

# The Italian Agency for Development Cooperation (AICS) Survey on Private Sector Engagement practices: Results and steps forward



AGENZIA ITALIANA  
PER LA COOPERAZIONE  
ALLO SVILUPPO

# AICS COMMITMENT in PRIVATE SECTOR ENGAGEMENT

- ✓ AICS provides grants in order to finance/co-finance innovative entrepreneurial initiatives and investments in Partner countries in line with the 2030 Agenda and international standards



- ✓ AICS selects entrepreneurial initiatives and allocates resources to MSMEs through tenders

## **AICS CALL for PROPOSALS: some data**

- **3 tenders** between 2017-2021
- **47 initiatives** selected – 14 start ups
- **5.2 mln** of AICS total contribution allocated
- **13.2 mln** total value of the entrepreneurial initiatives
- **1.5 the leverage** value
- **15 Partner countries** of investments destination - 75% in Africa

# The 2021 AICS Survey to PN members

- ✓ **AIM:** comparison between different (if any) approaches to private sector engagement in Europe, with a focus on:
  - tools (with a focus on tenders)
  - financial resources (funding modalities)
  - business models promoted
  - monitoring and evaluation
  - best practices and constraints
  
- ✓ **METHOD:** web survey with Likert scale questions and open answer questions
  
- ✓ **TARGET:** European donors

# The respondents

## **8 responding PN members :**

1. Czech Republic
2. Luxembourg
3. Slovakia
4. Belgium
5. Germany
6. France
7. Romania
8. Austria





# Is national private sector engagement (pse) a priority?



## Overall approach to private sector engagement:

- 7/8 of the respondents consider private sector engagement as a priority
- For all the respondents, initiatives are oriented towards SDGs implementation
- Some differences in the **tools** used (e.g., Business Partner Facility (Lux), the Giz is the most differentiated reality, France mentions 3 tools)

## Other Tools: calls and legal framework

✓ **Calls** for private sector engagement are used in all eight cases; instead, the number of calls launched until 2021 differs (from six/seven to over 20 years of experience in this type of calls)

✓ **Legal framework** : National Contract Codes (A, SK, CZ) or European directives /PRAG

# Calls objectives

## Declared objectives of the calls:

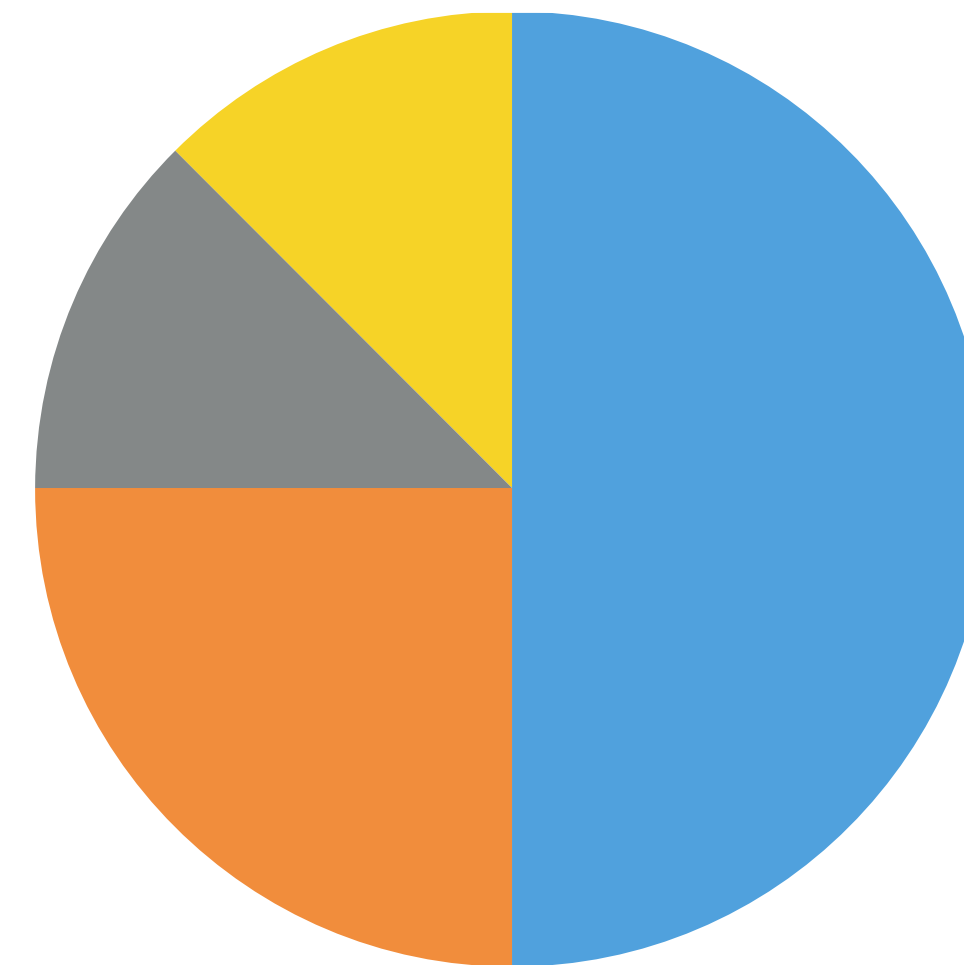
- Internationalization and local private development
- Private sector co-financing for local development and job creation
- Rise in the number of companies engaged in ODA
- Provision of goods and services
- Multi-sector development through partnerships
- Project implementation
- Increasing the beneficiaries' ability to participate in international markets (Aid For Trade)
- Mobilization of private resources





# Single phase Procedure and co-financing prevail

- A single phase prevails with direct presentation of the full proposal.
- Two-steps procedure (concept and full) is used by Luxembourg and France.
- Belgium appears to apply both modalities, but this varies according to the type of call.
- Austria has a permanent open call followed by a dialogue between the parties.



■ 1step ■ 2step ■ mix ■ dialogo

**Co-financing:** The extent of the co-financing, which all respondents (but one) require, varies from a minimum of 10% to a maximum of 50% (the majority).

# Eligible beneficiaries and sectors

## **Eligible Companies** to participate to the calls and being financed generally are:

national and European SMEs, even start-ups;

and/or local companies in Partner countries;

and/or international companies

## **Eligible sectors** are detailed differently by donors:

- Czech Republic: it depends on national priorities and on the target country
- Luxembourg: Cleantech, eco-innovation and circular economy; Fintech; HealthTech; ICT; Mobility and logistics; Space; Fight against Covid19
- Belgium: it depends on the project
- Cross-sectors : Slovakia, Germany, France, Romania
- Cross-sectors and countries: Germany, Romania, Austria

# Services provided to applicants

Services provided to applicants varies according to the Donor, but they consist essentially in Coaching, Training and Counseling activities

No services provided by half of the respondents



# Business model and E&M activities

## Business Model

In most cases, it is not required:

Slovakia, Belgium, Germany,  
France, Romania

When required:

- Czech Republic: Business Plan
  - Luxembourg: Sustainable Business Model
- Austria: Investments on site
  - (No export)

## Evaluation, Monitoring and Impact of proposals

- For the evaluation, both quantitative and qualitative criteria are used
- The monitoring of initiatives occurs in 7 out of 8 cases (except Slovakia) in-house, both at national and local levels. Companies are generally required (except in the case of Romania) to use the evaluation frameworks provided by the Donor.
- The impact assessment is focused on various aspects: e.g., SDGs achievement; additionality and mobilization of private resources.

# **A common legislative and financial constraint: the application of EU state aid rules and the *De minimis* threshold**

The De Minimis rule is observed in 6 cases:

- Italy
- Czech Republic
- Luxembourg
- Slovakia - it provides exceptions referring to sustainability and political coherence with SDGs
- Austria
- Germany (assessed on a case-by-case basis)

*In the other cases:*

- Belgium does not provide information
- France does not know
- Romania, the rule does not apply if goods and services are destined to the final beneficiaries of the project.

# Steps forward:

## Working together for removing State Aid constraints

**Asking for General exemption** from the application of EU State Aid rules for grants allocated in favour of national enterprises engaged in Cooperation initiatives

### HOW? :

- ✓ Together with GIZ and ADA, we finalized **a joint request** that has been submitted by the three Agencies at the public consultation launched by the EC – DG COMP last December 2021
- ✓ A **dialogue with DG COMP** needs to be started
- ✓ AICS, GIZ and ADA will gather all the colleagues willing to participate
- ✓ The **PN coordination** staff will share the note with all focal points asking to adhere to such request too
- ✓ The **PN members** jointly ask a (virtual) meeting to the **DG COMP**
- ✓ **DG INTPA** support is essential



## **AICS TEAM PROFIT**

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