring good regulatory guidance and advancing remedial action. However, the pursuit of this important oversight and advocacy role must be predicated on enhanced private sector institutional capacity.

Developing national export strategies constitutes yet another key plank of supporting effective market access for OACPS MSMEs. This support measure would be particularly helpful in export sectors that offer strong commercial potential. The ITC has conducted an extensive number of national export strategies including OACPS countries, namely, Belize, Botswana, Côte d'Ivoire, Dominica, Fiji, Grenada, Jamaica, Kenya, Liberia, Lesotho, Mali, Mauritius, Mozambique, Saint Lucia, St. Vincent and the Grenadines, and Uganda.[34] The promise of ITC-commissioned national export strategies could be further amplified through additional OACPS countries utilising this strategic tool but also developing complementary regional *cum* continental export strategies.

OACPS should seek to gain unilateral access to OECD public procurement markets – valued at 12% of OECD GDP and US$ 6.99 trillion in 2021.[35] Such a demarche for non-reciprocal market access might not be easy for a host of reasons. Most notably, OECD countries have been evangelical about developing countries joining the WTO Government Procurement Agreement (GPA). In contrast to the Information Technology Agreement (ITA), benefits secured under the plurilateral for public procurement are limited to its members. Accordingly, OACPS countries such as Mauritius and The Seychelles are contemplating joining the GPA. In addition, the regulatory framework to gain effective access to OECD public procurement market remains exceedingly high. An initial approach could entail limiting access to the 42 OACPS LDCs and thereby mirror corresponding unilateral schemes for goods and services. In addition, OECD *de minimus* thresholds could be established to reduce regulatory standards and thereby facilitate ready entrance to OACPS MSMEs.

Negotiations towards a WTO agreement on investment facilitation for development were formally launched in September 2020 and reports suggest an imminent conclusion remains within reach. The multilateral talks aim to establish global benchmarks for investment facilitation, reduce regulatory uncertainty and facilitate investment through international commitments on domestic reforms. Similar to the Trade Facilitation Agreement architecture, WTO Members would self-designate their respective levels of commitments and benefit from capacity building support prior to assuming new investment facilitation rules. In this context, OACPS private sector development could be further spurred by anchoring the outcome of the WTO negotiations in regional economic communities and thereby ensure the adoption of OACPS regional rules on investment facilitation.

OACPS MSME trade and investment interests could be further advanced through incorporation of specific provisions in both bilateral trade agreements and regional integration processes. Trade agreements increasingly offer the establishment of a work programme aimed at harnessing MSMEs' trade and investment opportunities. But more recent FTAs go beyond inaugurating a committee to incorporate specific provisions on trade disciplines to promote SMEs. Most notably, the Canada/ Mexico/US FTA provides specific carveouts for SMEs on rules or origin public procurement, services, intellectual property, trade and labour, trade and environment, and good regulatory practices. A number of OACPS regional integration initiatives include provisions for new trade regulatory regimes but the level of implementation remains sub-optimal. Inserting MSME-specific provisions could be a way to dynamize and modernise these regional integration processes.

---

[34] *ITC Trade Strategy Map*, accessed at https://www.tradestrategymap.org
[35] Based on World Bank data - https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=OE

The possible negotiation of an all-OACPS comprehensive trade and economic agreement constitutes yet another important policy tool to deepen effective OACPS market access. Previous technical studies have offered possible options to deepen intra-OACPS trade integration. This objective could be facilitated by the negotiation of sectoral agreements initially centred on the eight economic subsectors highlighted above or alternatively through forging a common public procurement agreement. Yet another and cost-effective option to deepening all-OACPS trade integration could emerge from all OACPS EPA configurations automatically extending trade concessions to other OACPS countries and regions. The promotion of functional cooperation could also be deployed to deepen intra-OACPS trade integration. The most notable example of this would be extending the geographical reach of the African Medical Supplies Platform to become an all-OACPS facility. Joint pharmaceutical procurement could be commercially enhanced by extending the platform's scope to pan-regional research and development and production of vaccines. Yet another policy to promote intra-OACPS trade cooperation would be to facilitate closer people-to-people ties through joint initiatives in education, tourism, culture, and sports.

Promoting regional and national branding schemes constitutes the final element of enhancing effective market access. Branding initiatives could facilitate OACPS MSMEs to harness greater economic value from exports. One example worth replicating is the EU-funded Caribbean Rum Project that supported the region's rum manufacturers to switch from low-value bulk (commoditised) rum to bottled rum with premium prices.[36] The marked switch in production was complemented by a branding exercise centred on launching an Authentic Caribbean Rum Marque. This instrumental tool allowed for the promotion of an umbrella marque spanning multiple brands by relatively small producers to effectively differentiate their 'quality' rum products from the mass of undifferentiated rum products.

6.3 Sector-specific strategies

Eight economic subsectors have been identified in which OACPS could consider developing sector-specific strategies. The deployment of such coherent policies would complement the overall thrust of the OACPS PSD strategies. The eight clusters are creative industries; professional services; nursing skills partnership, digital trade; green transition; agricultural value chains; sustainable tourism; and blue economy. These bands of economic activity have been selected for prioritised treatment due to a number of factors, namely, (a) their considerable commercial relevance, and therefore, strong potential to fuel OACPS economic growth; (b) their prospective contribution to advance sustainable development in OACPS countries; and (c) their alignment with previously stated OACPS economic strategy.

In underscoring the need to crafting sector-specific strategies, it would also be useful to treat these designated economic categories as full value streams rather than a narrow accent on products. For example, the green transition straddles the production of differing goods and services – from energy, fertiliser and food goods to engineering services, services linked to mining/manufacturing; and environmental services. Similarly, the promotion of nursing skills partnership should be viewed as combining a subset of professional services (CPC 93191) with higher education services (CPC 923).[37] The same applies to digital trade which is a medium of conducting business rather than a distinct cluster of products.

a. Creative and Cultural Industries (CCI)

Creative and Cultural Industries (also known as the orange economy) encompass films, music, animation, festivals, publishing, fashion, painting, art and craft and traditional products) and

[36] See Corinna Braun-Munzinger and Paul Goodison (2010), *Trade and production adjustments in ACP countries - Lessons from the Caribbean Rum Programme,* ECDPM Discussion Paper 97, Maastricht.
[37] The CPC designation for different categories of services reflects GATS W/120 list, MTN.GNS/W/120, 10 July 1991

constitutes an area of immense commercial prospect to OACPS countries. According to UNCTAD, global exports of creative services increased from US$ 487 billion in 2010 to almost US$ 1.1 trillion in 2020 and accounted for 3.1% of global GDP in in 2020.[38] In order to harness the immense economic promise, a number of specific interventions is required, including:

- enhance policies to advance trade regulatory framework supportive of creative industries, including tax incentives; duty waiver schemes on inputs; social protection; intellectual property rights regime (rights management and anti-piracy policies); measures to facilitate easy movement of personnel and equipment (cf. ATA carnet system); and adoption of intra-regional regulations to promote regional trade in cultural goods and services;

- enhance support infrastructure such as training and cultural entrepreneurship; enhanced facilities; and develop marketing and branding of creative goods and services; and creating regional digital platforms (incl. CCI expert database) to disseminate creative content ("platformisation");

- develop incubation hubs/accelerator programmes/clustering, including through enhanced partnerships with academic training institutions and business development support organisations to promote training in business models for creative ventures, intellectual property management and other CCI-related legal frameworks;

- promote the establishment of regional industry groups (incl. exchange platforms) to promote standards and common certification; and advocate policies through private public partnerships; and

- provide financial support to creative producers and business support institutions including through non-reimbursable funding with focus on product development, distribution, and marketing/promotion.

b. Professional Services

The global professional services market is expected to grow from US$6.041trillion in 2021 to US$9.65 trillion in 2026.[39] The main types of professional services are design, research, promotional and consulting services, legal services, accounting services, all other professional, scientific, and technical services. Beyond the immense economic value, professional services play an important role in the functioning of modern economies as they contribute directly and indirectly to economic growth, including by lowering transactions costs and by creating spill overs of knowledge to other industries.

In order to harness the burgeoning commercial prospects of professional services, the following interventions should be developed and deployed:

- promote the mutual recognition of qualifications, regulations and licenses and empower professional bodies to advise on MRA negotiations;

- target top geographic markets and economic sectors by integrating coherent inputs form trade associations, development agencies and business support organisations;

[38] UNCTAD (2022), *Creative Outlook 2022 – the international year of creative economy for sustainable development: pathways towards resilient creative industries*, UNCTAD: Geneva.

[39] Business Research Company (2022), *Professional Services Global Market Report 2022,* accessed at https://www.reportlinker.com/p06193730/Professional-Services-Global-Market-Report.html

- conduct regulatory assessment to identify main interventions to be addressed in strengthened legal framework and forge a roadmap to remedy identified needs, especially in accreditation, certification, and qualification; and

- promote skills and competences of employees in relation to target niche/markets by deepening partnerships with academic and training bodies.

c. Nursing Skills Partnerships

The WHO estimates indicate that there was a chronic global shortage of nurses of 5.9 million in 2018 with substantial increase foreseen in upper-middle and high-income countries (WHO (2020)). Nursing shortage in OECD countries reflects acute labour shortage that is compounded by the estimated 95 million fewer working-age people in Europe in 2050 than in 2015 (Kenny and Yang, 2021). The authors also claim that the EU and UK will need 44 million more workers by 2050 on top of those that will be supplied by migrant flows under business as usual. In contrast, 60% of Africa's population in 2019 is under the age of 25 thereby offering economic opportunities to advance both continental industrialisation and enhance export of professional services.

A hypothetical study of a UK-Malawi skills partnership for nurses (Anderson, McKee and Talbot, 2016) highlighted a stream of advantages – lower training and recruitment costs for the UK and Malawi's receipt of subsidised training costs for its nurses, increased pool of trained nurses, improved training facilities, reduced economic damage from brain drain, and participating nurses also benefit directly from greater professional employment opportunities; international quality training; and a sharp rise in life-long earnings. Furthermore, a recent EC communication on global health strategy holds considerable promise to pursue nursing partnerships with its inclusion of the following specific objectives: (a) foster mutually beneficial mobility arrangements with partner countries; (b) support partner countries in training, recruiting and putting into action healthcare workers and ensuring their professional development; and (c) support partnerships to increase understanding of specific skills needs in health and care and develop relevant training solutions.[40]

In order to harness the immense commercial opportunities through nursing partnerships, OACPS countries could advance skills development to exploit young and dynamic workforce and economically benefit from acute labour shortages in the Global North. A nursing partnership could be pursued with the slate of complementary and coherent measures:

(a) secure effective Mode IV market access for OACPS nurses to enter industrialised countries with a contract period and stay of up to 36 months;

(b) facilitate the negotiations of mutual recognition agreements between OACPS and trading partners' professional bodies to facilitate ready certification;

(c) secure funding from industrialised countries to expand OACPS nurse training facilities to first satisfy OACPS demand of nurses and subsequently host third country nationals; and

(d) incentivise the enrolment of third country students in expanded OACPS nurse training facilities based on the payment of full market-based tuition fees. For example, the EU Horizon 2020 programme could be tasked with funding the tuition of EU nationals. The additional stream of income could support the sustainable financing of expanded OACPS nurse training institutions and spur the development and delivery of private sector-led educational services.

[40] EC (2022) *Communication on Global Health Strategy*, COM (2022) 675 final

d. Digital Trade

The nature and volume of cross-border trade has been increasingly propelled by the advancements in information and communication technology (ICT) along with new digital markets and platforms. According to the WTO, this new phenomenon has resulted in trade now predominantly digital in kind and forecast to expand into the future. Digital trade offers considerable benefits to developing countries by reducing trade costs and carving out new opportunities to reach global consumers, inducing the development of new digital services, transforming goods trade into digital services exports and fuelling new commercial opportunities in the globalised value chain.[41] This prospect remains most appealing for OACPS poor, small vulnerable economies given that their structurally high trade costs serve to blight trade competitiveness and resultantly lead to both deep commodity dependency and undiversified export production and markets.

The promise of enhancing digital trade is even more commercially relevant in select goods and services. This is more readily the case in trade services whereby traditional structural hurdles such as transportation, customs procedures and distributional channels can be overcome by easy market entrance thresholds. The promotion of digital trade can also promote the pursuit of a number of key non-trade objectives, such as the empowerment of women, reduce economic inequalities, and drive economic development. Young tech-proficient OACPS nationals are likely to act as catalysts for increased growth in digital payments in the future.

Harnessing the considerable commercial opportunities available by digital trade requires enacting the following measures and support strategies:

- develop digital regulatory framework by securing cross-border transfers of data, protecting personal data and consumer rights on digital platforms, policing and countering cybercrime, and recognising certificates for electronic transactions;

- encourage and enable firms to adopt standards and comply with technical regulations and make information on standards and technical regulations accessible to firms;

- propagate international best standards currently deployed by developing countries;

- incentivise entrepreneurial ecosystems and accelerate technology-based enterprises, through incubators, accelerators, business networks and digital ecosystem observatories as best exemplified by South Africa Innovation Support (SAIS) that links tech-based entrepreneurs to capital, skills and markets;[42]

- promote initiatives that support education, training, knowledge and expertise transfer in artificial intelligence and other relevant digital technologies, through *inter alia*, supporting regional and national ICT and digital sector organisations to conduct needs assessment and develop capacity building measures; and

- strengthen digital-based firms linkages with national education, research and innovation systems.

e. Green Transition

The global market for trade in sustainability-related natural resources (i.e., energy, forestry, food and agriculture, water and metals) is projected to be valued at US$4.2 trillion by 2050.[43] Energy

[41] Meltzer, Joshua (2018), *A digital trade policy for Latin America and the Caribbean,* IDB Technical Note 1483.
[42] See https://www.saisprogramme.org/about-sais for additional information on the SAIS initiative.
[43] See WBCSD (2010), *Vision for 2050 – the new agenda for business*, WBCSD: Geneva

possibly constitutes the most commercially appealing element of this emerging cluster of economic activity. Africa's renewable energy potential estimated at over 10 terawatts of solar power, 350 gigawatts of hydro electric energy, 10 gigawatts of wind and more than 20 gigawatts of geothermal (IRENA and AfDB 2022). As suggested by one of African leading developmental economists, this massive renewable energy potential could spur the manufacture of green hydrogen, green ammonia and eventually zero carbon fertilisers, thereby repositioning the continent as a hub for decarbonised global food supply chains.[44]

The development of the OACPS green economy requires implementation of the following measures:

- promote green fuel sources, e.g., hydrogen to spur low-carbon industrialisation by developing long-term and comprehensive sectoral strategies including regulatory frameworks, institutional capacity and business development interventions;

- promote the development of circular economy through establishing recycling targets, eco-packaging rules, and regulations governing manufacturer guarantees, adopting customs regulations re ease to repair goods, and advancing regulatory convergence with major trading partners on recycling classifications and product design rules and thereby avoid imposing additional costs on firms;

- support firms to increase the sustainability of supply chain inputs by enhanced capacity to comply with main trading partners' climate change and human rights regulations on imported goods and services (cf. US-led Kimberley Process for diamond certification and systemic approaches such as the UK's Modern Slavery Act in addition to the aforementioned EU Directives);

- support technological innovations and transfer of technology to advance greening of global value chains and promote local innovation ecosystems, especially by including youth, women and marginalized groups in design, project implementation and consultative bodies;

- promote international cooperation on innovation, e.g., through partnership schemes, training, and policy exchanges and best practices;[45]

- promote green public procurement, e.g., making tender bids contingent on attaining environmental standards and support firms to uphold net-zero commitments and publish carbon reduction plans;

- develop knowledge-sharing platforms to promote the use of available natural resources, enhance energy-related investment and propagate best practices for consideration of both policy makers and private economic operators;

- implement green industrial policies, including local content incentives, business incubation initiatives, research and development support, promotion of low carbon industrial clusters, green skills development initiatives, adapted fiscal policies to attract investments to nurture start-up and industrial ecosystems around low carbon services (cf. South Africa's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP));

[44] Lopes, Carlos (2022), *Africa needs to stick to renewables despite the temptation of gas*, The Africa Report.

[45] The Mauritius energy efficiency programme already implemented in other Indian Ocean countries should be considered by other OACPS countries.

- facilitate the scaling-up of investment in renewable energy and development its market through capacity building and knowledge sharing incl. peer-to-peer learning;

- apply financial innovation through instruments such as blended finance, fintech and digital finance solutions to enable pricing and payment systems that support deliver green economy solutions, especially to remote locations; and

- replicate where possible the EU that has developed a raft of regulations (harmonisation criteria for biofuels; voluntary standards for sustainable biofuels, bioliquids and biomass fuels; production certificates for energy renewables; subsidies; and certificates for guarantee of origin of renewable energy). In addition to development of standards and rules for grid connection; development of interconnection guidelines for different renewable energy technologies and generation capacity; and development of harmonized interconnection policies that allow for self- generation.

f. Agricultural Value Chains

Most OACPS countries remain either agricultural commodity dependent or are capturing limited value from agricultural production and exports. Therefore, the challenge remains that of instituting policy measures and support to harness increased value from the agricultural sector. Pursuit of this task should be anchored in an internalisation of the spread of development benefits engendered by agriculture. For instance, supporting producer co-operatives and organisations remains essential as a key contributor in the development of value chains. These collective bodies often act as purveyors of technical assistance and extension services, drivers of investment in support infrastructure (refrigerated storage in warehouses, machinery, etc.). Beyond that, farmers' collective organisations facilitate increased bargaining power on both prices in purchases and sales and aid spreading sound farming practices. Finally, the Ukrainian conflict and its resultant spike in food and input process again underscore the importance of OACPS countries applying measures to bolster food security.

Strengthening OACPS agricultural value chain should entail pursuit of the following policy interventions:

- facilitate women's improved access to land tenure, in view of the significant contribution they make to agricultural output. Rates of discrimination against women in ten countries in West Africa remain high or very high. For example, in Burkina Faso, Cabo Verde, Côte d'Ivoire, Gambia, Guinea, Mali and Senegal, women represent 43% of the agricultural workforce on average, but only 8% of land-owners. These gender disparities stem primarily from the predominance of discriminatory customary laws and poorly enforced legislative frameworks governing land and property. For example, Benin's Rural Land Code (2007) grants equality in land ownership rights, but customary law stipulates that only men can inherit land.[46]

- strengthen international co-operation and public-private partnerships is paramount to improving technical knowledge and local market development. For example, the Program to Support Production, Export Diversification and Import Substitution (PRODESI) by the Angolan government aims at diversifying the economy to reduce dependency on oil exports. PRODESI does so by strengthening local capacities through initiatives such as developing a digital platform. With support from the European Union, the programme delivers information on local and international markets and product traceability systems (EU, 2020). Since 2019, PRODESI has helped provide more than 60 000 jobs through 807 projects supporting agricultural value chains (ANGOP, 2021). Another example is the

[46] African Union Commission/OECD (2022), *Africa's Development Dynamics 2022 - Regional Value Chains for a Sustainable Recovery,*

Guinea-Bissau-European Union partnership project ACTIVA-PAIDR. This project seeks to develop sustainable local markets by improving technical knowledge and agricultural mechanisation. It has helped increase cereal production by about 85% (Camões Instituto, 2021);[47]

- develop traditional food products e.g., teff – the traditional Ethiopian gluten-free grain to enhance export value and farmers' income from the heightened prominence awarded to both improved life-style and sustainability. Specific interventions could include generating stronger income for farmers, *inter alia*, by registering geographical indicators and other intellectual property tools and developing branding campaigns;

- support farmers' networks development and use of mobile information services for market intelligence, land management and local extension services, cargo delivery times (cf. Zambia National Farmers Union SMS-based information service on commodity prices to farmers and complementary electronic transport system);

- develop road infrastructure, mobile broadband and logistical services to ensure efficient farm-to-market connectivity;

- enhance access to financing for agro-enterprises and agricultural cooperatives, e.g., using challenge funds, grants and soft loans to improve competitiveness by investing in new equipment and developing new production methods;

- promote viable market links among agro-enterprises and agricultural cooperatives, and enhance food safety and quality;

- support farmers to ensure food safety by, *inter alia*, using technology to prove traceability, risk management and eradicate animal and plant disease;

- promote the development of new technology-based distribution platforms, e.g., facilitating the emergence of commodity exchanges, direct buyer-seller connections and subscription services and promoting partnerships with tech-based incubators and aggregators;

- promote MSME certification to comply with major trading partners' regulations and enhance export value, via, *intra alia*, HACCP, ISO, traditional and organic foods;

- promote MSMEs to capture greater export value by funding upgraded plants, supporting brand promotion, and strengthening of the producer associations (cf. Caribbean rum project resulted in shift from export of bulk rum to higher share of branded bottled rum);

- harness traditional knowledge and biodiversity to develop new exportable products by developing regulatory framework and attracting investment along with protecting natural resources through enhanced compliance capabilities to ensure enforcement of regulations;

- promote youth entrepreneurship in agriculture by invoking polices such as offering youth internships, exempting young entrepreneurs from trade licensing fees and reducing their tax rates. OACPS national examples cited by the FAO include Uganda's National Strategy for Youth Employment in Agriculture that leverages government partnership with private sector and civil society organizations to implement supportive measures. Another case cited is that of the Rwandan Private Sector Federation advising young entrepreneurs to establish businesses and facilitate their engagement with government agencies on issues

[47] ibid

such as fees and taxes.[48] International development support should be sought to replicate these OACPS examples to promote youth entrepreneurship among the span of the Organisation.

g. Sustainable Tourism

The accentuated focus on the sustainability of the natural and cultural environment catapults the important contribution of tourism given the economic sector's dependence on unspoilt landscapes and accessible local heritage.[49] In addition, the tourism industry relies on the consumption of natural resources such as water and energy and the use of cultural and natural resource assets and biodiversity. Tourism also contributes heavily to climate change, especially through emissions from transport and accommodation properties and therefore needs to adopt mitigating measures. Promoting sustainable tourism can therefore be effective to promote sustainable production and consumption in the sector.

In order to harness the economic potential of sustainable tourism, the following slate of measures should be considered:

- support certification of OACPS firms operating in the tourism sector (hotels, transport, restaurants and heritage parks) and promote standards;

- develop legislative and institutional capacity to protect natural resources management and promote sustainable tourism infrastructure;

- develop sustainable tourism policies and strategies (heritage tourism, community-based tourism, green-compliant accommodation, protected areas and natural resource destinations;

- support the sustainable tourism economic operators' transition to cleaner technologies by subsidising the costs of new equipment, renewable energy and conservation systems;

- advance marketing and promotion of sustainable tourism products, including through destination branding and supporting firms with certification;

- support skills development, including in natural heritage management, natural resources management and community-based tourism;

- deepen linkages with other key economic sectors, e.g., agriculture, creative industries and entertainment services and thereby enhance rural development; and

- support digitalization to support flexibility, accelerate safe contact-less services, virtual experiences and provide real-time information provision to build a more sustainable and resilient tourism economy.

---

[48] Franzel, S., Davis, K., Gammelgaard, J. and Preissing, J. (2022) *Investing in young agripreneurs. Why and how?* Investment brief. Rome, FAO and IFPRI. https://doi.org/10.4060/cc2747en

[49] ILO (2013), *Sustainable Tourism for Development Guidebook - Enhancing capacities for Sustainable Tourism for development in developing countries*, ILO, Geneva. https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/publication/wcms_216669.pdf

h. Blue Economy

The OECD claims that the oceans globally supports 3 billion people but urgent interventions are required to mitigate severe challenges such as overfishing, pollution, and climate change.[50] Therefore, new approaches are needed to promote innovative ocean-based economic aimed at the sustainable use, and conservation of ocean resources. The emergent ocean-based industries include renewable energy, sustainable fishing, aquaculture, marine biotechnology, genetic resources, maritime transport, and pharmaceutical drugs. Another OECD report "The Ocean Economy in 2030" estimate that 10 ocean-based industries produced value added equivalent to 2.5% of global GDP, - the equivalent of US$1.5 trillion and employed 30 million people globally in 2010. The report also projected the 10 ocean-based industries would generate US$3 trillion. In sub-Saharan Africa, marine activities generated 1.9 million jobs in 2015.[51] Other studies offer higher estimates of economic contribution of marine-based activities by considering subsistence work. For example, a study estimated that the African fisheries and aquaculture contributed US$ 24 billion in 2011 and employed over 12 million workers.[52]

The following interventions should be considered to advance the immense economic promise offered by the blue economy.

- develop regulatory framework, infrastructure and institutional capacity to protect habitats, ecosystems and biodiversity;

- promote investment in technological innovation, domestic research capacity and digitalization to advance ocean governance, ocean science and marine research and monitor ocean resources;

- develop innovative funding mechanisms to support the blue economy, e.g., blue banks dedicated to financing blue economy economic activities or incorporate certain marine activities as part of their business (cf. Asian Infrastructure Initiative or the New Development Bank);

- develop national and regional sector-specific strategies, notably in marine renewables, marine biotechnology, plastic pollution reduction, and sustainable fishing and aquaculture, marine-based pharmaceuticals;

- promote regional cooperation on ocean space approach (maritime spatial planning) to address physically remote small islands' economic and environmental vulnerability, by developing a more coherent, integrated and structured framework; and

- develop national/regional sectoral strategies in key blue economic sub-sectors and deepen public-private partnerships to harness regulatory reforms and institutional capacity and leverage increased investment.

The clutch of strategic pillars and sector-specific policies offers a number of leitmotifs. First, a heavy accent on strengthening private sector capacity at all pertinent levels. This focus reflects the

---

[50] OECD (2021), *Sustainable Ocean for All : Harnessing the Benefits of sustainable ocean economies for developing countries,* OECD, Paris https://www.oecd-ilibrary.org/sites/bede6513-en/index.html?itemId=/content/publication/bede6513-en
[51] OECD (2016), *The Ocean Economy in 2030*, OECD, Paris, https://dx.doi.org/10.1787/9789264251724-en.
[52] De Graaf, Gertjan and Luca Garibaldi (2014), T*he Value of African Fisheries, FAO Fisheries and Aquaculture*, Circular No. 1093

shared political understanding that an empowered OACPS private sector can be an effective development partner. Second, the pursuit of enhanced regulatory framework constitutes yet another recurrent theme embedded in the revised PSD strategy. The economic potential offered by value chains such as green transition, sustainable tourism, agricultural value chains, and blue economy will be realised only through strengthened OACPS trade regulatory capacity. This accent also reflects the reality that effective market access is less a tale of tariffs and far more about capacity to comply with trading partners' regulations.

Third, the recalibrated OACPS-EU relations shift the locus of interventions to OACPS regions and countries. In this context, new approaches to PSD implementation become necessary, especially in terms of both implementation platforms and geographic scope. Fourth, OACPS economic performance has delivered concrete developmental gains but transformative measures are required to resuscitate countries' SDG ambitions and tackle remaining pockets of persistent poverty. Fifth, the depth of food and energy security concerns have been highlighted by the Ukrainian war compelling OACPS countries to adopt measures mitigating this twin threat. Hence, member states' thrust to diversify their respective economies, escape the clutches of commodity dependence and accelerate the shift to renewable energy. Finally, advancing regional integration remains the main policy vector through which policy reforms and interventions can be channelled. It is in this context that the efforts to advance AfCTA implementation should not only be lauded but studiously considered and replicated.

5. OACPS PSD STRATEGY IMPLEMENTATION

Implementing the revised OACPS PSD strategy will require applying prioritisation of specific tasks. Determining key approaches should be predicated on the use of core approaches with prioritising of inclusive empowerment; partnerships; and transformative interventions remaining prime. Similarly, PSD implementation should be predicated on the use of flexible delivery mechanisms, including the possible use of private sector project management platforms. Empowering OACPS PSD bodies, in particular, the OACPS Business Forum should be accentuated to allow that entity to discharge its duties as an advocate for economic reforms and platform for disseminating best practice. The proposed governance framework envisages political oversight of PSD strategy by the OACPS Council of Ministers and its subsidiary bodies while technical supervision falls within the purview of the combined role of the empowered Business Forum and OACPS Secretariat.

Beyond core approach and governance, the most substantive task in OACPS PSD implementation remains that of prioritising specific interventions and defining delivery schedules. The task of ranking interventions assumes paramount importance in light of the OACPS Group facing a global development financing landscape marked by both limited funding and policy uncertainty. In such a context, it would be pertinent to deploy to deploy a two-tiered approach with all-OACPS interventions focusing on trade advocacy and propagation of best practices and knowledge management while substantive PSD interventions are centred at the regional/national levels. In addition, interventions to support the strategic pillars and sector-specific policies are to be prioritised into both deliverable tasks and time schedules. Central to this layered yet complementary approach is empowering the OACPS Business Forum to effectively discharge its role as the premier proponent of OACPS private sector interests.

5.1 PSD Core Approaches

The OACPS PSD strategy's overarching aim remains that of establishing a systematic and coherent framework to facilitate private sector development to harness inclusive economic growth and thereby reduce poverty the Organisation's countries. Implementation of the OACPS PSD strategy should respect five core approaches, most notably: (a) addressing the inclusion of young, women and marginalised communities should remain a core task of each intervention; (b) empowering the private sector to advance sustainable development objectives should remain paramount; (c) prioritising the design and implementation of transformational interventions should be paramount; (d) advancing coherence of interventions by ensuring full complementarity and effective coordination with the respective regional *cum* continental trade, economic and environmental strategies; and (e) prioritising the use of myriad partnerships in both design and implementation to benefit from enhanced synergies, impact, propagation of best practices, and more effective delivery.

5.2 Delivery Mechanisms

Implementation of the revised OACPS PSD strategy will require the use of variable geometric constellations. The initial thrust should be to empower the OACPS Business Forum to become a full-fledged actor to advance PSD strategy implementation. Such an approach would deliver four key benefits, *viz.:* (a) promote full private sector ownership of interventions; (b) engender advocacy of requisite policy reforms and institutional capacity; and (c) propagate best practices in PSD project design and management; and (d) monitor PSD strategy implementation. In pursuit of these challenging tasks, the political weight of the OACPS along with the technical and administrative competence of other implementation bodies could be harnessed to support the OACPS Business Forum. Also, empowered capacity of the OACPS Business Forum would allow the fledging body to promote enhanced knowledge sharing and information dissemination platform on private sector development among and within the 6 OACPS regions in tandem with the OACPS Secretariat.

The shift in EU development funding towards regional and national envelopes means that OACPS PSD implementation will essentially be undertaken by regional economic communities and BSOs. In that context, the specific articulation of measures to improve both regulatory framework and institutional capacity along with concrete business development support could be anchored at the specific OACPS regional BSOs *cum* secretariats of regional economic blocs. In addition to increased alignment with sources of development finance, the accent on regional BSOs *cum* trade blocs would also facilitate enhanced coherence with respective regional trade competitiveness and private sector development strategies. Allied to this, deeper partnerships with potential development partners is required, especially with continental and regional development banks, most of which have already crafted their respective private sector development strategies.

Empowerment of the OACPS Business Forum should be complemented by the pursuit of new institutional frameworks to advance private sector development. One complementary approach could entail developing sector-specific delivery mechanisms. More concretely, such an institutional approach could result in leveraging public-private partnerships to advance capital-intensive activities such as infrastructural development or renewable energy. Alternatively, the Caribbean rum project offers an interesting model to be replicated. This EDF-funded project, aimed at enhancing both the trade competitiveness and environmental sustainability of the Caribbean rum industry was managed by WIRSPA – the regional body of rum producers courtesy of an EDF exemption. COLEACP (now rebranded as COLEAD) represents yet another compelling example of a private sector grouping with stark experience primarily in designing and managing EU-funded trade capacity building projects. One distinct benefit of empowering trade groups such as COLECAP to implement OACPS PSD strategy is convert tangible business experience into concrete trade capacity building solutions.

The sustained use of partnerships among key trade and development partners constitutes yet another delivery mechanism worthy of consideration. The deployment of this strategic tool assumes greater importance in light of uncertainty regarding multi-annual funding of all-OACPS activities. Partnerships could therefore entail establishing OACPS thematic groups in the eight commercially relevant subsectors mentioned above with membership reserved for trade associations, policymakers, business support organisations and academic/training institutions. Once the OACPS thematic groups have become operational, a subsequent step could facilitate the development of ties with their respective counterparts in major trading partners. The focus of such consultations would centre on advancing policy exchanges, enhancing innovation capacity, promoting incubation and fostering investment. Yet another layer of partnership could be promoted by linking OACPS trade groups with their respective European partners. This is currently the case with AGRICORD forging partnerships with African counterparts such as PAFO. However, there is a strong commercial case for extending this approach to the realm of services with the European Services Forum a prime candidate given its wealth of technical competence on both EU trade negotiations and policies on trade regulatory cooperation.

Partnership could also be applied to support the establishment of incubation schemes and deepened commercial ties between OACPS-owned firms and their counterparts in the Global North. This could be particularly appealing in light of the heavy presence subsidiaries of leading multinational firms domiciled in OACPS national jurisdictions. This massive commercial presence could be leveraged to replicate the approach of the government of Singapore. This ASEAN member systematically applies this approach to promote additional foreign direct investment by inviting Singaporean-based multinationals to act as testimonials to the economies' business climate. An additional element of such a tactic would be to encourage such subsidiaries to also act as mentors of OACPS start-up firms and thereby support incubation of fledging firms by capital-rich ones.

Prioritising partnerships would also allow for the propagation of investment facilitation measures by facilitating deeper collaboration with investment promotion agencies in innovative regional constructs such as ASEAN and the Pacific Alliance. Advancing OACPS investment promotion efforts could also be well served by developing partnerships with key EU national BSOs and trade promotion agencies. This approach carries increased value through targeted collaboration with BSOs of smaller EU member states, most notably, the Netherlands Enterprise Agency (RVO) and IDA Ireland. The enhanced ties between OACPS IPAs/BSOs and their counterparts in major industrialised countries could seek to replicate the CBERA example where US federal and state trade and investment promotion agencies were mandated to promote Caribbean trade and investment (Seyler, 1989).

5.3 Governance

Political oversight for implementation of the OACPS PSD strategies (and complementary specific interventions validation of both budget and projects) should be exercised by the OACPS Council of Ministers supported by the Committee of Ambassadors and its subsidiary Subcommittee on Investment and Private Sector. The OACPS Secretariat would develop annual strategic roadmaps replete with specific planned activities and prioritised interventions centred on clusters such as knowledge and best practice sharing; networking; research and innovation; and the provision of business development support and training services.

A management board comprised of the OACPS Business Forum, OACPS Secretariat and representatives of implementation agencies should be tasked with technical oversight of the PSD strategy implementation. Additional tasks to be implemented at this technical level would include strategies to mobilize financing of the PSD strategy. Entrusting leadership by OACPS private sector actors would also ensure full ownership and engagement of the organisation's PSD strategy and its resultant interventions. Co-chairmanship of this oversight body by a prominent OACPS businessperson would engender amplified public articulation of OACPS private sector needs and facilitate the injection of pertinent advice on PSD implementation. Commissioning the services of a prominent OACPS businessperson assumes even greater import given the nascent nature of the

OACPS Business Forum and can therefore embed the key private sector body as an effective advocacy force. In addition, establishing an oversight board to track implementation of the PSD programmes would also deepen the coherence between all-OACPS interventions and region-specific initiatives. The proposed management board could also be tasked with advancing developing partnerships with a raft of additional actors, including academic and training institutions (e.g., business schools and incubators) and private and public donors.

5.4 Monitoring, review and evaluation

The systematic application of monitoring, review and evaluation accentuates the pursuit of desired outcomes and the use of remedial action to ensure or revise anticipated outcomes. In that context, the development of a result-based, monitoring and evaluation framework to track PSD implementation based on predetermined performance indicators remains both necessary and useful. The monitoring and evaluation framework would be based on the following three elements, namely, (a) continuous monitoring; (b) mid-term evaluation; and (c) ex-post evaluation. Continuous monitoring would allow for the anticipation of challenges related to PSD implementation and thereby introduce the requisite remedial measures.

The mid-term evaluation will be conducted two and a half years after the start of implementation and should provide an overall assessment of the PSD strategy and the chance to critically assess both its institutional and technical components. The evaluation should generate recommendations to improve the outputs and impact of the strategy within the projected timeframe. In order to maximise its effectiveness, the evaluation process should be conducted in a timely and efficient manner to allow sufficient time for the recommendations to be fully implemented.

The ex-post evaluation will be conducted at the end of the five-year period and will review the strategy's relevance, effectiveness, efficiency, impact and sustainability. This evaluation should also inform the revision of any subsequent OACPS PSD strategy along with an analysis of the prevailing policy environment and the crafting of new strategic objectives to be pursued based on needs, resource availability and institutional framework.

6. RECOMMENDATIONS

The revised OACPS PSD strategy is both ambitious and expansive in nature, reflective of the core interventions needed to advance private sector development. However, the broad expanse of OACPS PSD also evokes the need for specific measures to be prioritised in a calibrated and tempered manner. In that context, two sets of prioritisation can be envisaged, namely in policy terms and institutional focus. On the policy front, the following elements of the four central pillars should be awarded the highest possible ranking:

i. improve the business climate by simplifying business incorporation processes and reducing the administrative burden on OACPS MSMEs.

j. establish technical working groups to craft and monitor sector-specific policies and conduct policy exchanges with counterparts in major OACPS trading partners.

k. strengthen business development services, with a focus on training, incubation and clustering initiatives, innovation through academic-firm partnerships, and advisory services on access to financing.

l. strengthen MSMEs' regulatory compliance capacity through, *inter alia*, certification schemes, good regulatory and systematic use of regulatory assessments.

m. enhance financial inclusion by developing credit guarantee and risk-sharing schemes to reduce financial risks and further MSMEs' access to traditional and non-traditional finance by promoting innovative schemes such as allowing movable assets to be used as collateral and crowdfunding platforms.

n. strengthen collaboration with both OACPS development banks and other international development partners to increase MSME financing and securing additional coherence and complementary with these partners' PSD initiatives.

o. strengthen regional trade and investment regulatory frameworks to advance effective market access for OACPS MSMEs.

p. develop preferential schemes to promote OACPS MSMEs access to public procurement contracts.

Complementing the pursuit of these cross-cutting thrust should be prioritised treatment of the following sector-specific strategies:

i. craft policies to advance trade regulatory framework supportive of creative industries; develop sector-specific strategies through training and cultural entrepreneurship; create regional digital platforms to disseminate creative content; and promote the establishment of regional industry groups to promote standards and common certification; and advocate policies through private public partnerships;

j. support opportunities in professional services by conducting regulatory assessments to strengthen legal frameworks; and promote skills and competences through, *inter alia*, enhanced partnerships with academic and training bodies;

k. strengthen regulatory framework for digital trade by securing cross-border transfer of data; protecting personal data and consumer rights on digital platforms; countering cybercrime; recognising certificates for electronic transactions; and incentivising entrepreneurial ecosystems and accelerate technology-based enterprises, through incubators, accelerators, business networks and digital ecosystem observatories;

l. forge nursing skills partnerships by securing? effective market access (Mode IV) for OACPS nurses to enter industrialised countries; facilitating negotiations of mutual recognition agreements between OACPS and trading partners' professional bodies; securing funding to expand OACPS nurse training facilities to cover domestic demand of nurses to be fully covered and also host third country nationals; and promote the enrolment of third country in expanded OACPS nurse training facilities;

m. advance green transition by promoting green fuel sources to spur low-carbon industrialisation by developing long-term and comprehensive sectoral strategies including regulatory frameworks, institutional capacity and business development interventions, green industrial polices, and green public procurement; and promote innovation through partnership schemes, training, and policy exchanges and best practices;

n. promote agricultural value chains through MSME compliance; enhance export value by funding upgraded plants, brand promotion, and strengthening producer associations; harness traditional knowledge and biodiversity to develop new products; and support farmers to ensure food safety by, *inter alia*, using technology to prove traceability, risk management and eradicate animal and plant disease;

o. promote sustainable tourism by sector-specific policies and strategies; facilitate transition to cleaner technologies; advance marketing and promotion of sustainable tourism products, and foster skills development;
p. advance the blue economy by developing the required regulatory framework, infrastructure and institutional capacity; promote investment in technological innovation, domestic research capacity and digitalization; and develop innovative funding mechanisms to support the blue economy.

PSD strategy implementation should centre on the prioritisation of transformative specific interventions and the pursuit of concrete deliverables. The radically altered OACPS-EU political landscape signals the need to address the ensuing institutional and funding challenges facing the Group. Furthermore, a key lesson emanating from the summary review of the 2015 PSD strategy rests on the need to establish specific timelines to secure defined deliverables. In addition, limited funding and adherence to the principle of subsidiarity requires that implementation of the revised PSD strategy at the all-OACPS level should be limited to dispensing advocacy and best practice propagation.

In pursuit of these specific tasks, elements of the revised OACPS PSD strategy could serve as a blueprint to inform the OACPS Business Forum of its advocacy and propagation role. As the principal private sector body, the OACPS Business Forum should complement this all-OACPS effort by supporting its constituent members to oversee measures to promote private sector development at the regional *cum* national levels. The Business Forum's knowledge of OACPS PSD best practices could trigger a virtuous cycle of aiding the design, implementation, and monitoring of regional and national interventions, and amassing an additional stream of understanding on private sector interventions.

Implementation of the revised OACPS PSD strategy should be guided by respect for a clutch of five fundamental approaches. These are (a) prioritising the inclusion of young, women and marginalised communities as a core task of each intervention; (b) strengthening the capacity of the private sector to advance sustainable development objectives; (c) executing interventions that are transformative in both objective and design; (d) advancing coherence of interventions by ensuring full complementarity and effective coordination with the respective regional *cum* continental trade, economic and environmental strategies; and (e) prioritising the use of myriad partnerships in both design and implementation to benefit from enhanced synergies, impact, propagation of best practices, and more effective delivery.

Concerning governance *cum* delivery mechanisms, all efforts should be made to secure the effective participation of OACPS private sector representatives in the oversight bodies of the principal delivery platforms used to implement facets of the revised PSD strategy. This approach would reflect deep concurrence with modern norms of good governance but also facilitate the translation of intended beneficiaries' business experience and knowledge into effective project design and management. In that context, special consideration should be granted to enable the increased use of private sector bodies to directly manage trade and investment capacity building programmes on behalf of their specific membership.

A final recommendation is reserved for crafting a time schedule to advance implementation of the revised OACPS PSD strategy. The following constitutes main elements of an initial six-month implementation schedule replete with specific tasks to deliver the core objectives of the recalibrated private sector strategy.

Timetable	*Specific Tasks*	*Responsible bodies*
September 2023	Establish agreement on the revised OACPS PSD Strategy	OACPS Secretariat, OACPS Business Forum and Business ACP
September 2023	Introduce revised OACPS PSD Strategy to all major stakeholders and development partners	OACPS Secretariat and Business ACP
September 2023	Conduct mapping exercise to identify key private sector development partners, (e.g., African Business Council, OACPS business schools, innovation centres, and training institutions), and where possible establish formal partnership pacts with defined deliverables	OACPS Secretariat, OACPS Business Forum and Business ACP
October 2023	Establish interventions to be prioritised at both strategic pillars and sectoral levels and commission actionable measures	OACPS Secretariat, OACPS Business Forum and Business ACP
October 2023	Commission guides on OACPS best practice on the following subjects: (a) business incorporation; (b) public-private consultative mechanisms; (c) investment climate reforms; (d) innovation systems; and (e) skills training	Business ACP
October 2023	Define governance framework re OACPS PSD implementation, including establishing the proposed management board	OACPS Secretariat, OACPS Business Forum and Business ACP
October 2023	Identify high-profile OACPS businessperson to co-chair OCAPS Business Forum	OACPS Secretariat, OACPS Business Forum and Business ACP
November 2023	Conduct needs assessment for the main OACPS BSOs and private sector bodies	OACPS Secretariat, OACPS Business Forum and Business ACP
November 2023	Forge agreement between the OACPS Business Forum and OACPS Secretariat on both financing and deliverables	OACPS Secretariat and OACPS Business Forum
December 2023	Establish business networks in the eight prioritised sectors to craft strategies and conduct policy exchanges	OACPS Secretariat, OACPS Business Forum and Business ACP
January 2024	Develop support interventions to strengthen the institutional capacity of key OACPS private sector bodies	OACPS Secretariat, OACPS Business Forum and Business ACP
January 2024	Review proposed interventions to advance both strategic pillars and sectoral policies	OACPS Secretariat, OACPS Business Forum and Business ACP
February 2024	Consult on strategic pillars and sectoral polices interventions	OACPS Secretariat, OACPS Business Forum and Business ACP
March 2024	Review donor-funded OACPS PSD interventions to distil lessons and	OACPS Secretariat, OACPS Business Forum and Business ACP

	adopt remedial measures, where necessary	
March 2024	Review OACPS PSD implementation	OACPS Secretariat, OACPS Business Forum and Business ACP

REFERENCES

Ancharaz, Vinaye (2022), *Assessment of New European Union regulations on OACPS Exports*, technical study commissioned by Business ACP for the OACPS Secretariat

Anderson, Michael, Colin McKee and Theodore Talbot (2016), *Investing UK Aid in a Global Skills Partnership*, CGD Policy Paper 106, June 2017, CGD: Washington, DC

AUC/OECD (2022), *Africa's Development Dynamics 2022: Regional Value Chains for a Sustainable Recovery,* AUC: Addis Ababa/OECD: Paris)

Bloem, Jeffrey and Jarrad Farris (2022): *The COVID-19 pandemic and food security in low- and middle-income countries: a review, Agriculture & Food Security*

Business ACP (2022), *2021 Report on 11th EDF Intra-ACP Private Sector Development Programmes – implementation, results, impact.*

ERIA and OECD (2014), *Ways Forward: Towards and Effective SME Development Policy in ASEAN,* ERIA Research Project Report 2012 8, pp.1 69 224. Jakarta: ERIA/OECD

Gevorkyan, Aleksandr (2021) *Can Diaspora Bonds Supercharge Development Investment?* https://www.migrationpolicy.org/article/diaspora-bonds-supercharge-development-investment

IRENA and AfDB (2022), *Renewable Energy Market Analysis: Africa and Its Regions,* International Renewable Energy Agency and African Development Bank:Abu Dhabi and Abidjan

Kenny, Charles and George Yang (2021), *Can Africa Help Europe Avoid Its Looming Aging Crisis?, CGD* Working Paper 584, June 2021

OECD (2022), *Global Outlook on Financing for Sustainable Development 2023: No Sustainability Without Equity*, OECD Publishing, Paris

Echandi, Roberto; Maliszewska, Maryla; Steenbergen, Victor (2022), *Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty.* Washington, DC: World Bank

Evenett, Simon and Johannes Fritz (2015), *Throwing Sand in the Wheels: How Trade Distortions Slowed LDC Export-Led Growth*, CEPR Press: London

Seyler, Daniel J. (1989) The CBI and Caribbean Industrialization: An Assessment of the First Five Years and the Outlook under CBI II, mimeo prepared for the LAGA XV International Conference, December 2-4, 1989

UNCTAD (2022), *World Investment Report 2022* - International Tax Reforms and Sustainable Development, UNCTAD: Geneva

UNCTAD (2022b), *Trade and Development report – development prospects in a fractured world; global disorder and regional responses*, UNCTAD: Geneva

UNCTAD (2022c), *The Least Developed Countries Report 2022 – the low-carbon transition and its daunting implications for structural transformation*, UNCTAD: Geneva

UNCTAD (2021), *State of Commodity Dependence 202,* UNCTAD: Geneva

UNECA (2021), *Takeaways from the Expected Impact of AfCFTA's Implementation, UNECA:* Addis Ababa:

WHO (2020), *State of the World's Nursing – investing in education, jobs and leadership;* WHO: Geneva

Annex 1 – List of OACPS PSD Programmes

List of OACPS PSD programmes (with implementing agency in parenthesis)

1. Fit for Market (FFM); Fit for Market SPS; and FFM Plus (COLEACP)
2. ACP Business-friendly - Support to business-friendly and inclusive national and regional policies and strengthen productive capacities and value chains (WB, UNIDO, ITC)
3. Farmers' Organizations for ACP - FO4ACP (IFAD with PAFO, Agricord, PIFON)
4. FO4ACP Research and Innovation led Programme (Agricord)
5. ACP-EU Development Minerals Programme: capacity building of mineral institutions and of small-scale private sector operating in low-value minerals in ACP countries, Phase II (UNDP)
6. ICR Facility - Technical Assistance Facility for improving the business environment and wider in-vestment climate through a structured dialogue (GIZ, SNV, British Council, Expertise France)
7. Boost Africa (EIB and AfDB)
8. Euriz Guarantee and TA Facility (AFD/PROPARCO and SIDA)
9. Agribusiness Capital Fund, Phase 1 (IFAD, BAMBOO CAPITAL, AGRITERRA)
10. Technical Assistance Facility to the EFSD Guarantee (EC financial instrument)
11. AgriFi (EDFI Fund Management)
12. Promoting scalable and sustainable solutions to enhance financial inclusion in ACP countries (UNCDF)
13. Implementing Innovative and scalable digital financial solutions via GIZ Hackathons – (GIZ)
14. Inclusive access to finance for Women's Economic Empowerment "Women Entrepreneurship for Africa Partnership" (GIZ/Tony Elumelu Foundation)
15. Supporting Informal Enterprises Transition Towards Sustainable and Formalization in the ACP Regions: Comp. 1 - supporting access to services for the informal sector (UNDP)
16. Business ACP - Technical Support Function (PSD Light Structure managed by IBF, GOPA, Microfinanza, Enabling Environments)
17. ACP Quality Programme - Technical Barriers to Trade and Quality Infrastructure (UNIDO)
18. DIRECTT ACP-EU digital connectivity and digital solutions to strengthen the resilience of education, health and micro, small and medium enterprises systems to COVID-19 in ACP countries (AFD and ENABEL)
19. CreatiFI - Culture and Creative Industries Financing Initiative (co-financed by entities participating under the EU blending framework)
20. FISH4ACP - Intra-ACP Blue-Growth Programme for Sustainable Fisheries and Aquaculture Value Chains (FAO)