

# **Closing words to the Conference on Business for Development**

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**Contents**

Partners in Development ..... 1

Leverage is the Name of the Game..... 2

BIO’s SDG Frontier Fund ..... 3



Esteemed guests, ladies and gentlemen,

I stand here before you today, as a proud minister. We have certainly come a long way.

When I started off as minister of Development Cooperation, the sector of international development cooperation was a true discovery. I discovered a sector, I dare to say a development industry in its own, populated by a vast community of development professionals that have at least two things in common. They all share an enormous drive and they have the ambition to alleviate poverty in developing countries. In the worldwide search for talent, this is an enormous advantage.

Being an economist at heart, I tend to look for the business case of things. I became increasingly convinced of the fact that International Development isn't only about doing the right thing. When you want to do things right, you need to look at the broader picture. International Development is about economic sense, basically about profit for all. Sustainable and inclusive, yes. But profit is good. There is nothing wrong with that.

## **Partners in Development**

In 2015, with the adoption of the United Nations Sustainable Development Goals, the SDGs, private sector was put forward as one of the main actors for a sustainable international development. And rightfully so.

Private sector is as much an actor in international development as governments and civil society are. This was rather new for our Belgian development cooperation. Because of our history of tied aid, private sector was being kept at arm's length. But nobody can achieve the SDGs alone. We need to partner up. We need entrepreneurs, civil society and government to work together towards a common goal. Otherwise, our common 2030 Agenda and our common deadline will be an unrealistic one.

To implement this agenda and to engage Belgian private sector, we did three things. In 2016 the first step was the development of the first Belgian SDG Charter by the Belgian sustainability network The Shift. This charter defines the roles of private sector companies, civil society and government in international development, pledges to incorporate the SDGs in everyone's core business and actively strives for multi-actor partnerships for the SDGs.

In the aftermath of this SDG Charter, we noticed that a lot of the partnerships needed an extra push to come to life. In close collaboration with the King Boudewijn Foundation, a first Belgian Business Partnership Facility was set up. The participants in the dedicated workshop discovered that SDG partnerships with a sustainable and financially sound business plan can be financed via this facility. A first call for proposals was launched at the end of 2018. No less than 212 partnerships heard our call and responded. The results of the first call will be made publicly in May. We will have two open calls per year for the next few years. A budget of 12 million over 5 years was made available.

The third thing we did, was search for a large-scale demonstration project. A new type of partnership that leads the way for a new way of doing things. The Beyond Chocolate Partnership was the very concrete result that we presented together in December 2018. The Belgian chocolate sector, impact investors, Belgian retailers, NGO's, universities and knowledges centres, unions and Belgian government signed an ambitious partnership for a sustainable Belgian chocolate sector. Towards 2025 and 2030 an ambitious set of targets will eventually lead to halting deforestation, ending child labour and having the producers in the cocoa producing countries, for 90% small scale farmers, finally earn a living income for their families. Especially this last target is a first.

We have indeed led the way and presented this partnership to the world. As a result, the other sectors have seen the light as well. The Belgian Alliance on Sustainable Palm Oil and even the International Coffee Organisation is at my door step, calling for similar action in their sectors.

## **Leverage is the Name of the Game**

One of my policy choices is the promise to spend 50% of my budget in least development countries and fragile states. Why is that? The private sector has definitely not the easiest job when it comes to investing in and doing business with Mali, Niger or the DRC. IFC, Kjell Roland and BIO know all about it.

In my view, leverage should be the name of the game. Like venture capital, official development assistance, the donor budgets, should be spent where it is needed most and use its scarce means a leverage to attract business and investments. Development Finance institutions BIO, IFC and their colleagues are doing just that. They are open for business.

Yes, also your business.

## BIO's SDG Frontier Fund

In 2016, I have taken the initiative to open up BIO's capital for private sector. I am proud to announce BIO's first SDG Frontier Fund. This fund will do exactly what development cooperation budgets, ODA, should do, it leverages ODA to raise the trillions needed to achieve the SDG.

The SDG Frontier Fund is a co-investment vehicle enabling private investors to co-invest together with BIO, the Belgian development finance company, in private equity funds investing in Small- and Medium-size Enterprises (SMEs) in Africa and Asia. It will raise at least 22.5 million euros by using 7.5 million euros ODA from the Belgian State.

And yes, after this first closing, the fund will be open for business.

I call upon interested investors to join us for the second close.

Esteemed guests, ladies and gentlemen,

Sometimes people tend to worry, to see the worst in things. But I am an optimist.

Yes, we live in the most disruptive time ever. Artificial intelligence. Global warming. Globalization and migration. Ageing societies in developed countries. The population explosion in emerging countries.

Some people wonder whether we will make it.

Climate change may completely spin out of control.

Illegal migration may undercut our democratic institutions.

The fourth industrial revolution may lead to massive job loss and tear apart our social safety nets.

The pace of change indeed seems scary sometimes; I am convinced that we will make it, thanks to our creativity and technology.

Private sector has tons of expertise. Sharing your creativity and technology will be crucial to international development. Doing business in developing countries and look for the sustainable business case in international development together, will help us achieve a sustainable and inclusive growth together.



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