

Competency Framework – Private Sector Development Advisory Cadre

Introduction

“It is my intention to recast DFID as a government department that understands the private sector, that has at its disposal the right tools to deliver and that is equipped to support a vibrant, resilient and growing business sector in the poorest countries.” Secretary of State, October 2010, LSE

1. The private sector is the engine of innovation, investment and growth. Vibrant competitive markets populated by dynamic private companies offer the most effective way to create wealth, jobs and prosperity for all on a sustained basis. The key factors involved in ensuring market systems work effectively are sound macro-economic management, openness to trade, access to finance services, stable political dispensations that offer safety, security and protection of property rights, and laws and regulations that are efficiently implemented, and which encourage domestic and foreign investment.

2. Making British International Development Policy more focused on boosting economic growth and wealth creation is one of the six priorities of DFID’s Strategic Reform Plan. The private sector is key to delivering this objective.

3. The focus of DFID’s Private Sector Development Advisory Cadre is to support developing countries develop market systems that work better for the majority of the population, and specifically for the poor. Private Sector Development Advisers (PSDAs) achieve this through the provision of advice on:

- **policies, laws and regulations** needed to enable private sector led growth
- fair and efficient **administration** of private sector regulation and legislation
- the most effective ways to facilitate **pro-poor responses by the private sector, in particular** through generating increased pro-development investment, and job creation.

4. To be effective advisers, PSDAs are required to have:

- a thorough understanding of the critical factors and reforms that can improve the enabling environment for business;
- first hand knowledge of firms as key actors in market systems, and on how they contribute to economic and social development
- a solid understanding of how governments and business can improve the effectiveness and efficiency of factor, product and service markets, particularly for the Base of the Pyramid (BoP) population..

- a strong understanding of how to make PSD interventions gender sensitive
5. An ability to apply the PSD competencies in developing countries and/or in conflict affected environments is an asset.

Qualifications and Experience

6. All PSDAs are required to have a minimum of a masters degree or equivalent level of academic and professional experience in business administration, accounting, finance, economics or development studies. All advisors should have experience in providing policy advice to the public and private sectors. Applicants to the cadre will be required to provide examples of written work as evidence of their technical skills as part of a selection process. Relevant examples from experience from outside developing countries will be accepted.

7. Competencies: Descriptors for levels

PSDAs are required to demonstrate a set of primary and specialist technical competencies alongside the core DFID competencies. The competencies required at the various grade levels are summarised in Table 1.

Table 1 - Summary of PSDA Primary and Specialist Technical Competencies by Grade				
		A2L/SEO	A2/G7	A1/G6
	Technical Competencies			
1	Level of understanding of the primary technical competencies	Broad	Strong	Fully proficient
2	In-depth knowledge and application of a number of specialist technical competencies <ul style="list-style-type: none"> • Market Development • Legal and Regulatory Reform • Trade • Public Private Partnerships 	1	2	3
3.	Core DFID Competencies	At Grade	At Grade	At Grade
	Shared Advisory Competencies			
4	Knowledge and understanding of the international aid architecture			
5.	Evidence and research methods			
6.	Evaluation and results			
7.	Economic concepts, appraisal and value for money			
8.	Analytical tools			

The Competency Framework

PSDA Primary Technical Competencies	
<p>The Role of Government in Private Sector Development</p> <p>REQUIRED</p>	<p>Knowledge/understanding/application of the following: :</p> <ul style="list-style-type: none"> • The “Making Market Systems Work” paradigm and the respective roles of Government, the Private Sector and other players within market systems; • New Institutional Economics and the role of institutions and organisations in private sector led growth; • Public policy formulation and implementation for PSD – the impact of government legal/regulatory/policy and public administration on firms and markets;
<p>Role of Private Sector in Growth and Poverty Reduction</p> <p>REQUIRED</p>	<p>Knowledge/understanding/application of:</p> <ul style="list-style-type: none"> • The contribution of the private sector to employment, economic growth, tax revenue and poverty reduction; • Public/private dialogue - the role and application of private sector advocacy and dialogue in developing public policy; • The contribution of the private sector in the provision of education, health, and infrastructure (including water and sanitation);Private sector contribution to improving equity and reducing vulnerability • Research and evidence on the most effective ways for development partners to support firm development without distorting private markets and/or creating negative incentive structures,
<p>Knowledge and Experience of Private Business (Local and International)</p> <p>REQUIRED</p>	<p>Knowledge/understanding/application of:</p> <ul style="list-style-type: none"> • The contribution of private business to social and economic outcomes • The role of firms in economic and social development, including through implementation and scale up of new and inclusive business models by companies operating and investing in developing countries • Business management and administration functions (financial, personnel, production and marketing) and corporate strategy; • The nature of entrepreneurship and how this can be developed; • Different organisational forms of business.

PSDA Specialist Technical Competencies	
<p>The Legal & Regulatory Environment for Business</p> <p>SPECIALIST</p>	<p>Knowledge/Understanding/Application of:</p> <ul style="list-style-type: none"> • Business enabling environment surveys and tools, including those carried out by the World Bank (e.g. FIAS Administrative Barriers surveys, Doing Business. World Bank Enterprise Survey), OECD (Policy Framework for PSD and Investment); the World Economic Forum (World Competitiveness Report), and the DFID (Competitiveness Assessment Framework) and their policy implications; • The relevance of crosscutting thematic initiatives and assessment tools ((e.g The Capability, Accountability, and Responsiveness (Governance CAR framework), the livelihoods framework, health review approaches, political economy, infrastructure, the environmental impact, and conflict relevance) on the business enabling environment. <p>Practical application of these tools in at least 2 of the following areas:</p> <ul style="list-style-type: none"> • The rules and institutional frameworks guiding business registration and licensing and the importance of modernising company law, and the rationalisation of business licensing regimes; • Taxation and revenue authorities and their impact on business; • Competition policy and organisations responsible for implementation (competition authorities and tribunals) and relevant tools such as the CAF; • Commercial justice and contract enforcement including arbitration and mediation; • Property rights including land, intellectual property rights, patents, copyrights, and intangible values; • Corporate governance, corruption and the promotion of responsible business conduct, including through transparency and accountability initiatives; • Business membership organisations, representation, advocacy and public-private sector dialogue.
<p>Market Development</p> <p>SPECIALIST</p>	<p>Knowledge/understanding and application of the making market systems work paradigm in key markets. Advisors are required to have practical programme management experience of the market framework in at least one market - factor (land, labour and capital/financial) product or service:</p> <p><u>Capital/Financial Markets</u></p> <ul style="list-style-type: none"> • The tools used to assess financial markets (e.g. Financial Sector Assessment Programs (FSAPs) and FinScope) and their application to policy dialogue and project design; • Financial institutions or regulators, with an emphasis on inclusive financial service provision or regulation; • The key functions of the financial sector related to growth and poverty reduction; • Financial systems approach to SME, micro and rural finance development and an ability to apply that approach in financial sector projects – drawing on good practices in the venture capital market for SMEs, social investment in MFIs, the development of local capital / stock markets, pension schemes, insurance and other financial instruments. • The financial statements of financial institutions, and familiarity with key financial and performance indicators used by investors and donors; • The principles of regulation and supervision of financial institutions;

Land Markets

- Legal framework around land titling and leasing, particularly in urban areas;
- Modernisation and computerisation process of land registries;
- Interface between land, financial and housing markets in the provision of low cost urban housing development;
- Importance of designating tracts of land for specific developmental and investment purposes (economic zones, industrial estates, housing schemes and other major developments in rural and urban areas) and its impact on PSD.

Labour Markets

- Legal framework guiding labour markets and its impact on PSD;
- The relationship between Government, the Private Sector and Trade Unions on labour market issues;
- The impact of labour migration within and between countries;
- The link between the design and development of skills, human resource and demand for labour in the private sector.
- The effectiveness of private provision of skills training/development

Product Markets

- Modern market-based and sub-sectoral research tools (e.g. value chain analysis) in the analysis and identification of priority sectors of the economy;
- How to identify sectors in developing economies that are likely to have the greatest impact on growth, employment and poverty reduction (e.g. agriculture, mining, tourism and low cost manufacturing)
- International supply chains and marketing, and opportunities for and constraints on participation by developing-country firms.

Service Markets

Infrastructure

- The policy and regulatory environment for key infrastructure markets (esp. energy, telecommunications, transport, water and sanitation) and its impact on private investment;
- Public-private partnerships with respect to provision of infrastructure and specifically the provision of support to PPP units within Government;

Business Services

- Strategic and policy aspects of providing business services, with a particular focus on improving private sector provision;
- Market-oriented developments in methodologies for improving outreach, impact and sustainability of business services;
- Organisational strategies to improve the performance of business services providers;
- Networking, business linkages, value-chain analysis and clustering as methods to assist SMEs through business services;
- The importance of information as a key service to both the public and private sectors and the role of the media in information provision

	<p><u>Social Service Provision:</u></p> <ul style="list-style-type: none"> • The case for, and impact of, private sector provision of health and education services (e.g. social marketing programmes for bednets; low cost medical services private sector engagement in the development, production of drugs and medical supply chains); • Low cost health and education insurance in conjunction with micro-finance schemes; • Corporate and industry responses to HIV/AIDS; <p><u>Environment:</u></p> <ul style="list-style-type: none"> • Environmentally responsible business behaviour; • Organic methods of production where feasible and viable (e.g. organic cotton); • Appropriate health and safety standards for producers and consumers; • The market for and benefits from carbon credits; • Environmental impact assessments for PSD
<p>Trade SPECIALIST</p>	<p>Knowledge/understanding of:</p> <ul style="list-style-type: none"> • Multi-lateral trade negotiations, WTO Reform, regional trade agreements and trade preferences; • Non Tariff Barriers to trade. • Intellectual property rights and access to medicines • Strategies necessary to strengthen export capabilities - including the policy environment for trade liberalisation, enterprise competitiveness and the identification of sectors with export potential; • Trade facilitation including customs reform and reducing red tape at border posts; • Aid for Trade including trade promotion and support services including access to trade finance; enterprise services such as product development, compliance with international standards, labelling, packaging and quality control; and application of information and communication technology such as e-commerce; • Investment promotion and facilitation, e.g. through investment promotion agencies; • Determinants of the level and benefits of foreign investment.
<p>Public/Private Partnerships SPECIALIST</p>	<p>Knowledge/understanding of:</p> <ul style="list-style-type: none"> • The legal, economic and institutional concepts and issues surrounding PPPS; • The methods of PPP including public offering, trade sale, management-employee buyouts, free distribution of shares & mass privatisation, and voucher systems • Institutional approaches which leverage public/private partnerships in local, national and international arenas to work on developing enterprise and business contribution to development challenges, such as local enterprise agencies, economic development units, chambers of commerce and business membership organisations, international corporate led initiatives such as, Business Action for Africa, and Business Call to Action. • The instruments and tools used to engage with and strengthen business contribute on to development through core investments and operations such as challenge funds, cost sharing and risk sharing instruments.

SHARED TECHNICAL COMPETENCIES (REQUIRED)

There are four areas of knowledge and skills are common to all advisory groups. These are intended to add value to DFID's professional advisory skill base and the ability of advisers to meet business needs.

<p>Knowledge and understanding of international aid</p>	<ul style="list-style-type: none"> ▪ The Millennium Development Goals (MDGs) and international architecture for aid and development the UN, European Union, G20, International Finance Institutions, regional institutions and NGOs ▪ Aid instruments and how they are deployed – project financing, sector-wide approaches, budget support, technical assistance, results based aid, and global funds ▪ The changing aid landscape and the role of new players – e.g. emerging economies, BRICS, private foundations, business and think tanks ▪ The UK international policy framework and its implications for international development – e.g. trade, security, fragility and climate change
<p>Collating, analysing and presenting evidence/research using statistical and wider analytical skills</p>	<p>Able to access, critically appraise and use evidence, demonstrating skills in the following areas:</p> <ul style="list-style-type: none"> ▪ Understand a range of qualitative and quantitative research methodologies including the application of basic statistical methods ▪ Critically appraise* and assess the quality of published research and other potential sources of evidence ▪ Interpretation, use and presentation of data and evidence in defining policy and practice ▪ Comprehension of key concepts from social and cultural analysis and basic understanding of the use and application of political economy analysis <p>*Critical appraisal is the process of carefully and systematically examining research to judge its trustworthiness and its value and relevance in a particular context</p>
<p>Economic concepts, appraisal and value for money</p>	<ul style="list-style-type: none"> ▪ Familiarity with key economic concepts ▪ Good level of general numeracy ▪ Understanding economic approaches to project appraisal and evaluation, including different ways of measuring efficiency, equity and impact ▪ High quality professional input to programme design and evaluation in line with assessing value for money and results
<p>Evaluation and results</p>	<ul style="list-style-type: none"> ▪ Competent (level II or above in DFID's evaluation competencies) in applying best practice in evaluation design, using a range of rigorous methods, and ensuring high standards of independence and quality ▪ Ability to design, commission and manage evaluations including rigorous impact evaluations, with appropriate technical support, in line with DFID standards ▪ Familiarity with the core concepts underpinning DFID's approach to results

THE PSDA OFFER

These skills will enable PSD Advisors to:

Develop an appropriate response for DFID in relation to PSD Challenges in a given context (incl. conflict-affected environments):

- Contextualise, communicate, and apply key PSD frameworks for developing sound and competitive markets for the poor.
- Conduct growth and private sector country reviews and draft private sector strategy and policy documents;
- Undertake/review of the investment climate assessments and policy reform processes;
- Assist partners to develop private sector policies and strategies that result in a more conducive enabling environment for the poor, women entrepreneurs, people with HIV/AIDS, the disabled, and those marginalised for religious, cultural, or social reasons;
- Design, monitor and evaluate the impact of private sector development programmes and projects;
- To negotiate appropriate PSD indicators in a PRBS results framework;
- To contribute to key DFID priorities (growth, climate change, gender equality, and fragility) by influencing key stakeholders in the public and private sectors (including DFI's, RDB etc);
- To complement the work of other DFID departments in designing trade and investment-related technical assistance programmes to enhance competitiveness of enterprises in the international trading system;

- Provide cross-cutting advice to DFID's , infrastructure and social priorities;

Engage effectively with the private sector

- Lead DFID's dialogue with the private sector and inform colleagues of private sector opportunities including the use of challenge funds and other mechanisms to work directly with the private sector
- Communicate and obtain private sector buy-in into DFID policies by leveraging networks in the private sector
- Identify key risks of working with the business community and develop robust risk mitigation frameworks to protect DFID's reputation.