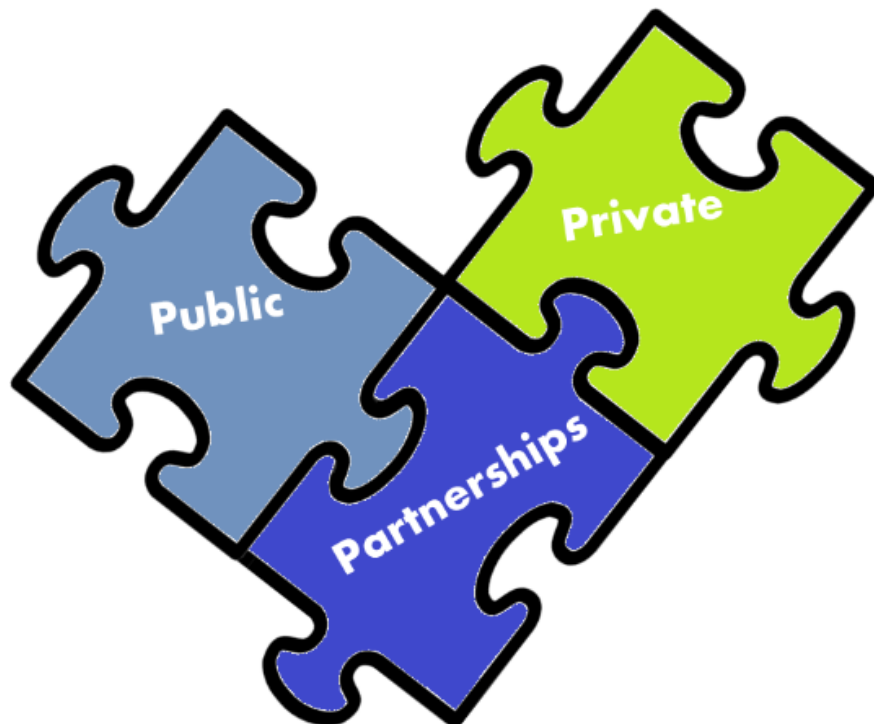




Evaluation

Stocktaking Assessment of the Public-Private Development Partnership Portfolio of SDC

Evaluation + Corporate Controlling Division





Evaluation

Stocktaking Assessment of the Public-Private Development Partnership Portfolio of SDC

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Bern, November 2013

Process of external evaluations commissioned by SDC's evaluation unit

Evaluations commissioned by SDC Senior Management were introduced in SDC in 2002 with the aim of providing a more critical and independent assessment of SDC activities. Joint SDC/SECO programs are evaluated jointly. These Evaluations are conducted according to the OECD DAC Evaluation Standards and are part of SDC's concept for implementing Article 170 of the Swiss Constitution which requires Swiss Federal Offices to analyse the effectiveness of their activities. SDC's **Senior Management** (consisting of the Director General and the heads of SDC's departments) approves the Evaluation Program. The **Evaluation + Corporate Controlling Section**, which is outside of line management and reports directly to the Director General, commissions the evaluation, taking care to recruit evaluators with a critical distance from SDC.

The Evaluation + Corporate Controlling Section identifies the primary intended users of the evaluation and invites them to participate in a **Core Learning Partnership (CLP)**. The CLP actively accompanies the evaluation process. It comments on the evaluation design (Approach Paper). It provides feedback to the evaluation team on their preliminary findings and on the draft report.

During a Synthesis Workshop, the CLP validates the evaluation findings and conclusions and, with the facilitation of the SDC Evaluation Officer and the Evaluator, elaborates recommendations and lessons learned for SDC from their perspective. These are noted in the **Agreement at Completion Point (ACP)**. Based on the **Final Evaluator's Report** and the ACP Senior Management adopts the **Senior Management Response (SMR)**.

The evaluation report is always published together with the SMR and the ACP.

I Evaluation Abstract

Donor	Swiss Agency for Development and Cooperation SDC
Report Title	Stocktaking Assessment of the Public-Private Development Partnership (PPDP) Portfolio of SDC
Geographic Area	World wide
Sector	Public Private Partnership
Language	English
Date	November 30 / 2013
Authors	Melina Heinrich, Cambridge UK

Subject Description

The recently approved Bill on Switzerland's International Cooperation 2013–2016 underlines the key role the Private Sector can or should play in strategic partnerships with the public sector for addressing poverty reduction objectives or global developmental challenges.

SDC has a long track record on partnering with the private sector. This "pioneer time" has allowed it to test approaches with various actors in different contexts. A clear overview of what has been done and, above all, what has been achieved in partnerships with the private sector is however missing. The present evaluation aimed therefore at taking stock of the different partnerships with the private sector SDC has been involved so far in order to support the current re-positioning of SDC towards intensified public-private development partnerships engagement.

Evaluation Methodology

Since the public-private development partnerships (PPDP) portfolio within SDC has never been explicitly defined as such so far, a collection of SDC interventions from the project data archives (SAP, DMS) was undertaken manually with the support of all involved operational staff. The documentation on the projects complemented with a collection of further relevant strategic guidelines was put at the disposal for the study together with a list of SDC key persons to be interviewed.

Instead of undertaking an in-depths thematic evaluation of PPDP with worldwide experiences, the 20-day study was mandated purposely to provide in a short period of time:

- a map of SDC's types of interventions with regards to their cooperation modalities, structural set-up and intentions
- an assessment of the results achieved through PPDP so far
- an estimate of the efficiency of the modality and of the opportunities and risks.
- recommendations, where necessary, for appropriate institutional re-positioning.

Timetable

Step	When
Approval of Evaluation Programme 2013 by Senior Management	March 2013
Terms of Reference of the Evaluation signed	May 2013
Implementation of the Evaluation	June - July 2013
Elaboration of Agreement at Completion Point ACP	September 2013
Adoption of Senior Management Response SMR	November 2013

Findings and Conclusions

The project portfolio reviewed can be divided into three overarching project categories. The main category represents SDC's core portfolio of partnerships with businesses. The other two categories include other collaborations with private stakeholders that correspond with the broader concept of SDC's *PPDP position paper*, and other projects which did not fulfil the criteria of the *position paper*. The study concludes that only little has been documented on the results of SDC's core partnership portfolio, acknowledging that several projects are still at an early stage. A few positive or promising examples are highlighted. However, to improve the ability to report on – and learn from – results, adequate results measurement systems and related responsibilities of the respective partners need to get higher attention at the project design stage. To make information on projects and their results more accessible, SDC's system for tracking project and results documentation in its project databases could be improved.

Given the lack of a thorough evidence base, no specific partnership model can generally be concluded to be superior to others. Instead, it is important to recognise that the models vary in their level and type of ambition.

While partnership approaches with the private sector offer many promising opportunities for development, the risks they involve may be different to those of more traditional development approaches. It is therefore important for SDC to be aware of what risks are involved in different types of partnerships, and decide which ones it is willing to accept.

Recommendations

The main key issues to be addressed from the evaluator's perspective are:

- adopting a narrower definition of partnerships and promoting and institution-wide understanding;
- improving external communication on existing partnerships and on possibilities for businesses to engage, including through a clear online platform on the SDC website;
- facilitating internal coordination and knowledge sharing, including through an accessible internal inventory of partnerships and cross-unit exchanges;
- enhancing field staff incentives for engaging with business;
- investing resources to enable a centralised institutional guidance, coordination and knowledge sharing role
- supporting more systematic, central approaches to engaging the private sector, e.g. by 'plugging into' an existing multi-donor challenge fund, or by applying a 'market development approach' to defined development problems and seek out / support private companies on that basis.

II Senior Management Response

of the SDC Directorate

The SDC Senior Management welcomes the report on the stock-taking assessment of the public-private development partnership (PPDP) portfolio. Particularly in respect of the small envelope of 20 days allocated to the mandate, the assessment has revealed important findings and recommendation, which will be taken into serious consideration for the intensified engagement of SDC in PPDPs as stipulated in the Bill on Switzerland's International Cooperation 2013–2016.

Furthermore, SDC Senior Management acknowledges the stock-taking exercise in its purpose to deliver timely and on short term an external view on its current PPDP portfolio in order to inform necessary steering measures to be taken.

Nevertheless, the narrow definition of the study needs to be regarded as such, with the result that some of the findings do not properly acknowledge SDC's long track record on partnering with the private sector. During more than a decade, SDC has carefully chosen partnerships with the private sector in the fields of agriculture, health, financial sector development, water resource management or climate change sectors in order to test approaches with various private entities.

The goal behind PPDPs has always been to find innovative ways to harness private sector engagement for reducing poverty and saving lives. Accordingly, SDC Senior Management is not comfortable with the recommendation to narrowly define its PPDP engagement. In contrary, SDC will maintain a wide approach to engage with the private sector, wherever the support of innovations is promising.

Furthermore, the policy dialog with the private sector, particularly in Switzerland, is and will be continuously strengthened during the coming years. The respective position of a policy advisor on PPDPs at SDC in Bern has been strengthened for this purpose.

Internationally, SDC has been committed to the Aid Effectiveness Agenda in Paris and Accra and thus is engaged in the Busan Partnership for Effective Development Co-operation. Under the lead of SDC, a Swiss policy for the implementation of Busan Commitments has been adopted in 2012, in which Public-Private-Cooperation has been included as a key priority.

The evaluation's findings regarding the obvious difficulties to present and measure tangible results created by PPDPs has to be taken seriously in a double regard.

On the one hand, as various studies and recent literature reviews revealed, it generally remains a challenge to capture the added value created by PPDPs. Therefore, SDC does not consider engaging in PPDPs as a purpose in itself. The priorities for SDC is much more to continue engaging in partnerships where opportunities emerge, to assess risks and opportunities on a case to case basis and to negotiate strong partnerships with mutual risk and burden sharing between SDC and the private actor.

On the other hand, and despite the fact that many of SDC's PPDP engagements have been started rather recently and therefore still lack results at an outcome level, documentation on results reporting needs to be strengthened. This remains a priority for SDC as for any development agency and regardless of engaging in a PPDP or any other development programme. Accordingly, the recommendation to enhance external communication on existing partnerships and possibilities for private partners to engage is well received.

As a concrete measure, SDC will set-up a prominent section on its website to inform about its PPDP engagement and on the results achieved.

III Agreement at completion point of the SDC core learning group

The agreement at completion point (ACP) expresses the position taken by the SDC core learning group to the evaluation

General appreciation of the evaluation report

The SDC core learning group (CLG) acknowledges the quality of the report. In general terms it welcomes the critical analysis and the findings.

The CLG takes note of the findings, in particular:

- the necessity for SDC to improve on reporting results and achievements in order to verify the hypothesis of efficiency and the sustainable impact at the scale expected, and to detect opportunities and limits for the use of PPDPs
- the need to improve communication, both internal and external, for giving guidance, promoting and explaining PPDPs
- the need to consider appropriate human and financial resources allocations for responding to the expectations set by the message 2013-2016

CLG comments the contents of the report on a general basis as follows:

- PPDP is a modality, a means to an end and not an objective by itself. The modality functions differently depending on the topic, e.g. water, health, financial sector development. The discussion around definitions should not be too restrictive. The dynamics and the long-term effects of PPDP are important and have to be considered adequately in the results reporting. The suggested working group (see below) will have to elaborate on this in the future.
- SDC needs to address the capacity building needs of staff to tool them up for PPDPs, at headquarter and field offices.
- Some of the findings of the report have already been addressed, e.g. SDCs Institutional Partnership Division (IP) has commissioned different additional work, providing additional food for thought for SDCs continued internal discussion:
 - 1) Tool/support/reflection for due diligence of private sector partners.
 - 2) Reflection on alternative financing modalities
 - 3) Operationalization and concretization of the criteria for PPDP mentioned in the position paper on PPDP

SDC identifies some issues, where it finds the report is not reflecting SDC's engagement properly:

- PPDPs in financial sector development, water, climate change, food security, etc. sectors should not be understood as standalone interventions but rather as systemic working networks (see paragraph below)
- Product partnerships in the health sectors seem not be considered sufficiently.

Response to the specific recommendations

Recommendation	Response
Immediate priorities for change with little resource implications	
<i>Adopting a narrower definition of partnerships</i>	Partially agreed The existing definition as stipulated in the position paper and the federal dispatch is adequate. It is important to keep the necessary freedom to engage with PPDP. However, a more structured description of the different working modalities with PPDP needs further elaboration. The position paper will be revised accordingly. This will nurture the communication concept (see next point). <u>Responsibility:</u> Institutional Partnership Division (IP), supported by the <i>PPDP internal expert group</i> <u>Deadline:</u> 1 st quarter 2014
<i>Enhancing external communication on existing</i>	Agreed. The communication on SDC's PPDP activities needs to be improved. A communication concept will be established to shape the messages for different

partnerships and possibilities for private partners to engage	<p>public (factsheet, internet, intranet, press communication, internal vs. external etc.). Content will be elaborated and updated regularly with the support of the specialised FDFA services. Advantage will be taken from the new FDFA Internet entry foreseen for 2014 which will give more visibility to the partnerships, in particular with the private sector.</p> <p>The communication concept will help defining the messages to be addressed to specific publics through appropriate channels.</p> <p><u>Responsibility:</u> Institutional Partnership Division, with specialized external support and <i>PPDP internal expert group</i></p> <p><u>Deadline:</u> 1st quarter 2014</p>
Facilitating internal coordination and knowledge sharing on partnerships	<p>Agreed.</p> <p>However, instead of creating an additional formal SDC network, IP will be the first stop shop and be supported by the <i>PPDP internal expert group</i> with the task to enable information exchange and promoting institutional ownership.</p> <p>IP will be in charge of knowledge management. Resource requirements will be evaluated by IP and submitted to management.</p> <p>This format will be revised based on experiences made and on the findings from the on-going evaluation on the functioning of the SDC networks (results expected by spring 2014).</p> <p><u>Responsibility:</u> Institutional Partnership Division</p> <p><u>Deadline:</u> 2nd quarter 2014</p>
Enhancing results measurement in partnership projects	<p>Agreed.</p> <p>The monitoring and reporting instruments, which have been put in place in the course of the reorganisation of SDC between 2008 and 2012 apply likewise to PPDP projects.</p> <p>However, as many PPDPs try to leverage and change systems which may sometimes go beyond the traditional log-frame, this dimension of value added a PPDP can bring, needs additional descriptive effort.</p> <p>A proposition will be prepared, building on SDC work on policy outcome monitoring and experiences around social impact measurement.</p> <p><u>Responsibility:</u> Institutional Partnership Division, supported by an external mandate and in coordination with the <i>PPDP internal expert group</i></p> <p><u>Deadline:</u> 3rd quarter 2014</p>
Promoting a shift in organisational culture and incentives towards engaging with business:	<p>Partially agreed.</p> <p>Collaboration with business/the private sectors is not sufficiently taken into account today by SDC staff. However, the appropriate measures need further internal reflections on issues such as:</p> <ul style="list-style-type: none"> • recruitment policies, • thematic careers, • capacity building, • specialized external support <p><u>Responsibility:</u> SDC Senior Management</p> <p><u>Deadline:</u> 4th quarter 2014</p>
Other key changes and options with higher resource implications	
Strengthening capacities for internal guidance, coordination and knowledge sharing on partnerships:	<p>Partially agreed</p> <p>Further staff reinforcement for internal guidance, coordination and knowledge sharing on partnerships will be assessed in 2014</p> <p><u>Responsibility:</u> Institutional Partnership Division</p> <p><u>Deadline:</u> 4th quarter 2014</p>
Establishing more systematic, centrally-driven/ -coordinated approaches to engaging the	<p>Partially agreed</p> <p>SDC does not want to promote funds which are promoting PPDP engagements per se. However, setting up funds or contributing to existing funds may be considered when following the thematic objectives and logic of SDC's priorities.</p> <p>Therefore, already existing thematic funds (TAFA, SCBF, REPIC, BlueTech Bridge) continue and will even be replicated depending on the theme and opportunities.</p>

<i>private sector:</i>	<p>In addition, further reflection will follow when the above mentioned additional mandate on finance mechanism will be available.</p> <p>The recommendation to engage in the Africa Enterprise Challenge Fund will be evaluated and might be of interest for SDC under certain circumstances: institutional learning effects, participation in decision making and steering and when aligned with objectives of concerned Cooperation Strategies</p> <p><u>Responsibility regarding Africa Enterprise Challenge Fund:</u> Regional Cooperation Department <u>Deadline:</u> 2th quarter 2014</p>
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Stocktaking Assessment of the Public-Private Development Partnership Portfolio of SDC

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Executive Summary

The *Bill on Switzerland's International Cooperation 2013-2016* foresees an increasing engagement in public-private development partnerships (PPDPs) to address poverty and global development challenges. However, there is currently no clear definition of such partnerships within SDC and little information on the results achieved so far. This study therefore aims to **provide recommendations on how to effectively implement the *Bill on International Cooperation*** in practice – based on a mapping of SDC's partnership portfolio, and an assessment of its results, risks and opportunities as well as its anchoring at the institutional level.

The project portfolio reviewed consists of a wide range of collaborations with private stakeholders which cannot be usefully pooled together in the same category. Three overarching project categories are therefore formed: **The main category represents SDC's core portfolio of partnerships with businesses:** All 19 projects in this category involve cost- and/or risk-sharing by SDC and private companies in the context of core business activities and related joint development projects. This concept is in line with the definition brought forward in the *Bill on International Cooperation*. Yet, these projects differ in their specific features, summarised in **four sub-models**: Partnerships with individual businesses to test/ scale-up innovative business models; multi-stakeholder service and product development partnerships; innovative finance partnerships and partnerships to promote environmentally sustainable core business behaviour.

Two further categories include other collaborations with private stakeholders that correspond with the broader concept of SDC's *PPDP position paper* but that are recommended for exclusion from the core partnerships portfolio; and other projects which did not fulfil the criteria of the *position paper*.

Not much has been documented on the results of SDC's core partnership portfolio. The **leverage ratio** (ratio of private contribution to SDC support) varies, although for some partnerships, high leverage has not been a major objective. Very little information is available on the **commercial viability** achieved by the projects; in most cases it is unclear at best. The same is true for **development effectiveness** measures, as rather little has been reported at the outcome or impact level. Several projects are still at an early stage. A few positive or promising examples are highlighted though and **for nine selected projects, it is recommendable to document (progress towards) results for public communication** and/ or to conduct limited follow-up research.

Given the lack of a thorough evidence base, **no specific partnership model can generally be concluded to be superior to others.** Instead, it is important to recognise that the models vary in their level and type of ambition, and the partners they may best be pursued with. Each is likely to be of value for different reasons. However, to **improve the ability to report on – and learn from – results**, adequate results measurement systems and related responsibilities of the respective partners need to get higher attention at the project design stage. For example, projects should at the minimum use results chains linking activities to intended impacts as monitoring tools. Results measurement systems should be tailored to different types of partnerships and respective theories of change could be developed as an orientation for programmes. To make information on projects and their results more accessible, SDC's system for tracking project and results documentation in its project databases could be improved.

While partnership approaches with the private sector offer many promising opportunities for development, the risks they involve may be different to those of more traditional development approaches. It is therefore important for SDC to be aware of what risks are involved in different types of partnerships, and decide which ones it is willing to accept – by balancing risks with potential benefits, and developing **programming guidelines** to mitigate them. Staff expectations and lessons from current practice are explored across three areas of risks: reputational and normative, effectiveness and efficiency aspects.

Several institutional key issues emerged from the research, which need to be addressed if SDC wishes to be serious about expanding their partnerships with business, and making them an effective development approach. Some **critical steps that could be taken within a relatively**

short time frame and with minor resource implications include: adopting a narrower definition of partnerships and promoting and institution-wide understanding; improving external communication on existing partnerships and on possibilities for businesses to engage, including through a clear online platform on the SDC website; facilitating internal coordination and knowledge sharing, including through an accessible internal inventory of partnerships and cross-unit exchanges; and enhancing field staff incentives for engaging with business.

More profound changes with higher resource implications should however also be given serious consideration by SDC management to enhance the development potential of SDC's private sector partnerships. These include in particular investing resources to enable the Institutional Partnerships Department to play an advanced guidance, coordination and knowledge sharing role. Another key recommendation would be to support more systematic, central approaches to engaging the private sector, to complement the primarily decentralised approach via thematic and geographic budget lines. This could involve 'plugging into' an existing multi-donor challenge fund, or considering operational functions by the Institutional Partnerships Department in managing a modest application-based scheme. A different type of approach could consist in a 'market development approach' to partnerships, whereby SDC together with other stakeholder would identify potential private sector solutions to defined development problems and seek out/ support private companies on that basis.

1. Purpose, methodology and structure of the stock-taking assessment

Background and purpose of the assignment

The Bill on Switzerland's International Cooperation 2013–2016 underlines the key role the private sector can play in strategic partnerships with the public sector to address poverty reduction objectives or global development challenges. It stresses that development partnerships with both international and local businesses are now an 'established instrument', which will be **intensified and expanded** where useful to improve development outcomes. SDC's *position paper* on public-private development partnerships (PPDPs) further argues that PPDPs are considered as a useful tool to promote lasting development impact on a large scale.

While SDC has been actively involved in different kinds of PPDPs in the recent years (the financial volume of SDC support to PPDPs is estimated to have more than doubled between 2000 and 2010 to CHF 32.5 million), a clear definition of PPDPs as well as an overview of supported partnerships and their achievements are missing. This document was therefore commissioned to take stock of SDC's different partnerships with the private sector and the results achieved so far, identify lessons and recommendations for SDC's support to partnerships in the future. Specifically, the **tasks specified for the 20-day assignment include**¹:

- **Mapping the type of interventions** with regards to their cooperation modalities, structural set-up and intentions;
- **Assessing the results** achieved through PPDP with respect to
 - a) the functionality of structural set-ups and
 - b) the contribution to the intended impact of the partnership;
- **Evaluating the efficiency** of the modality and estimating its **opportunities and risks**
- Identifying the main **lessons learned** and compare, to the extent possible, with international experience;
- **Recommending ways forward** and priorities for change

Research methodology and limitations

The study is primarily based on a review of strategic and project-related documentation, as well as phone interviews with 11 key stakeholders in SDC Headquarters – both pre-selected by SDC. Strategic documentation specifically includes the *Bill to Parliament on International Cooperation 2013-16*, and SDC's *Institutional Position Paper on "Partnerships with the Private Sector" (2013)*. Information on the SDC's organisational structure was also provided.

As SDC's PPDP portfolio is currently not clearly defined, a manual extract of SDC programmes and initiatives from the project data archives and annual reports (where available) of projects

¹ The full Terms of Reference can be found in [Annex 8](#).

implemented between 2000 and 2012 was provided. Overall, 388 project files and 46 projects have been part of the review. Interviewee names and the guiding framework used for the interviews are included in [Annex 1](#). [Annex 2](#) includes further selected resources recommended as reference material for SDC in future reflections on its partnerships portfolio.

All interviewees were SDC Headquarters Staff and hence mostly contributed a broader institutional perspective on partnerships. Specific insights on the functionality and day-to-day management of partnerships as well as on results achieved were more limited. This was compounded by the fact that the available project documentation is skewed towards credit proposals and project design documents; reports on results and reviews of lessons learnt were less frequent.

The report suggests a menu of options that could allow SDC to develop a more strategic approach towards partnering with the private sector. A general ‘note of caution’ is that the institutional feasibility of each option could not be fully assessed from an external perspective and in a short period of time. Hence the aim is to provide a **seminal basis for internal reflection and discussion**.

Structure

The following chapter extracts a definition of PPDPs as well as mapping criteria from the *Bill on International Cooperation*, SDC’s *PPDP position paper* and perspectives from SDC staff as well as other donor agencies. The **mapping focuses in particular on a ‘core partnerships portfolio’** and its different sub-categories; other collaborations with private stakeholders are also reviewed and contrasted with the first category.

Chapter 3 assesses the results achieved by the different partnership types and set-ups in the core portfolio, according to three main criteria: leverage, commercial viability, and development effectiveness. Some lessons and key areas for improvement in results measurement and reporting are identified, including a number of potential ‘quick wins’ around results communication.

Chapter 4 then provides reflections on opportunities, risks and mitigation strategies of partnerships at the programme level. These include reputational/ normative aspects, and aspects related to the effectiveness, and efficiency of different partnership set-ups. Evaluating the overall efficiency of ‘the modality’ was not possible given the diverse portfolio and lack of relevant data.

Chapter 5 offers reflections and conclusions on SDC’s partnerships approach at the institutional level: This concerns the institutional definition, culture and communication on partnerships, as well as responsibilities for institutional learning and guidance. Further considerations are made on different approaches for engaging the private sector in partnerships.

Based on the observations made, **Chapter 6 focuses on recommendations and priorities for change** that could support SDC’s ambition expand, intensify and improve the effectiveness of its engagement with private partners. **Selective comparative international experiences** are integrated across the different chapters where relevant.

2. Mapping of projects: SDC’s Core Partnership Portfolio and other collaborations with private stakeholders

Definition of PPDPs and mapping structure

It is problematic that ‘public-private (development) partnership’ is a rather generic yet very commonly used term, often meaning different things to different people. This is compounded by the fact that there is no coherent and clear-cut definition of a PPPD within SDC. In practice, a variety of forms of collaboration exist, which **cannot all be meaningfully pooled together under the same format or approach**. Its meaning therefore needs to be broken down in order to allow for an informed analysis and a sensible discussion.

SDC Documentation: What is a PPDP? What is a PPPD not?

The *Bill on Switzerland's International Cooperation 2013-2016* defines PPDPs as 'joint investments' of development agencies and the private sector as an instrument of development cooperation². It also notes that collaborations with companies are '**primarily**' about **harnessing their core competencies and resources** to achieve development goals. Initiatives with private firms are considered promising where these **are part or could become part of the core business** of the partner.³ Overall the definition included in the *Bill* implies **that cost-sharing or co-investment as well as a focus on the core business are central elements of PPDPs**.

SDC's position paper on PPDPs (2013) takes a **broader view**: Here, a PPDP is understood as an '**alliance** with a private actor that establishes **mutual obligations**', where each partner defends its specific interests while sharing a set of agreed values, and which creates a **developmentally positive impact** at the social, environmental and/or economic levels.⁴

The motivations for engaging in PPDPs echo the ones described in the *Bill*, and can be summarised as enhancing effectiveness, influencing core business for development impact and leveraging companies' financial resources and know-how.

Yet, **the types of partnership** described appear to be broader, including: provision of services to the poor; mobilising financial resources by the partners; developing sustainable norms and regulations; exchanging knowledge and generating innovation; and political advocacy for measures positively influencing development. Further, in addition to companies, private partners mentioned in the *position paper* also include business umbrella organisations. **Overall, the exact forms and focus of partnerships are hence only loosely defined.**

The *position paper* however does include some indications of **what SDC does not consider as PPDPs**. Such other forms of collaboration include:

- Public-private partnerships that do not explicitly aim to achieve development objectives
- Programmes aimed at developing the private sector
- Mandates to provide services or to acquire goods
- Open dialogue with private actors on social, environmental and economic issues

SDC staff views

The fact that SDC's definition of PPDPs is still evolving can also be observed in the views articulated by staff. **Interviewees interpret available documentation quite differently** and have varying views on what types of collaboration constitute a PPDP – sometimes mentioning forms of collaboration that are already excluded by the *position paper*.

However, the majority expressed a preference to frame PPDPs increasingly around the following key characteristics:

- influencing the core business (rather than mere social responsibility or philanthropic activities) as the former was considered as a more scalable and sustainable approach
- sharing costs between the partners: this was preferred by about half of the interviewees as cost-sharing was not only seen as a sign of commitment but also likely to contribute to the scale of the projects' impacts. Many stressed though that in addition to (or rather than) financial resources, key success factors of partnership included the partners' alignment around a common goal and the contribution of each partner's expertise.

International Perspectives

There is no universal definition of a PPDP among donor agencies. In fact, in some cases, PPDPs are used as an **umbrella term** (as in the case of SDC), whereas other agencies use the term to describe a **specific form** of collaboration with the private sector: For example, **Sida** lists PPDPs as one type of partnership among its portfolio of "collaboration opportunities with the private

² Bill on Switzerland's International Cooperation 2013-2016, p.203.

³ Bill on Switzerland's International Cooperation 2013-2016, p.203.

⁴ SDC Position Paper on PPDPs, p.44.

sector”.⁵ They are defined as collaborations with large companies; based on joint financing of projects which are commercially driven while generating pro-poor impacts (up to 50% contributed by Sida); and that are implemented by a third non-profit party, in which the resources are pooled.

To maintain as much clarity as possible, this study will look beyond the terminology and categorise different collaborations with private partners in SDC’s project portfolio according to their intervention logics and set-ups.

A key question is therefore what type of projects can be usefully brought together in the category of partnerships as one overarching ‘cooperation modality’. A useful focus, in line with the common elements of many other donor agencies’ partnership concepts, is around formal agreements between a donor and company on sharing the costs and/ or risks of core business investments with positive development impacts, and leveraging private sector core competencies and resources. This is compatible with the elements described in Switzerland’s *Bill on International Cooperation*. Some example quotes on international concepts of partnerships are given in the box below.

Box 1: Example quotes on international concepts of partnerships with businesses, highlighting the element of cost and or risk sharing around core business- related activities (and competencies)

“**Partnerships** can be defined as “cooperation projects between actors from the public sector, the private sector and civil society in which the organisations involved cooperate transparently and as equals, in order to achieve a joint objective for sustainable development. To this end the partners **use their complementary competencies and resources, and agree to share the risks and the benefits of the joint project.**” [BMZ Strategy Paper 2011](#)

Development Partnerships with the Private Sector “combine the respective strengths of public and private partners: development partnerships are **planned, financed and implemented jointly**.(...) By investing in people and the environment, businesses also ensure their own commercial success.” [GIZ Website](#); “**DeveloPPP.de** helps businesses to minimise the risk of their international involvement.” (...) “BMZ provides companies investing in developing and emerging countries with financial and, if required, also professional support. The company is responsible for covering at least half of the overall costs” [German DeveloPPP programme website](#)

Through its **partnership instruments**, **ADA** creates concrete mechanisms to implement projects that serve the commercial interests of partner companies as well as the development interests of the target country or populations. [Austrian Development Aid Development Partnerships Programme Guidelines](#) (translated by author)

Danida “provides financial support for the preparation and implementation of commercially oriented partnerships (...) to mitigate some of the risks inherent to the pursuit of new business opportunities in developing countries.” [Danida website](#)

“**Through partnerships**, the objective is to leverage the contribution of the private sector to global poverty reduction and to promote inclusive and sustainable business models that enable people living in poverty to improve the quality of their lives. Collaboration between Sida and the private sector is based on **risk- and cost-sharing** and on the private sector being the driving force of the partnerships. [Sida: Collaboration with the private sector](#)

[**The Global Development Alliance**] is a channel through which local, national and multinational corporations of any size, both U.S. and foreign owned, can propose innovative public-private partnerships that achieve their core business goals, while also enabling USAID to accelerate and exponentially increase the impact of our foreign assistance investments. Prospective companies are expected to bring significant new resources through innovation, ideas, technologies, and/or other partners to simultaneously address core business interests and significant development challenges. Successful proposals will bring at least a 1:1 resource match (both cash (25%) and in-kind). [USAID 2012](#)

“**A public-private partnership (PPP)** is a form of cooperation in which the parties are jointly accountable for activities carried out under their common direction, using their pooled resources and personnel and sharing the risks.(...) Linking poverty reduction to entrepreneurship can be a more effective way to reach development goals. Besides combining knowledge and capacity from different spheres of society, PPPs have the great advantage of serving as a catalyst, multiplying the effect of government’s contribution by adding in the contributions of its partners.” [Netherlands MoFA \(2010\)](#)

The potential for the private sector to contribute to more inclusive growth and development at scale through core business is increasingly recognised by businesses, governments and development partners. [Business fights poverty 2012](#)

Given a frequent confusion in the discourse on partnerships, it is also worth reflecting on **how the specific concepts ‘partnerships’ and ‘private sector development (PSD)’ relate to each other**. Partnerships defined as above can be an instrument to achieve a range of social and economic development objectives. As such they can also be a *tool to promote PSD*, i.e. the creation of economic opportunities for the poor. However, not all PSD approaches, based on the fact that they target or work with companies, can usefully be considered as ‘partnerships’; this term specifically

⁵ See <http://www.sida.se/English/Partners/Private-sector/Collaboration-opportunities/Public-Private-Development-Partnerships-PPDP/>.

refers to some form of contractually formalised cost- and risk sharing with an individual company, large or small, as part of a core business investment or activity. It excludes, for example, approaches that work with or through whole sectors or clusters of businesses.

Mapping Structure and Overview

Based on the above definitions, the project portfolio was organised in three overarching categories. The overall mapping structure is illustrated in Box 2 below.

The first category represents SDC's core private sector partnership portfolio: These projects involves cost- and/or risk-sharing by SDC and private companies in the context of core business activities and related joint development projects. Overall, 19 such partnerships have been identified in the document review.

There are however still significant differences within this group of partnerships; therefore, while trying to avoid too finely grained distinctions, **four sub-categories** have been created:

- Partnerships to test or scale up a new business model of typically one major company, which has the potential for commercial viability and development impacts
- Multi-stakeholder product or service development partnerships with various private and other collaborators;
- Innovative finance partnerships; and
- Partnerships to overcome barriers to the adoption of environmentally responsible core business behaviour

Box 2: Summary overview of the Mapping Structure	
<p>SDC's Core Partnership Portfolio: Cost- and/or risk-sharing by SDC and private companies in the context of core business activities and related joint development projects:</p> <ul style="list-style-type: none"> • SDC shares costs and/or risks with partners companies in developing and/ or scaling up an innovative/ risky project; the project budget or agreements with partner companies typically quantify the contribution of all partners (including in-kind contributions based on core business competencies) • The project is (potential) part of the company's core business • The projects are expected to lead to commercially viable and positive development outcomes 	<ol style="list-style-type: none"> 1. Partnerships to test or scale up a new business model of a partner company <ul style="list-style-type: none"> ○ Central matching grant schemes ○ Partnerships in market development programmes ○ Other, free-standing partnerships 2. Multi-stakeholder product and service development partnerships <ul style="list-style-type: none"> ○ Service/ sector development partnerships ○ Product development partnerships in health 3. Innovative Finance Partnerships 4. Partnerships for environmentally friendly core business behaviour
<p>Other collaborations with private stakeholders, matching the criteria of the <i>PPDP position paper</i>, but contradicting key aspects of the <i>Bill on International Cooperation</i>:</p> <ul style="list-style-type: none"> • they don't involve activities that are or could become part of core business, i.e. primarily philanthropic investments; and/or • they follow a different logic, e.g. by not involving any transfer of resources from SDC to, or in close cooperation with, a private company as integral part of the project; and/ or • they sit above the practical implementation level of SDC's core partnership portfolio, and involve very different risks and opportunities; and/or • they don't involve companies but business associations as partners 	<ol style="list-style-type: none"> 1. Public-private co-sponsorship of development projects and 2. In-kind contributions by companies to SDC-funded development programmes 3. Public-private policy dialogue and advocacy platforms 4. Collaborations with business associations
<p><i>Other projects that don't match the criteria of the PPDP position paper</i></p>	

Further project details on SDC's core partnership portfolio are provided in [Annex 3](#). Where information was available, these also include the kinds of **governance mechanisms** that are in place, in particular⁶

- **the processes through which the partnerships are initiated:** Partnerships are embedded in the budget lines of the thematic and geographic divisions. As part of this, no standard set of processes through which partnerships can be initiated has been defined and publicised by SDC. In practice, it seems to have been a mix of SDC country offices, businesses, or NGOs (as prospective implementers of partnerships with businesses) sending proposals, SDC HQ staff approaching companies, and partnerships emerging organically from a longer period of dialogue between partners. A different approach consists in SDC-supported matching grant mechanisms that businesses can apply to receive co-funding for their project ideas.
- whether the **lead contract** is made directly with the partner business(es), or whether the lead contract is made with a third party (e.g. an NGO)
- the **roles and responsibilities of the partners**, including their financial contributions;
- the existence of a **joint steering committee**.

A second category involves other collaborations that match the broader criteria of the PPDP position paper, but that contradict some of the key aspects of the Bill on International Cooperation. This may be because they don't include activities that "are part or could become part of the core business" of companies, or they are set up with partners that are not companies (e.g. the position paper includes business associations as possible partners). It is also obvious that many collaborations listed in this category are fundamentally different (in terms of forms of collaboration, risks and opportunities) from the practical and 'on the ground' engagement with partner business part of the first category. While these initiatives may be valuable, **it is strongly recommended to SDC not to consider them as part of its partnership portfolio**, but as separate project categories. Summaries of these projects are provided in [Annex 4](#), which comprise

- Collaborations that are primarily part of philanthropic engagements, including
 - public-private co-sponsorship of development projects and
 - in-kind contributions by companies to SDC-funded development programmes
- Policy dialogue and advocacy platforms
- Collaborations with business associations

A third category includes projects that don't match the criteria set forth in the position paper: The reason for non-inclusion is given in each case, in [Annex 5](#). A further two projects could not be included in the mapping because of **insufficient information** in the available documentation.

2.1 SDC's core partnerships portfolio

As touched on above, all **four sub-categories of the core portfolio have in common that:**

- SDC shares costs and/or risks with partners companies in developing and/ or scaling up an innovative/ risky project; the project budget or agreements with partner companies typically quantify the contribution of all partners (including in-kind contributions based on core business competencies)
- the project is (potential) part of the company's core business
- the projects are expected to lead to commercially viable and positive development outcomes

The partnerships are spread fairly equally across different themes/ sectors: five projects have been identified in agricultural market/ supply chain development, five projects in financial service provision, five projects in climate change and environmental sustainability, three project in health, and one in SME development.

While most partnerships involve **medium to large Swiss or international businesses**, a number of partnerships also focus on **small to medium sized enterprises** (e.g. REPIC Platform and Technical Assistance Facility for SMEs in developing countries).

⁶ Please not that further governance aspects mentioned in the PPPD position paper (measures against partners that don't fulfil obligations and mediating arrangements for conflict resolution) will not be covered in the mapping as little information was found on these aspects.

2.2.1 Testing or scaling up new business models of a partner company

Eight projects have been identified that broadly fall into this category, with the following key characteristics:

- The projects typically concern the core business of one major partner company.
- SDC provides matching grants which cover a certain share of the initial investment costs and/ or are used to fund external technical advice necessary to develop the project; grants range from about 20% to 75% of the overall costs
- Most of the projects aim to have a demonstration effect and to be replicated by the partner company or other businesses
- Lead contracts are typically made directly with the partner company (with two exceptions where the lead contract was made with a third implementing organisation)
- Sectors, processes for awarding support and other governance aspects vary

In many such partnerships, SDC also plays additional roles including in particular a direct advisory role; providing linkages to national governments, and/or a broader knowledge-sharing role on successful business models and/or lessons learnt.

As noted above, the projects in this category still show some important variations in terms of sectors, processes for awarding support and other governance aspects. Three sub-categories can be specified.

Summary list of projects: Testing/ scaling up of new business models of individual companies	
a) Central matching grant schemes inviting applications from companies	REPIC Platform (2004 - ongoing)
	Swiss Capacity Building Facility for Employment and Income (2010-2014)
b) Partnerships as part of agricultural market development programmes	Syngenta-Katalyst vegetable sector partnership, Bangladesh (2003-2005(?))
	SDC-Elola dairy sector partnership, Armenia (2003-2008)
c) Other 'free-standing' partnerships with individual businesses	Nestlé –SDC Rural Poverty Reduction Project through Capacity Building in Livestock and Dairy Farming, Pakistan (2009-2010)
	SDC-Firmenich Sustainable Vetiver Partnership, Haiti (2012 - ongoing)
	Refrigerator Recycling Project, Brazil (2009-2012)
	Business Plan Development for catastrophe insurance (MiCRO), Latin America (2013-?)
	SDC-Zurich Access to Microfinance Partnership (2007-2009)

a) Central matching grant schemes to promote technological innovation or financial inclusion

The inter-departmental REPIC Platform provides a central mechanism which allows companies⁷ to apply for matching grants to develop and pilot-test business models and technology adaptation in the area of renewable energy and energy efficiency in developing countries – based on clearly defined strategies: The Platform has **defined application guidelines** as well as maximum amounts of support. Private partners are not involved in the steering of the platform.

A mixed model, which fulfils the key elements of a matching grant mechanism but also includes features of other partnership models, is the **Swiss Capacity Building Facility for Income and Employment** (SCBF): SCBF is a non-profit organisation that is both co-funded by contributions in cash and in kind from SDC and Swiss companies (e.g. FIDES, Credit Suisse, Zurich). It aims to develop or scale up pro-poor financial service solutions by cost-sharing technical assistance to financial intermediaries in developing countries, based on a competitive application process.

⁷ Note that the platform is also open for applications from other actors such as NGOs, technical colleges, etc. It is funded by SECO, BAFU, BFE, DEZA, with less than half of the financial means coming from SDC. Note that based on the available information in the document review, all project data in the Annex refer to the REPIC platform as a whole, and do not separate out SDC's specific contributions.

Further, it aims to mobilise capital from social investors to finance business expansion of these financial intermediaries.

b) Partnerships as part of agricultural market development programmes

As opposed to the approach of central matching grant schemes, which rely on proposals and ideas of businesses, partnerships as part of market development programmes follow a different logic: Here, partnerships are **initiated based on a thorough analysis of the market and scoping of potential partners** by programme staff. A potential partner company (local or international) is then approached to stimulate an initial investment and ultimately demonstrate a viable business model that could be replicated across a whole market. MoU's or other contractual agreements are typically made with the partners company, but no joint governance structures exist. The **two partnerships** identified in this category are between Katalyst and Syngenta in the vegetable sector in Bangladesh, and with a dairy processor as part of SDC's dairy market development programme in Armenia.

c) Other 'free-standing' partnerships with individual companies

SDC is further involved in 'free-standing' partnerships with individual companies in the same three sectors as above. These are initiated on an opportunity-driven basis by the partner companies or SDC, although no information was available on the specific set-up process of each partnership. For three of the five partnerships, a joint steering committee appears to be in place.

- **Developing agricultural supply chains of partner companies** (Livestock and Dairy Farming Project with Nestlé Pakistan and Sustainable Vetiver Production with Firmenich in Haiti): In both cases the lead contract was made with the partner company; Nestlé acted as the only implementer of the project, while, according to the project documentation, the project in Haiti is primarily implemented by the Firmenich Foundation (hence a non-profit entity)⁸.
- **Introducing technological innovations for climate protection:** SDC entered a partnership with Fox & Earth Industries to introduce a refrigerator recycling plant in Brazil: Here the lead contract was with a non-profit organisation.
- **Promoting financial inclusion:** While very different in the type of partners⁹, two partnerships (one with MiCRO and SwissRe in Haiti and global partnership with Zurich) have been identified in this category, which aim to develop commercially viable micro-insurance solutions. Of these, only MiCRO has a direct contract with SDC, and only in the case of the Zurich partnership, a joint steering committee exists.

2.2.2 Multi-stakeholder product and service development partnerships

Product and service development partnerships have in common

- the objective to develop and co-create innovative solutions to defined development problems
- the involvement of a number of private and other (governmental and non-profit) partners
- grant support by SDC, often above 50% of the project costs
- an emphasis on in-kind contributions by partner businesses (focused on core business competencies), in addition to capital
- the potential for commercially viable business activities
- and a frequent geographical spread across several countries.

Two such multi-stakeholder partnership models have emerged from the analysis: multi-stakeholder service and sector development partnerships, and product development partnerships in health.

Summary list of projects: Multi-stakeholder service and product development partnerships	
a) Multi-stakeholder service/ sector development	Agrifin Mobile, Uganda, Zimbabwe, Tanzania (2012-2015)
	RIICE – Remote-sensing based information and insurance for crops in emerging economies, seven Asian countries (2011-2015)

⁸ SDC staff noted that the project has so far been implemented by the company Firmenich itself.

⁹ Note that MiCRO is a donor-capitalised re-insurance company which has set up by a syndicate of public and private stakeholders. It was created to reinsure risks from catastrophe insurance in Central America, but can develop catastrophic risk transfer solutions nearly anywhere in the world. It also offers different micro-insurance solutions than other re-insurers (for more details see <http://www.microrisk.org/>)

partnerships	SMS for life, Tanzania (2011-2012)
b) Product development partnerships in health	Medicines for Malaria Venture, (MMV, 1999-2016)
	Drugs for Neglected Diseases Initiative (DNDi, nd-2016)

a) Multi-stakeholder service/ sector development partnerships

Three initiatives identified can be considered as multi-stakeholder partnerships that aim to jointly develop new services and/ or entire sectors: Agrifin mobile (bundling different agricultural advisory and financial services in mobile applications); RIICE (combining remote sensing technology with rice yield projections and ultimately crop insurance solutions); and SMS for life (developing an SMS-based notification system to reduce stock-outs of anti-malaria drugs).

In addition to cost- and risk-sharing, SDC, together with the lead contractor, can function as a convener or coordinator of such partnerships, hence playing the role of **overcoming possible coordination failure**. SDC' role in these partnerships further consists in providing linkages to national governments. **Two of these multi-stakeholder partnerships are managed, and one also initiated, by a non-profit organisation.** In the case of **RIICE**, the lead contract is made with a **participating company**. The lead contractor (whether a business or non-profit organisation) then signs individual sub(-grant) agreements with further private partners and other collaborators. Steering committees exist in two cases.

b) Product development partnerships in health

Product development partnerships (PDPs) in health **represent a very specific type of partnership focused on** research and development (R&D) of new products against diseases disproportionately affecting developing countries, often referred as neglected diseases. SDC provides funding to two such PDPs: The Drugs for Neglected Diseases Initiatives (DNDi), and The Medicines for Malaria Venture (MMV). **Key features** include:

- A lean operating model, with laboratory work and clinical trials conducted by other parties – academic institutions, large private corporations and small biotechnology companies – under contract or agreement.
- Substantial in-kind contributions from industry partners other than those engaged on contract.
- The requirement for private partners to either assign intellectual property rights to the PDP or to apply preferential product pricing in developing country markets.
- Work with a diversified portfolio of candidate products, with regular processes used to decide on which products to take forward to clinical trials, and ultimately registration for use in relevant markets.¹⁰
- PDPs in health have the status of non-profit organisations, and are characterised by advanced organisational structures. SDC is a co-founder among other donor agencies.

PDPs in health are overall quite different from all other partnerships mentioned here: As opposed to most other partnerships with the private sector, **the aim of PDPs in the health sector is not to make them independent from donor funding in the longer run**; instead PDPs actively seek both governments' and the industry's long-term commitment to the development of effective and affordable drugs and other health promotion products for developing countries. Also, for most companies, the support to PDPs is part of their corporate social responsibility activities, although it seems to have turned into the core business of some of them.¹¹ They still have been included here given their cost- and risk-sharing approach, including the substantial contribution of **core business competencies of the partner companies, and the objective of developing at the minimum cost-recovering products** (although not for-profit). It is noteworthy that they have been acknowledged internationally as an important model of public-private partnership, as "much of the

¹⁰ These features are summarised based on Callan, Margaret and Robin Davies (2013): When Business Meets Aid: Analysing Public-Private Partnerships for International Development;

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2252309

¹¹ See for example http://www.nature.com/nature/outlook/malaria_2012/sponsor.html

money invested in neglected disease R&D over the last two decades has been either invested in or distributed through the PDP model.”¹²

2.2.3 Innovative Finance Partnerships

Projects in this category are characterised by the following key elements:

- They aim to mobilise and leverage private capital resources (market-based and philanthropic/ social investors) for the provision of financial services to the poor
- Risk-sharing by SDC is done through other financial instruments than grants, and may include loans, loan guarantees and equity

Summary lists of projects: Innovative Finance Partnerships	
Central application-based mechanism	Technical Assistance Facility for Pro-Poor Business Development Investments (2009-2012)
Partnership with individual business	Innovating Development Finance for Independent Media (2006-2009 (?))

One innovative finance mechanism is the **Technical Assistance Facility** for Pro-Poor Business Development Investments. SDC provided seed capital to the facility, which provides loans to selected applicant SMEs from developing countries to share up to 50% of the costs of technical assistance. Similar to the REPIC platform, it is an **application-based partnership mechanism**, but with the aim to be ultimately financed by social investors alone. The facility is managed by a Swiss public company. SDC participated in a committee which oversees the TAF. In addition, an **individual partnership initiative** supported by SDC is the ‘Innovating Development Finance for Independent Media’ project, in which SDC provided a loan guarantee to a Swiss bank.

2.2.4 Partnerships to overcome barriers in the adoption of environmentally responsible core business behaviour

The partnerships summarised in this category are characterised by three common key elements:

- They aim to promote environmentally friendly business behaviour among the partner companies, who should also have a demonstration effect on other businesses;
- As such they are part of companies’ corporate social responsibility strategy, however aimed at changing core business behaviour.
- SDC provides matching grants to support/ stimulate such projects

Summary list of projects: Partnerships for environmentally friendly core business behaviour
SuizAgua Colombia (2010-2014)
SuizAgua Peru and Chile (2012-2015)
Reducing Nestlé’s Water Footprint in Coffee Production in Vietnam (2011-2013)

All three initiatives identified in this category are country-level collaborations with companies with the objective to minimise water consumption in their supply chains: SuizAgua Colombia (5 companies), SuizAgua Peru and Chile (12 companies), and Reducing Nestlé’s Water Footprint in Coffee Production in Vietnam. Each project is overseen by a joint steering committee.¹³

2.2 Other SDC collaborations with private stakeholders

As noted in the mapping overview, this category consists of collaborations with private stakeholders whose logic and forms of collaboration are significantly different from the partnerships above. They broadly match the criteria of the *position paper*, but contradict some of the key aspects of the *Bill on*

¹² See <http://www.bvgh.org/LinkClick.aspx?fileticket=h6a0cJK9drg%3D&tabid=39>

¹³ A specific feature is that they are also part of SDC’s effort to test and further develop a Water Footprint ISO Standard at the global level. Please note that SDC funding towards the development of the ISO Standard is part of the financial contribution mentioned in the project summary in the Annex, although it is not considered here as an element of the partnership.

International Cooperation. While they may be valuable collaborations in themselves, it is **recommended that SDC does not consider them as part of its partnerships portfolio.**

Part of the reason for mapping them in more detail in this section is to **illustrate their fundamental differences to the partnerships in the first category** and involve very different opportunities and risks. Broadly speaking they are characterised by **one or more** of the following **features**:

- They are **not about activities that are or could become part of core business** or that harness core business competencies, i.e. primarily philanthropic investments
- They follow a **different logic**, e.g. by not involving any transfer of resources from SDC to, or in close cooperation with, a private company as integral part of the project
- They **sit above the practical implementation level** of SDC's 'core partnership portfolio', e.g. where they only involve pooled funding of any development initiative, or focus on political dialogue
- They may **not involve companies but business associations** as partners

2.3.1 Public-private co-sponsorship of development initiatives

These initiatives comprise the following forms of collaboration

- Companies, SDC (and other donors) jointly fund a third organisation or pay into a trust fund that is used for mutually agreed initiatives – either at the global or national level
- the initiatives are not related to the core business activities of the partner companies themselves, but are used to fund other development projects;
- as such, they are primarily driven by the corporate philanthropy, reputational or marketing interests of the partners companies

Summary list of projects: Public-private co-sponsorship of development initiatives
Swiss-South African Cooperation Initiative (SSACI, 2001-2014)
Water Resources Group (2012-2014)
Access Agriculture – Videos for Farmers (2012-2015)

At the global level, the multinational companies and donors including SDC work together through the Water Resources Group to address water scarcity issues, by paying jointly into a Trust Fund at the IFC and jointly steering the initiative. At the country-level, the Swiss South African Cooperation Initiative (SSACI) funds vocational training initiatives with equal capital from SDC and Swiss businesses. Further, the multi-country Video for farmers Initiative seeks to develop a agricultural video platform hosted and owned by an NGO; the project is co-sponsored by private companies. It also receives in-kind technical advice, so has elements of the following collaboration type (2.3.2).

2.3.2 In-kind contributions by companies to SDC-funded development projects

In this category of collaborations,

- Swiss companies offer to support development projects (co-) funded by SDC through in-kind contributions, such as in the form of technical assistance by company staff
- there is no transfer of resources from SDC to, or in close cooperation with, the partner company as integral part of the project
- the company's contribution is mainly motivated by reputational interests and/or philanthropy
- the private contribution is relatively small and/or short-term in scope compared to the overall project.

Summary list of projects: In-kind contributions by companies to SDC-supported development projects (all past contributions)
Training by Holcim for UN-Habitat/ Sri Lanka Cash for Housing Programme
Staff secondment by Basler & Hoffmann to the Haiti Competence Centre for Reconstruction
Collaboration of a local bank to hand out cash grants by the Mongolia Cash for Herders Programme

Two such collaborations took place as part of the Sri Lanka Cash for Housing Programme and the establishment of the Haiti Competence Centre for Reconstruction. A third, broadly comparable collaboration happened in Mongolia, where a local bank agreed to hand out grants to beneficiaries as part of SDC's Cash for Herders programme.

2.3.3 Public-private policy dialogue and advocacy platforms

- SDC provides funding to, or participates in policy dialogue or advocacy platforms on development issues together with other public and/or private stakeholders (businesses or business membership organisations)

Example project: Public-private dialogue and advocacy platform

Swiss Malaria Group

One example of such a platform in which SDC participates is the Swiss Malaria group which lobbies for increased Swiss contributions to anti-malaria organisations. Such processes are not part of the *Bill's* definition of PPPDs, and the *position paper* is currently ambiguous about these: A possible purpose of partnerships mentioned is the development of sustainable norms and regulations as well as political advocacy. However, open dialogue on developmental issues is not considered as a PPDP.

2.3.4 Collaborations with business associations

- This category comprises various projects that don't involve cost- and risk-sharing with individual companies, but collaborations with business associations.

Summary list of project involving collaborations with Business Associations

Building Energy Efficiency, India

Green Call Center, South Africa

Energy-efficient building/ Vertical Shaft Brick Kiln Project, South Africa

Energy Efficiency Skills Development Systems Project, South Africa

Low Carbon Cement Project, India

Five projects in the portfolio reviewed included collaborations with business associations, in most cases in the context of capacity development initiatives in specific economic sectors. The *position paper* (but not the *Bill on International Cooperation*) notes that PPDPs can be established business umbrella organisations. This extends the concept of PPDPs however to very **different types of actors in terms of their operational logic, types of activities and objectives**. Similarly, the sorts of collaborations donors generally maintain with business associations differ from those with individual businesses. They are often linked to awareness-raising, dialogue and political advocacy.

3. Assessing the results of SDC's Core Partnerships Portfolio

3.1 Overview of results achieved

The summary table in [Annex 6](#) compiles key information available on the results achieved (with intended results as a benchmark) among the four categories of SDC's core partnership portfolio identified above. The *PPDP position paper* outlines six overarching intended impacts of partnerships, of which three have been broadly covered in the summary table:¹⁴

- **Cost effectiveness/ leverage:** The *position paper* mentions leverage as one key objective. For each partnership, therefore the leverage ratio has been calculated (i.e. the ratio of SDC funding to private investment). It is noteworthy that for this review, the leverage ratio mainly represents the ratio of public and private funding during the partnership itself and not of further private investment after the end of support, as no data was available on this.¹⁵ Similarly, no data were available to calculate other comparable cost effectiveness measures such as the costs per jobs created.
- **Commercial viability:** This is not explicitly mentioned in the *position paper*, partly because it also includes non-core business activities in its definition of a PPDP. However documents

¹⁴ Three other intended impacts have not been specifically addressed, as they are more vaguely defined and less conducive to measurement: fostering professionalism and mutual learning; using synergies in order to perform with higher efficiency, and having access to innovation, knowledge and resources. The sharing of resources, knowledge and, broadly speaking, the introduction new business models, products or services are however inherent elements of all projects in SDC's core partnership portfolio.

¹⁵ An exception is the REPIC platform; for very few projects, follow-up investments have been specified in the documentation.

were reviewed for indications of commercial viability, as this can be considered as one key factor for achieving the objective of ‘generating sustainable impact at scale’.

- **Development effectiveness:** Development effectiveness is assessed in terms of outputs/ early signs of progress, outcomes and impacts. Such information would provide insights into the achievement of the goals described in the *position paper*, to achieve changes in ‘partner companies’ business models’ and ‘sustainable impact at scale’.

Based on the results achieved across the above-mentioned dimensions the analysis will show whether any conclusions can be drawn on the **functionality or efficiency of overarching different partnerships**. More detailed aspects related to the functionality of specific partnership set-ups will be highlighted in [section 4.4](#) on “Reflections and conclusions on opportunities, risks and mitigation strategies”.

Leverage ratio

The leverage ratio was calculated for 12 initiatives. In other cases, the leverage ratio was not an applicable measure (e.g. product development partnership in health with a focus on in-kind contributions by companies) or relevant data were missing. In case of the media development loan project no resources were spent by SDC, but an investment of CHF 3.1 million triggered through a loan guarantee.

For six projects, SDC funds were matched by private resources at a factor of between 1 and 2. These include 3 partnerships with individual businesses to test/ scale-up new business models, two of the partnerships promoting environmentally responsible core business behaviour and one multi-stakeholder service development partnership. The one multi-stakeholder service development partnership (Agrifin Mobile) appearing in this category essentially includes a number of individual sub-projects co-financed at 60% by private partners. In international comparison (mechanisms partnering with individual businesses), this seems to be a reasonable ratio: for example, DFID’s Business Linkages Challenge Fund (BLCF) had a leverage ratio of 1:2.3, the Netherlands’ PSI programme (1999-2009) one of 1:1.22.

In four projects, SDC funds were matched by private resources at a factor of lower than 1. These include two multi-stakeholder service development partnerships. The reason for the low leverage ratio in this type of partnership is that SDC acts mostly as the primary funder, while various companies provide defined in-kind (e.g. expertise, technology) and financial contributions. The two other cases in this category are partnerships around individual business projects (SCBF and SDC-MICRO). In case of the SCBF (matching grant mechanism), the low leverage ratio is due to the fact that it stipulates a relatively low cost-sharing (20%) by applicants as part of its design.¹⁶ In practice though, the cost-sharing has been a bit higher (32%).

One central matching grant mechanism, the REPIC Platform, has a significantly higher leverage ratio than other partnerships (1:3.4). A similar leverage ratio has for example been achieved by DFID’s Financial Sector Deepening Challenge Fund (1:3.9). It is worth noting that a higher leverage ratio may however imply that the financial additionality of SDC funds is relatively lower, as leverage and additionality are to some extent conflicting criteria.¹⁷

Commercial viability

The assessment of commercial viability should be understood as only indicative, as it is based only on rather short remarks made in project documents, or the author’s own conclusions based on the results reported (or lack thereof). **For the majority of projects, the achievement of commercial viability seems unclear at best:** One project has not achieved commercial viability, for six projects it remains unknown whether commercial viability exists, and for at least seven it seems to be too early to know – as commercial viability will only show after a project has been operational for several years. **For three past projects, commercial viability seems likely, based on available data on**

¹⁶ Note that this does not take into account the financial and in-kind contribution to the steering and monitoring SCBF projects of the private co-funders of the facility itself.

¹⁷ Donor support in a partnership can be considered to be fully additional in financial terms, if the partner company would not have implemented the project anyway. In other words, the more money invested by a company relative to the public contribution, the more likely it is that the company would have been able to implement the investment on its own. Further reflections on assessing additionality before formalising a partnership are provided in Chapter 4.2.

results: The two partnerships that took place under the umbrella of agricultural market development programmes (Katalyst-Syngenta, and the Elola partnership), and another ‘free-standing’ partnership with an individual business (refrigerator recycling project). The **REPIC Platform is the only partnership (mechanism) which has explicitly reported in a few of its project case studies that commercial viability had been achieved.** It would be interesting to get a clearer overview of how many of the 81 projects co-funded have achieved this, or are on track to do so. The platform has however only more recently moved towards increased co-funding of pilot projects (relative to the amount of feasibility studies), many of which are therefore at an early stage.

To date therefore, all projects that have achieved or are likely to achieve commercially viable results are partnerships to test or scale up new business models of individual companies. However, two of the multi-stakeholder service development partnerships for example have started only relatively recently, and are also likely take longer time to realise their relatively ambitious targets and complex structures.

For product development partnerships in health, the aspect of commercial viability is not directly applicable as medicines are sold primarily on a cost-recovery basis. Further, in case of the innovative finance projects for independent media, it is not directly applicable; however, the loan guaranteed by SDC seems to have contributed to the growth of benefitting media businesses.

Development effectiveness

Overall, **relatively little has been documented, or documented in a consistent way, on the results achieved** by SDC’s partnership projects. It should be noted that for roughly six projects, it still seems to be too early to assess outcomes (or impacts), although it is also not clear if and how results are being monitored. In other cases, the available documentation on results is already several years old, not necessarily giving the final picture of impacts achieved. An overview of information on targets, early progress and development outcomes achieved is given below:

- **Testing and/ or scaling up of new business models of individual companies:** Both **central application based mechanisms** seem have co-funded a considerable number of projects. Not much has (yet) been reported on outcomes and impacts achieved across their project portfolios. However a 2012 SCBF progress report notes that “based on the current status, it can be expected that target numbers will be met”. This would be significant: the target is to extend financial services to 560,000 new clients. For the REPIC platform, a 2010 evaluation¹⁸ noted a high level of satisfaction with REPIC’s work, although several project delays had been encountered and few projects had yet achieved significant follow-up investment. It appears though that with growing experience the platform has been increasingly professionalising its operations as a result of which the quality of projects has improved.

The two **partnerships reviewed that took place within the framework of agricultural market development programmes** have a relatively solid evidence base, with the business model piloted successfully completed with commercial benefits for the partner companies and higher profits/incomes for the 320 and 900 beneficiaries respectively (although in case of the Syngenta partnership this stops at retailer level, impacts on farmers are not accounted for). Especially for the Katalyst-Syngenta partnership it is likely that further information on a possible scale-up of the project exist elsewhere.

For the remaining five **‘free-standing’ partnerships** in this category, no results have been reported for one project, and two are at a too early stage. These include the insurance partnership in Haiti, which aims to benefit 250,000 households. The SDC-Nestlé supply chain partnership in Pakistan has increased incomes of 735 farmers by 15%, although it is unclear what the commercial benefits for Nestlé were and hence how the activities were carried forward after the end of the project. The refrigerator recycling plant in Brazil is the first one of its kind in the country and has a good potential in helping reduce global warming gases. The plant has been operating at lower scale than expected by 2011, but reasonable explanations were provided in the project documentation of why higher results can still be expected.

¹⁸ The evaluation was not included in the document review but quoted in a follow-up phase credit proposal.

- In the area of **multi-stakeholder service development partnerships**, information on Agrifin Mobile only consisted in project design documents and the RIICE project's latest operational report focuses on early activities. The SMS for life project seems to have had a successful pilot phase a significant reduction in anti-malarial stock-outs in Tanzania, possibly benefitting 300,000 people. According to a 2013 evaluation however, results seem to have been reversed in the scale-up phase and the value of the overall system put into question.
- **Product development partnerships in health** have been quite successful and seem to be on track in achieving their targets. They already have benefitted or have the potential to benefit millions of poor people. In terms of attribution it should be stressed though that while SDC is an important contributor to DNDi and MMV, several other donor agencies co-fund to these partnerships.
- Of the two **innovative finance partnerships**, data on results were only available for the Media Loan Development Fund Project, which is reported to have achieved a significant sales increase for media businesses (Fund clients), reaching 2.8 million customers with independent news.
- Finally, among the partnerships aiming to **promote environmentally friendly core business behaviour** (specifically water footprint reduction), the SuizAgua project in Colombia seems to have the potential for a significant reduction of the water footprint in the supply chain of major multinational companies. However, data are missing on whether an actual reduction has been achieved. The scope of a Nestlé project in Vietnam appears to be rather small: good water management practices have been identified and 318 farmers trained. It would be of interest if Nestlé replicates this project in other countries or supply chains.

The findings above represent a relatively 'mixed bag' of different types and scales of (potential) results. Given the lack of a broad evidence base, **no partnership model can therefore be concluded to be superior to others**. It is also important to recognise that their comparability is in fact limited: **the models, and different partnerships within them, vary significantly in their level and type of ambition**, and the partners they are best pursued with. Each is likely to be of value for different reasons, as shown by the illustrative insights below:

- **Models benefiting consumers** (e.g. in financial services or health) appear to achieve **higher scale than those benefiting producers**, although judging by targets only.
- In principle, **partnerships with individual companies**, whether to test new business models and technologies, or to change core business behaviour, may have smaller scale results but are more conducive to replication, whereas **multi-stakeholder models** aim for a higher number of beneficiaries, but cannot be easily replicated given their complex set-ups.
- Existing central matching grant mechanisms supported by SDC are primarily used to reduce the risks and capacity constraints by **small and medium enterprises** or financial intermediaries in testing and scaling innovative or pro-poor business models. Other partnerships, such as in promoting environmentally sustainable corporate behaviour, focus on working with **larger companies**. These have higher stakes in a good public image of their corporate behaviour than smaller businesses, and involve a greater potential for significant environmental outcomes.
- A related aspect is that different processes for initiating partnerships have implications for the **ability to reach out to a higher and more diverse set of partners**. In numbers, there are more (smaller-scale) projects funded by the REPIC platform alone than there are other (often larger-scale) partnership projects under the budget lines of the different thematic and geographic divisions.¹⁹ The comparative cost-benefit implications are however unclear.

Other collaborations with the private sector

The projects categorised as '**other collaborations with the private sector**' **have not been subject to a more detailed results analysis**. This is because, independently from any results achieved, it is

¹⁹ Note that as REPIC is funded by SECO, BAFU, BFE, DEZA, less than half of the financial means come from SDC and hence less than half of the projects should however be attributed directly to SDC.

not recommended to include these collaborations in SDC's core partnerships portfolio (although they could of course be continued as self-contained projects or as part of different project categories).²⁰ For some types of projects, it may be recommendable to at least not actively pursue them. For example, no specific results have been identified stemming from the in-kind contributions of companies to SDC-funded development projects. More generally, their results can be expected to be rather small in scope as they are based on free-of-charge short-term services of one or a few company employees to a development project.

3.2 Key areas for enhancing results measurement and reporting

To date, **SDC hasn't been able to tell a clear story about the results achieved** by its partnership projects. While this lack of a solid evidence base is not unique to SDC nor partnerships as a development approach, many interviewees recognised the growing need to measure and report results in credible ways, for various reasons: to communicate with sceptics of the approach, such as in civil society; to respond to political pressures to publicise successes; and, from an effectiveness point of view, to avoid that partnerships become an end themselves, but learn about their actual results during and after implementation, improve performance, and draw comparisons to other approaches.

More generally however, **adequate results measurement and reporting systems do not seem to be consistently considered and/or put into practice** in the projects reviewed. A key problem in many partnership projects is that **results measurement does not seem to get a lot of attention at the design stage**. Documents reviewed typically included a logframe and mentioned the production of regular progress reports. It is however not clear how results are being monitored in practice. Only very few partnerships have articulated a more detailed results chain as a basis for monitoring and reporting (including the partnerships in agricultural market development programmes). Further, in most cases, monitoring responsibilities by the different partners do not seem to be clearly defined.

As SDC is building up more experience in the area of partnerships and aims to expand its engagement with companies, some **key actions should be considered to gradually enhance results measurement and reporting**²¹, however recognising that it is not possible here to go into much technical detail:

- **Results chains with relevant indicators should be developed as monitoring tools in all projects, linking SDC support to the intended impact.** Some feedback from the interviews noted that, where used, results chains have been typically been appreciated by business partners. They can also be a useful tool to align different partners around common goals and increase incentives for performance, while allowing for more flexibility than logframes.²²
- **In addition, for new or second phases of partnerships (particularly larger-scale projects),** it should be considered investing into the establishment thorough results measurement systems, including elements such as baseline surveys, monitoring up to outcome/ impact level and considering attribution based on changes according to the results chain.
- **Results measurement systems should be tailored to different types of partnerships** (e.g. matching grant schemes, multi-stakeholder service development partnerships), **different partnership objectives** (e.g. energy-saving technologies, financial services (consumer-focused), agricultural development (producer-focused)), and **levels of impact intended** (e.g. business-level or market-wide/ systemic changes). Ultimately, it would therefore be helpful if SDC clarified the key objectives of different types of partnerships and

²⁰ Given that the **SSACI initiative**, a public-private trust fund to finance vocational training initiatives, has been considered as a PPDP within SDC for a many years, its results are briefly summarised here: By 2008, after seven years of operation, 50 vocational training projects had been funded and 39 completed. By 2010, 4200 youth have graduated from SSACI's training (3200 employed). 650 small businesses have been assisted and 400 micro-enterprises created. 1400 new jobs were created. This implies a rather high cost to SDC of CHF 7,142 per job created and CHF 2,380 per person trained (with approx. CHF 10 million spent by SDC by 2010).

²¹ With the exception of the global product development partnerships in health.

²² Some **exemplary results chains of cost-sharing partnerships benefiting consumers and producers respectively** can be found in DCED (2013): **Donor partnerships with business for PSD: What can we learn from experience?**, Annex 4. <http://www.enterprise-development.org/page/download?id=2147>.

how these are going to be achieved, by developing **overarching theories of change/ results chains** as orientation for programmes.

- **Generally, monitoring systems in partnerships need to strike a balance** between good monitoring practices, for reporting and performance improvement, and being both useful and manageable for businesses. Traditionally, partnership projects of most donor agencies had a 'light-touch' approach to monitoring, but have also mostly been unable to report on results in a systematic and credible way.
- Some partnership programmes are making good experiences in using the **Donor Committee's for Enterprise Development (DCED) Standard for results measurement** to guide monitoring.²³ Within SDC's partnership portfolio, the DCED Standard has been used in the context of partnerships supported by market development programmes. It may also be of interest that the DCED has recently developed guidelines to apply the Standard in Challenge Funds.²⁴ These could offer useful orientations for SDC's matching grant schemes.
- While this could not be explored in much detail, there seems to be a need **to enhance mechanisms and incentives for the systematic inclusion of both project and results documentation in SDC's SAP and DMS databases, as well as for linking the two.**

For **learning and communication purposes**, SDC could also gain from **going further in analysis** of results achieved by ongoing or already finished partnerships.

- To improve reporting across a number of projects, it would be particularly useful to enhance the results measurement system of a central matching grant scheme, such as the **REPIC Platform**. For these, some overarching objectives are typically already in place. Some headline indicators could be defined for the overall REPIC portfolio, and results chains and monitoring systems developed/ enhanced for particularly promising projects. It is striking that no summary document has been identified in which some aggregate results of the platform's project portfolio were reported. This could be useful for the Platform to work towards.

In the same context, it would be useful to **pursue some 'quick wins'**, including through the following research and communication activities:

- **Testing/ scaling up of new business models of individual companies**
 - Publish a short synthesis document of the results documented in the various case studies of business projects co-funded by the REPIC Platform (from progress reports and individually published case studies)
 - Gather and document information on further progress achieved after 2011 by the Refrigerator Recycling Project in Brazil
 - Produce a (max.) one-page overview each on the partnership approach and results achieved the Katalyst-Syngenta (Bangladesh), Elola (Armenia) and SDC-Nestlé (Pakistan) partnerships in agricultural market/ supply chain development. It might be worth exploring whether additional information can be easily gained on a possible scale-up of the project by Syngenta, and whether or how activities were carried forward by Nestlé, following project completion.
- **Multi-stakeholder service development partnerships**
 - For Agrifin Mobile and RIICE, it seems to be too early to identify outcomes and impacts but it may be useful to synthesise and publish information on early progress made in relation to their objectives. The information currently available on Agrifin Mobile on the SDC website and on the RIICE website seems to focus on their approaches and activities.
- **Innovative Finance Partnerships**
 - No results documentation was available for the Technical Assistance Facility for SMEs, even though at least a first phase of support has been completed. An inquiry into and summary of possible results is therefore recommended.
- **Partnerships for environmentally friendly core business behaviour**

²³ Including AusAID's Enterprise Challenge Fund, the Africa Enterprise Challenge Funds and the DFID-funded Food Retail Industry Challenge Fund.

²⁴ <http://www.enterprise-development.org/page/download?id=2272>.

- For SuizAgua Columbia, document more quantitatively if possible the reduction in the the water footprint of partner companies and their supply chains.

4. Reflections and Conclusions on Opportunities and Risks at the Programme Level

4.1 General remarks on risks and opportunities

The results reported by SDC-funded partnership projects do not (yet) draw a coherent picture of the development potential of partnerships. Still, most interviewees were in principle in favour of further developing and expanding SDC's partnerships with companies, or under certain conditions. This is because, at least in theory, the **opportunities** offered by such approaches seem to be high. Where public and private interests overlapped, interviewees noted that partnerships could have clear advantages of partnerships over other development approaches, including:

- the potential for **achieving other types of or better quality results, and achieving results at higher speed or scale** by building on the funds and/ or expertise and working approaches and outreach of development partners and businesses, and
- the potential for greater **sustainability**, as private partners continue their work, shift their strategies or continue to engage with newly established networks after initial donor support has ended, or prompt other companies to replicate successful business models.

These opportunities however often go along with **higher risks**, too. Generally, it is important to

- be **aware of the risks that may be involved** in different types of partnerships;
- be **clear on the types of risk that SDC is willing to accept**;
- **balance risks with potential benefits²⁵ and develop programming guidelines to mitigate them**, e.g. by putting in place adequate incentives for functional partnerships, clear guidelines of what is required of partners and sensible results measurement systems that allow for continuous learning and risk monitoring.²⁶ This seems not to have been done to date. It is likely that a mix of overarching programming guidelines, and specific guidelines for relevant sub-categories of partnerships would represent the most suitable way forward.²⁷
- Further, in designing any guidelines that have implications for the assessment of partner companies, it is important to consider how to best find a **middle ground between credibility and rigour of assessment** (e.g. limited in self-reporting by companies), and **opportunity costs of intensive evaluations** by SDC (e.g. time, financial resources, and reduced interest by companies in entering partnerships).

Prominent insights emerging from the project document review and interviews on specific risks faced,²⁸ and possible ways to address them are provided below. **These can be regarded as pointers for future guideline development as well as programming considerations.**

4.2 Reputational, effectiveness and efficiency aspects

Reputational and normative risks

Any donor agency seeks to avoid being associated with companies that openly violate rules, regulations or internationally recognised standards. This risk may be most pronounced where SDC funds are directly given to or channelled through a private company. The PPDP *position paper* already outlines criteria for partner selection which will be checked through external assessments,

²⁵ For example an external evaluation of the REPIC platform notes that

“attitude towards risks is positive, not being willing to take risk with small funds when the private operators carrying out the project are willing to invest time and own money in them would not make sense. (...) if (the projects) succeed, (they) will generate benefits for the beneficiary population that are above the average for renewable energy projects.”

²⁶ See for example Kindornay (2013), p.60. Results chains that capture both intended as well as major potential negative effects identified in risks assessments can serve as useful overall risk management tools.

²⁷ Note that **product development partnerships in health** have well-established organisational structures including their own risk management mechanisms. **Further programming guidelines for SDC funding to these partnerships would not be required in this context.** Further, the risks, accountability relationships and management implications for **Innovative Finance Partnerships** (involving loans, loan guarantees etc) are quite different from other types of partnerships which provide cost-sharing grants to businesses.

²⁸ Several of these have already been mentioned in the PPDP position paper (e.g. reputation, deadweight effect, conflicts of interest).

but there are still a number of **open questions that SDC staff would like to see addressed, for example:**

- for multinational companies, whether to focus on compliance in the context of a specific project or the whole company, its branches and suppliers worldwide;
- whether absolute or relative compliance are necessary to enter a partnership, especially with smaller companies;
- how strongly to 'push' for the compliance by partners companies with certain principles, in addition to the primary development objectives of the partnership project; and
- whether certain sectors or type of partners (e.g. alcoholic beverage companies, multinational agricultural input companies) should be categorically excluded from support.

Few indications have been found in the document review of whether and how due diligence assessments have been implemented in practice. International practice in this varies²⁹: some agencies explicitly exclude certain sectors (e.g. Sida, Finland), while others are more open. Several interviewees seemed to favour a flexible approach to sector choice depending on the expected development outcomes. More generally, following an assessment of potential risks at the design stage, relevant safeguards can be included in agreements with partners. For example, specifying exit strategies in case a company does not operate in line with pre-defined principles can be helpful.

Partnership effectiveness

As touched on in the previous chapter, and even though a higher failure ratio may naturally need to be accepted for innovative projects, **improved monitoring of results** in partnerships would be crucial to help improve performance, and demonstrate the effectiveness of private sector partnerships. For the same reason, it is important to assess the '**additionality**' of matching grants, to avoid funding **business activities that a company could (and would) have done anyway**. This concern was also mentioned by several interview partners. More specifically, additionality can be defined as the *"net positive difference that results from (...) [a partnership]. The extent to which an activity (and associated outputs, outcomes and impacts) is larger in scale, at a higher quality, takes place quicker, takes place at a different location, or takes place at all as a result of intervention."*³⁰

Additionality aspects have not yet been fully operationalised within SDC as defined assessment processes are generally still missing. Hence, most staff interviewed saw the **need for further guidelines in this area**, and existing experience within SDC could feed into this. Anecdotal references in interviews and project documents indicate that some 'non-formalised' checks have been in place in a number of partnerships. It is noteworthy that donor approaches in this context are generally still evolving.³¹ It may therefore be of interest that the **DCED** will develop guidelines for ex-ante additionality assessments together with interested donor agencies. Such guidelines could ultimately help inform SDC practices.

- In the case of the **recycling project in Brazil**, a review of the business plan showed clearly that without co-funding, it would have taken several more years for the factory to become operational and to operate at the same scale. SDC funding hence seems to have had a strong 'added value' in speeding up the project.
- While the precise assessment process is not published on its website, the **REPIC platform** tests for financial additionality by making support "subsidiary to existing national and international mechanisms and instruments (...) [focusing] in the areas and project phases which are otherwise not covered or only partially covered".
- In the case of the mobile service development partnership **Agrifin Mobile**, local partner companies are required to demonstrate within the business model that subsidies are required to meet the costs of overcoming market entry barriers.

²⁹ For more information see for example a recent 'DCED Insight' at <http://www.enterprise-development.org/page/agency-screening>.

³⁰ Scottish Enterprise (2008): Additionality & Economic Impact Assessment Guidance Note: A Summary Guide to Assessing the Additional Benefit, or Additionality, of an Economic Development Project or Programme; URL: <http://www.scottish-enterprise.com/~media/SE/Resources/Documents/ABC/additionality-and-economic-impact-assessment-guidance.ashx>

³¹ Some insights into current donor practices have been documented in DCED (2013): Donor partnerships with business for PSD: What can we learn from experience?, <http://www.enterprise-development.org/page/download?id=2147>

To reduce the risk of failure inherent in innovative projects, several interviewees also stressed the importance of **a careful assessment of the business case** and commitment of the company to developing a profitable business line. In some partnerships, this appeared to not have been in place. Where the potential for profitability was not very strong, there was a risk that companies acted on rather short time horizons and even faced pressures to generate 'new' CSR-style projects. While indications of a sufficient business case could be gathered by SDC, such as top management support, or presence of assigned company staff members to take the project forward, it was noted that **SDC staff generally didn't have the business expertise to conduct proper commercial viability assessments**. It was therefore recommended by interviewees to **draw on external expert advice**. This would be particularly relevant in partnerships with larger volumes of financial support or where the existence of commercial interests is particularly unclear.

- One less successful example in this context is the **micro-insurance partnership with Zurich**: even though a core business interest seemed to be in place initially, this turned out not to be the case. Staff turnover and changing priorities within Zurich appear to have further contributed to the fact that the project was not implemented and scaled up as planned.
- As a positive example, the partner and proposal assessments by the **REPIC Platform** have been gradually evolving with growing experience: Following an evaluation in 2010, a greater focus was developed on assessing the sustainability and potential for scaling up or replication of projects before co-funding is granted. This includes the identification of possible sources of continued finance after the end of REPIC support and a higher share of pilot projects, rather than feasibility studies supported as part of the overall portfolio.

It was mentioned by several interviewees that SDC should try to avoid helping companies establish a **monopoly** in a market or **undermine the development of local companies**. Yet short-term changes in the competitive position of partner companies are sometimes difficult to avoid, especially in supporting 'first-movers' in a market that introduce innovative business models or technologies. Ideally the company develops a **demonstration effect** on other companies that copy their model. To support this, SDC and third parties involved in partnerships can promote wider knowledge sharing on the approaches pursued and think early about how to crowd in other companies. To favour the development of local companies, projects allowing for supply chain linkages can be encouraged.

- The **Brazil Refrigerator Recycling Project** seems to have achieved significant linkages with the informal sector, and was indirectly benefitting about 1000 street collectors by 2011.
- Strategic thinking about wider market development opportunities usually takes place in partnerships that are part of agricultural market development programmes. Following the **Katalyst-Syngenta partnership**, for example, Katalyst replicated similar partnerships with two further, broadly competitive, companies in Bangladesh.

As regards the wider knowledge sharing function of SDC based on specific business experiences, several project documents mentioned **conflicts with companies around intellectual property issues** as an important risk to the wider development impact of partnerships. How a balance can be struck between business interests and the goal to disseminate knowledge should therefore be identified on a case-by-case basis and addressed in the **contract** with the partner company.

Government buy-in into the objectives of certain partnerships can be crucial but is not guaranteed: Some partnerships in the area of product and service development, ultimately aim to transfer the responsibilities of SDC and/or other parties to the partner country government. Others, including the introduction of new business models of individual companies, often require wider policy support and legislation to achieve scale. Such processes can be facilitated by a **clear definition of responsibilities and sequencing from the outset, capacity building of the government** (e.g. Vetiver Partnership), or **involvement of the government in steering committees** (e.g. Suizagua).

- A 2013 evaluation of the **SMS for Life Initiative** cautioned that ownership by the government had been limited to date. No central government staff had participated in the country-wide roll-out of the initiative, and the government struggled to secure funding to maintain the initiative going forward. Responsibility within the government also shifted departments during scale-up. While the results of the pilot phase had been promising, this contributed to the apparent failure of the scale-up face in reducing stock-outs of anti-malaria drugs. The

evaluation recommends a clarification of roles and a shift of management responsibility to the government. The role of other partners should focus on advice to the government.

Functionality and efficiency of partnerships

It is not possible to make far-reaching conclusions of the overall efficiency of partnerships as a modality, given the varying structural set-ups and intentions, and limited data on results. Hence, only selective insights into the functionality of specific set-ups are provided here:

- Compared to direct co-funding approaches of individual businesses, multi-stakeholder partnerships combined with the development of new technologies in particular may involve relatively high **transaction costs** at the beginning. However, it is crucial to build relationships and spend enough time at the beginning to define appropriate **governance mechanisms** (including definition of roles, monitoring, conflict settlement etc). It seems that this has not always been done in practice.
- In particular, it is recommendable to **ensure a clear definition of roles and responsibilities** of partners, including **clearly quantified financial contributions**, and to make formal agreements to that purpose. Several credit proposals reviewed included a budget table specifying both the public and private contributions, in addition to further roles. In other cases however, the respective contributions were not readily identifiable. Ideally, staff should also be encouraged to specify generic references to ‘partners’ in project documentation –by using terms such as co-funder, implementing organisation, in-kind contributor, beneficiary etc.
- Where multiple stakeholders are involved in a single partnership, it can generally be considered more **efficient for SDC not to finance more than one party or partner**. One partner should act as the main counterpart, and be answerable for all parties’ compliance with their obligations.³² This practice is widely followed within SDC’s multi-stakeholder partnerships, where the lead contractor is either company or NGO that sub-contracts other parties.
- Many project documents stress the importance of joint **steering committees as regular mechanisms for exchange**, in particular in more complex projects. This allows partnerships to be more flexible, manage expectations and maintain buy-in of all partners.
 - One example of a project that considers several of these risk factors is the **Vetiver Value Chain Partnership with Firmenich** in Haiti, in which conflicts between partners “shall be minimized and addressed by transparent procedures, clear attribution of roles (rights and duties) and regular meetings among the main partners. (Further) (...) a Code of Conduct between the public (SDC) and the private partner (Firmenich) shall define a number of common standards. “

It can be concluded that while partnership approaches can be a promising instrument to achieve scalable development results, SDC has **yet to develop adequate programming orientations and guidelines to maximise effectiveness and reduce risks**. Some insights into existing lessons at the programme level have been summarised above, demonstrating a **potential for institutional learning**. This will be further elaborated on in the next section.

5. Reflections and conclusions on SDC’s partnership portfolio at the institutional level

The two previous chapters provided some indicative lessons at the programmatic level of SDC’s partnerships portfolio: initial steps to enhance results monitoring and reporting, as well as considerations for partnership programming considerations that could enable SDC to maximise the opportunities presented by partnership approaches, while mitigating their risks.

This chapter will reflect on SDC’s overall institutional approach to partnerships, such as the institutional definition, organisational structures and responsibilities for partnerships. The key issues discussed below have emerged from the portfolio review and international comparisons, as well as interviews with SDC staff. Specific views expressed by staff are highlighted as such.

5.1 Institutional partnerships definition, communication and culture

³² See PPP guide book of the Netherlands MFA (2010), http://www.minbuza.nl/binaries/content/assets/minbuza/en/import/en/key_topics/development_cooperation/partners_in_development/public_private_partnerships/a-guide-to-public-private-partnerships.

SDC's definition of partnerships

As demonstrated in [section 2.1](#), there is currently **no coherent institution-wide understanding** of the project types that qualify as partnerships. This can be partly attributed to the fact that **in the PPDP position paper, partnerships are too broadly and loosely defined** to allow for the development of a coherent partnerships portfolio. Specifically, maintaining such a broad concept of partnerships would be problematic in various ways:

- Generally, it makes it impossible to have a **clear and concise internal and external communication** including to possible partner companies on options for collaboration.
- **Adequate tracking** of past and ongoing initiatives and results achieved is not feasible based on a vague definition and the divergent views among staff on partnerships. This was demonstrated by the wide range of project documents included in the portfolio review: Even though project files can be 'tagged' as a PPDP in the current SAP system, this will only be useful if a clear definition exists - and 'tags' to some extent quality-controlled by a third party.
- Further, the **development of relevant guidelines** (and exchange of lessons) on partner and proposal assessment, project design and implementation will need to focus on specific forms of collaboration that have a minimum set of core elements in common.
- Becoming part of an **international community of practice and thereby maximising institutional learning** would also be facilitated by a clearer definition of partnerships.

External communication

To date, there is **no single online representation of SDC's partnerships portfolio or of concrete opportunities for private partners to engage**. As highlighted by several interviewees, it would be important to signal to potential private sector partners SDC's willingness to work in partnership. Currently though, it does not seem easily obvious to businesses without existing contacts with SDC who to approach and what kind of collaborations SDC is willing to engage in. At the same time, clear communication on SDC's partnership work to the public (both sceptics and supporters of the approach) and other agencies would be helpful.

Most other donor agencies have clear online platform, describing the rationale of their partnerships with the private sector, different opportunities for companies to propose partnerships, guidelines for partner selection etc. This is true for agencies with central matching grant schemes, but also for those that have decentralised opportunities for partnerships. For example, the webpages of USAID's Global Development Alliance, Danida's Business Partnership Programme or GIZ's programme level cooperation arrangements/ actively invite companies to get in contact with field-level or regional offices with proposals for collaboration. In the case of USAID and Danida, all country-level contact details, as well as some overarching cooperation guidelines are provided on their central webpage.

Organisational culture

The need to foster an organisational cultural that is open to engaging with the private sector if and when good development opportunities can be identified was highlighted in almost all interviews. While it was acknowledged that there has been increasing acceptance of the importance of the private sector to achieve scalable development outcomes, many referred to still existing reservations of staff vis-à-vis business. Moreover, many members of staff simply didn't have partnerships with businesses 'on their radar' when designing interventions, were not used to private sector culture and thinking, or not clear about how to respond to expressions of interest by companies in working together. **A more active role of field offices in looking for partnership opportunities and writing corresponding proposals also seems to depend a lot on improved incentives**. Right now these activities were often perceived as additional workload, or Reaching out, responding to and building relationships with potential partner businesses therefore often became sidelined by other priorities.

5.2 Responsibilities for institutional learning & guidance and approaches to engaging the private sector

Internal coordination, knowledge sharing and guidance on partnerships

SDC's partnerships are primarily under the responsibility of the different geographic and thematic divisions. A concern mentioned in this context was the **limited knowledge within any division of the partnership activities of other divisions**. One occasion was mentioned where it was found out

only later that another division maintained a partnership with the same company. This may not necessarily be problematic, but calls at the minimum for improved coordination to avoid duplications and allow for potential synergies – between different partnerships, or between partnerships and other field programmes.

As indicated in the previous chapter, **there is a need and demand by SDC staff for more detailed and coherent internal guidelines and advice on partnerships**. It was also noted in interviewees that internal knowledge sharing on lessons learnt across different units, departments and country programmes has so far been limited. Selected insights into lessons from current practice have also been highlighted in the chapter 4, but there is no one in SDC currently has the formal responsibility to compile and document such lessons. **Overall, it is therefore problematic that there no clear allocation of responsibilities regarding knowledge management and guidance on partnerships within SDC.**

While awareness and expectations among interviewees regarding the role of the Institutional Partnerships Department varied, **most stakeholders were generally in favour of a stronger role of the Institutional Partnerships Department in developing guidelines and providing advice**. As a separate department, it would in principle be in a good position to play a role of coordination and guidance based on cross-departmental and -divisional lessons. A main barrier to this is the limited capacity of the Department, with only one Policy Advisor on Partnerships. Moreover, it has been difficult in practice to ensure an adequate information flow from operational departments and field offices to a central 'knowledge hub'.

Insights from the existing literature on central partnerships units confirm however that a strengthened Department would be beneficial to:

- Provide policy guidance and advice (including on sector choice, partnership set-ups, partner and project proposal assessment)
- Provide a central backstopping role for proposed partnership projects
- Provide technical support to help resolve recurring and emerging issues, as well as capacity-building to country offices (and operational divisions)
- Champion and encourage partnership approaches across thematic and geographic divisions
- Ensure greater knowledge sharing and cross-learning among agency staff and other donors, based on the compilation of results and lessons from the funded projects.³³

Some agencies which, broadly comparable to SDC, have a primarily decentralised approach (in terms of partnership initiation and funding) allocate at least some of the above-mentioned responsibilities to a central unit without operational responsibility. Examples for this include USAID in the context of the Global Development Alliance, and, to a smaller extent, Danida in the context of its Business Partnerships Programme.

To stimulate knowledge sharing on partnerships more broadly, there was an overriding consensus that all thematic networks should deal with the topic, in line with SDC's goal to make partnerships a strategic approach across all thematic priorities. Only a few considered the e+i network as the most suitable network, due to its expertise in working with the private sector. A full-fledged network on partnerships was not considered desirable by most interviewees. Recognising these views, it would however still be important to **find mechanisms to share lessons and discuss new overarching guidelines across relevant thematic networks**.

Decentralised versus systematic, centrally-driven/ -coordinated partnership approaches

The current, primarily decentralised, approach to partnerships may have some advantages, such as the potential for closer linkages to, or even integration into, country programmes. However, this also means that, with the exception of the existing central matching grant schemes, that **partnerships are currently not sought or initiated in very systematic and coordinated ways**. The initiation of partnerships through proposals from field offices seems to depend on the goodwill and time of field

³³ These lessons have been adapted from Alberto Lemma (2013): [Literature review: Evaluating the costs and benefits of centralised PPP units](#) (focusing on infrastructure PPPs), and Ebony Consulting International (2003): [Mid-term review of the Financial Deepening Challenge Fund](#), Section 4, (in the context of challenge funds).

staff. Current processes also don't appear to be very competitive, by selecting partners based on their best qualification, but seem often to be based on established networks with (Swiss) companies.

A number of options exist to achieve more systematic approaches to engaging the private sector. **The first set of options involves supporting additional mechanisms for soliciting proposals by private partners** according to clearly defined strategies. This could be done, with relatively low transaction costs, by providing funding to an already existing multi-donor challenge fund. Alternatively, a central (cross-thematic) matching grant scheme could be established within SDC. Most other European donor agencies have opted for at least one such partnership mechanisms that allow businesses to apply for co-funding (in capital or for technical support) for investments in developing countries.

The Institutional Partnerships Department already expressed an interest in managing some funds to stimulate private sector innovation but currently does not formally have the budget to do so (at least until 2016).

The views expressed by SDC on the establishment of a new central matching grant scheme were mixed, although important arguments were made in favour of such a mechanism. The table below summarises the main views expressed by interviewees.

Table: Staff views on establishing a new central matching grant scheme

A new central matching grant mechanism <i>should</i> be established because....	A central matching grant mechanism <i>might not</i> (necessarily) be desirable because...
...it could be used in more flexible ways to support promising ideas/ business models proposed by partners, including those that are not strictly linked to thematic or country divisions	...more analysis needs to be done first. SDC needs an instrument that is as flexible as possible and it is not yet obvious how it should look like.
...it represents a less bureaucratic process of approving support than through thematic or country budget lines	...it is more important to invest in the organisational culture and networks with private partners in the country.
...it would allow reaching out to new partners both in Switzerland in particular internationally and be more competitive	...it risks attracting a higher number businesses that would go ahead with their investment even without public support
...it would be a visible mechanism that could help SDC communicate to the PS its willingness to collaborate	...SDC would not have the expertise to manage a fund itself and the transaction costs of setting up a central fund within SDC might be too high.
...it offers a more systematic approach for soliciting private sector proposals and makes partnerships less dependent on action by country offices or third parties	

A different type of approach – in a way pursuing the opposite logic of application-based schemes to achieve a more systematic partnership approach, was suggested by one of the interviewees: Following the steps typically taken by market development programmes, however at the global level, SDC could launch a new mechanism through which private sector solutions to defined development problems are identified, and adequate private partners sought to implement these. This approach would be based on a thorough market analysis. The private investments would be stimulated based on negotiated financial and technical support. Such a mechanism could involve consortium of business experts (e.g. McKinsey), NGOs, SDC as well as case-specific experts. While this appears not to have yet been trialled by other donor agencies, it could have the potential for significant development impacts.

6. Recommendations and Priorities for Change

The stocktaking assessment showed that SDC has not yet established a very systematic and strategic way to partner with businesses for development. **To implement the vision formulated in the Bill on International Cooperation of expanding and intensifying partnerships with the private sector, some important changes will need to be made.**

A number of critical steps to address some of these could be taken within a relatively short period of time and with minor resource implications.

In addition, more profound changes with higher resource implications should also be given serious consideration by SDC management, to enhance the development potential of SDC's private sector partnerships. Adverse incentives would be given by increasing pressure to work through partnerships but not giving adequate resources to do so; this would risk turning partnerships into a 'box-ticking' exercise rather than a defined and results-oriented development approach.

6.1 Immediate priorities for change with little resource implications

1. *Adopting a narrower definition of partnerships:* The first priority is to adopt a clearer and more **narrowly defined concept of partnerships and different sub-categories, in line with the core partnerships portfolio identified**. The already existing plans to further develop SDC's partnerships *position paper* should be used as an opportunity to do promote an institution-wide understanding on that basis.
2. *Enhancing external communication on existing partnerships and possibilities for private partners to engage:* An immediate option and starting point, following the practice of other donor agencies, would be to develop a **clear online platform on the SDC website**³⁴ providing
 - **an overview of SDC's partnership objectives and types of partnerships supported**, focusing on SDC's core partnership portfolio.
 - **clear guidelines on which types of partnerships can be initiated by companies, how and under what conditions:** this should comprise signposts to SDC-supported central matching grant schemes (REPIC, SCBF) and an encouragement to contact a central point of contact, and/or specific country office contacts with project ideas, as well as overarching guidelines on eligible partners and projects, once available.
 - **links to ongoing partnerships with information on progress to date as well as summaries/ case studies on the results of completed partnerships.** As a basis for this, public information on a number of partnerships should be enhanced, possibly following further research, as suggested in [section 3.2](#).
3. *Facilitating internal coordination and knowledge sharing on partnerships:* The activities below can therefore be considered as the minimum level of changes to facilitate internal coordination and knowledge sharing. To significantly enhance institutional learning and guidance, a strengthened Institutional Partnership Department would be required (see next section).
 - An **accessible internal inventory of ongoing and completed partnerships** by different sub-categories should be made available to promote a common understanding of SDC's work in this area and, in particular, to improve the coordination of efforts. This could be established and managed by the Institutional Partnerships Department, based on the mapping provided. To maintain the inventory going forward, information flows from operational departments to the Institutional Partnerships Department may however need to be improved, and some level of quality control to be introduced in relation to the 'tagging' of projects as partnerships in the SAP system.
 - **To stimulate knowledge sharing on partnerships all thematic networks should deal with the topic as appropriate**, in line with SDC's goal to make partnerships a strategic approach across all thematic priorities.
 - In addition, **occasional cross-thematic workshops or learning events** on overarching issues are recommendable. **Other ways on using the PPDP expertise in the thematic and geographical divisions to promote cross-unit knowledge sharing on a more continuous basis** should also be considered. For example, even though a full-fledged thematic network on partnerships seems not desirable, creating a **'stand-by' pool of experts** that could be consulted may be a useful way to complement the work of the Institutional Partnerships Department, in particular as long as its own capacities are not enhanced. It would still be crucial though that any activities of these experts are linked up

³⁴ Two areas on the SDC website that could feature information on partnerships are highlighted in **Annex 7**.

with the Institutional Partnerships Department, to help the department promote coherence and be in the loop on current issues and lessons.

4. *Enhancing results measurement in partnership projects*: This will be crucial to be able to learn from experience, improve effectiveness and communicate results to both the public and potential partners. Initial key steps to improve results measurement should be implemented at programme level, such as those outlined in [section 3.2](#).
5. *Promoting a shift in organisational culture and incentives towards engaging with business*: The following **concrete actions are recommendable** to achieve this:
 - Providing the time needed to build partnerships by specifying such tasks as a strategic element in the terms of references of field staff, and allowing for less priority to be given to other tasks (although this would have to be explored further). External consultancy support for defined tasks could also be considered.
 - In the medium-term, considering shifts in recruitment policies, favouring applicants with direct experience in the private sector or other demonstrated understanding of business.
 - Active encouragement of creative thinking in designing partnerships by the Institutional Partnerships Department as well as thematic focal points, and giving internal/ external publicity to new, innovative approaches.
 - Demonstrating the value of in partnerships for development based on concrete examples (in addition to selected examples from [Annex 6](#), this could build on the suggestions for further documentation in [section 3.2](#)).
 - Organising internal ‘competitions’ around sharing examples of effective practices
 - Organising country- or regional seminars to promote an exchange between field offices and HQ-level on current experience, as well as between field offices and regional businesses.

6.2 Other key changes and options with higher resource implications

1. *Strengthening capacities for internal guidance, coordination and knowledge sharing on partnerships*: To not just facilitate internal exchange and coordination, but to strengthen knowledge management and guidance on partnerships within SDC, the **Institutional Partnerships Department should ultimately be allocated more resources, including for additional staff**. These should enable it to perform a ‘knowledge hub’ function in SDC, and an advanced role in coordination, developing guidelines and providing advice to SDC staff. It seems that a minimum of 2-3 additional staff member would be reasonable to fulfil these tasks. Should the department’s responsibilities be further expanded, such as to include management of a central funding scheme for partnerships, the human resource implications are likely to be higher.
2. *Establishing more systematic, centrally-driven/ -coordinated approaches to engaging the private sector*: It is recommendable to complement SDC’s primarily decentralised approach to partnerships with more systematic approaches that are centrally-driven and coordinated. **This would allow SDC to scale up its partnership work, across a broader array of partners and themes, and in ways that both allow for a better cross-fertilisation of lessons and external communication**. A number of options to do this have been outlined in chapter 5. While no clear-cut recommendation can be made on a single option that should be pursued, the following **sequence of prioritisation is suggested for internal consideration and further consultation within SDC**; if desired, different approaches could also be pursued in parallel.
 - **Choose options to support high-profile matching grant mechanisms** for soliciting proposals by private partners and awarding cost-shared grants according to clearly defined strategies.
 - **‘Plugging into’ an existing multi-donor challenge fund** would be the easiest solution to add such a mechanism to SDC’s partnership portfolio in the shorter term. Doing so would allow SDC to keep transaction costs relatively low and rely on the management expertise already accumulated in an established mechanism. The most obvious option would be the Africa Enterprise Challenge Fund, as it allows different donors to have their own separate funding window. Relevant geographic and thematic divisions could pool resources (as is for example already done in case of the SCBF).

- **Having the institutional Partnerships Department itself take on operational functions by managing a central matching grant scheme** has clear advantages in terms of building up internal experience and capacity in partnering with businesses, and achieving a more visible profile of SDC's partnership work. If it is not possible to allocate funds for this purpose to the department before 2016, it should be considered whether **modest resources could be pooled from different divisions to allow for central calls for proposals from companies**. This could be a **'trial period' before a decision on a bigger internally managed scheme** is taken. In such a trial phase, the department would most likely have to bring in external advisory support in the assessment of proposals. In the context of any larger matching grant mechanism, available capacities within SDC would need to be carefully weighed against the **option of outsourcing the fund management** to a third party; this is the practice of most donor agencies with a more significant matching grant mechanism/ challenge fund. More generally, the design of such a scheme should **incorporate to the extent possible already existing lessons on matching grant fund/ challenge fund design**.³⁵
- **Consider the possibility of a mechanism that would pursue the opposite logic of application-based schemes inviting proposals from businesses:** SDC and other stakeholders would pre-identify private sector solutions to defined development problems and seek out adequate private partners to support. Pursuing the approach of a market development programme at the global level could have the potential for significant development impacts, especially because it would be based on a more thorough analysis of market failures and constraints than typical matching grant schemes. However, to the knowledge of the author, such a mechanism is still largely untested, and the practicalities of implementing it less clear.

Overall, strengthening the Institutional Partnerships Department and identifying appropriate centrally-driven approaches to partnerships, in addition to other key changes with less resource implications, would lay the basis for more strategic and effective ways of engaging the private sector in SDC's development cooperation.

³⁵ These concern, for example, the need for increased attention to results measurement, additionality assessment, and approaches to enhance the prospect of systemic changes in a market or sector. For example, experience in several challenge funds indicates that prospects for systemic changes are higher the more specifically the target sector or "challenge" is defined. Several lessons have been documented in the documents referenced in [Annex 2](#). It may also be of interest that the Australian National University is currently undertaking a research project to compile lessons on challenge fund design and implementation, which is due to be completed later this year.

Annexes

Annex 1. Interviewee names and interview guiding framework

Name	Function	Organisational unit	Time
Willi Graf	Stv. Leiter	Bereich Regionale Zusammenarbeit	29 May
Christoph Graf	Stv. Leiter	Bereich Globale Zusammenarbeit	30 May
Denzer	Stv. Leiter	Bereich Ostzusammenarbeit	6 June
Hans-Peter Lenz	Leiter	Stv. Leiter Bereich HH/ Leiter Abteilung Asien und Amerika	7 June
Martin Fässler	Leiter	Direktionsstab	7 June
Jean-Christophe Favre	Stv. Leiter	Abteilung Institutionelle Partnerschaften	31 May
Jean-Bernard Dubois	Chef	Sektion Globalprogramm Klimawandel	31 May
Peter Bieler	Leiter	Globalprogramm Ernährungssicherheit	30 May
Simon Junker	Focal Point E&I	Abteilung Lateinamerika	6 June
Peter Beez	Focal Point e+i	Abteilung Lateinamerika	14 June
Susanna □ Hausmann	Programmbeauftragte	Globalprogramm Gesundheit	31 May

Others contacted:

Francois Muenger, Water Initiatives (contacted 24 May, 3 June; no response received)

Ulrich Stürzinger, New EU Member States (interview declined as no partnerships are being supported by the division)

Hans Ramm, Employment & Income Focal Point, Latin America Division (contacted 7 June; no response received)

Original guiding questions for semi-structured interviews

Topic	Specific questions
Introduction and understanding of PPDPs	<ul style="list-style-type: none"> Brief description of job title and tasks (incl in relation to PPDPs) Understanding/ definition of a PPDP: What do you consider core elements of a PPDP? (e.g.cost-sharing or also other forms of collaboration; focused on core business or also including CSR...)
Overview of specific PPDPs managed or involved in	<ul style="list-style-type: none"> Name(s) of PPDP(s); intended results; core business or CSR <i>[if no specific PPDPs, more generalised questions]</i> Cooperation modalities: <ul style="list-style-type: none"> How has the PPDP been initiated? (e.g. formal application process for business/ informal dialogue; driven by SDC / private partner(s) / NGO; at SDC HQ level or field office) What other partners if any are involved (including NGOs, research institutes, governments/ donors)? What are the respective roles of SDC and the business in the partnership (e.g. (co-)funding, implementation, coordination, advice etc.) Structural set-ups: <ul style="list-style-type: none"> What are the governance structures of the PPDP, if any? Lessons: What has worked well/ what hasn't worked well in terms of cooperation modalities and structural set-ups?
Assessing partners and results of PPDPs	<ul style="list-style-type: none"> Assessing partners at design stage: What checks if any have been done on the partner business before entering the partnership? Were there any checks on the additionality of SDC support? Achievements: What are the key results achieved by the PPDP? How do these compare to the intended results? Lessons: What have been key success factors or factors contributing to more limited results? 'How to' of measurement: How have the results been monitored and on what basis (logical framework, or results chains)? <i>(What are responsibilities of different partners? How are the results used during implementation? Are you confident in the results reported? Why(not)?)</i>
Opportunities and risks of PPDPs as aid modality	<ul style="list-style-type: none"> What do you consider major opportunities and risks of PPDPs? Are there any particular PPDP models that you consider most efficient/ less efficient in producing development results?
SDC's future support to PPDPs	<ul style="list-style-type: none"> Is there anything that should be changed in the way that SDC supports PPDPs? <ul style="list-style-type: none"> Focus and formats (e.g. definition, set-up (process), forms of support, assessments of companies/ results etc) Structures and responsibilities within SDC Do you think SDC would benefit from a central, high-profile partnership mechanism (e.g. a challenge fund with a specific development objective) and/or similar structured mechanisms at the country-level? How do you think could SDC enhance internal coordination and knowledge sharing on PPDPs? How do you think could SDC external communication of its support to PPDPs?

Annex 2. Selected Reading References

Alberto Lemma (2013): Literature review: Evaluating the costs and benefits of centralised PPP units; URL http://zunia.org/sites/default/files/media/node-files/ev/457743_evaluating_the_20130523_costs_and_benefits_of_centralised_ppp_units_24.pdf (focusing on infrastructure PPPs)

Australian National University (2013): When Business Meets Aid: Analysing Public-Private Partnerships for International Development, by Margaret Callan and Robin Davies; URL: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2252309

DCED (2013): Donor partnerships with business to promote PSD - What can we learn from experience?, by Melina Heinrich; URL: <http://www.enterprise-development.org/page/download?id=2147>

North-South Institute (2013): Models for Trade-Related Private Sector Partnerships for Development, by Shannon Kindornay and Kate Higgins with Michael Olender; URL: <http://www.nsi-ins.ca/wp-content/uploads/2012/11/2012-Models-for-Trade-Related-Private-Sector-Partnerships-for-Development1.pdf>

Ministry of Foreign Affairs of the Netherlands (2010): Public-Private Partnerships. A practical guide book on launching an effective public-private partnership; URL: http://www.minbuza.nl/binaries/content/assets/minbuza/en/import/en/key_topics/development_cooperation/partners_in_development/public_private_partnerships/a-guide-to-public-private-partnerships

Sida (2013): Challenge Funds. A guide based on Sida's and other actors work using Challenge Funds in development assistance/ as a method for development; URL: http://www.sida.se/Publications/Import/pdf/en/Guidelines---Challenge-Funds_3466.pdf

Various **reviews and evaluations** documenting useful lessons on donor-supported matching grant schemes are available at <http://www.enterprise-development.org/page/partnershipsresources#RM-Evaluations>

An overview of (typically) application-based partnership mechanisms by different donor agencies can be found here: <http://www.enterprise-development.org/page/partnershipmechanisms#DCEDPartnershipMechanisms>

Annex 3. Project details of SDC's core partnership portfolio

1. Testing/ scaling up of new business models of individual companies

a) Central application-based matching grant mechanisms

1. REPIC – Renewable Energy and Energy Efficiency Promotion in International Cooperation, Global Division on Climate Change, 2004-ongoing:

Objective: The interdepartmental **REPIC Platform**³⁶ promotes renewable energy and energy efficient business projects in developing countries by serving as a 'risk-sharing instrument for co-financing the investigation and project development phases of medium-sized projects' or a means 'to reduce the commercial costs of small investment projects'.

SDC roles: Co-funder (together with SECO, OFEN, and OVEV) with grants of up to CHF 150,000 (and up to 50% of cost). SDC's overall contribution to the platform between 2010 and 2013 is CHF 2,4 million; *other roles* include: Quality assurance of proposals and advice; coordination of efforts in the area by the participating offices; Co-financing domestic information and capacity building initiatives; Co-financing of international activities to disseminate best practice

Private partners: Applicants are small and medium-sized (Swiss) businesses (co-funder and implementer)

Structural set-up: central matching grant mechanism implemented through a central Secretariat; contracts with individual businesses; steering committee of the governmental departments only

2. Swiss Capacity Building Facility for Income and Employment (SCBF), with earmarked contributions from different regional divisions, (2010-2014):

Objective: The SCBF promotes poverty reduction through financial inclusion (banking and insurance) of small businesses and poor households by co-funding technical advice to financial intermediaries in developing countries. (SCBF also aims to mobilise CHF 30,000,000 million from social investors who would finance part of the business expansion of the financial intermediaries.)

SDC roles: co-funder of the facility (66% of the budget)

Private partners: Financial intermediaries in developing countries (co-funder, at least 20% (originally foreseen 16,66%)); Swiss companies (e.g. FIDES, Credit Suisse, Zurich) are financial and in-kind contributors of technical advice (originally foreseen: 16,66%)

Other collaborators: Non-governmental organisations (providing part of the technical advice in-kind)

Structural set-up: Central matching grant scheme (with private capital contributions); in 2012, SCBF was transformed into a non-profit organisation with steering committees and a private administrator (FIDES)

b) Partnerships part of agricultural development programmes

3. Katalyst – Syngenta partnership in the vegetable sector, (2003-2005 (?))

Objective: Katalyst is a market development programme funded by SDC, DFID and Sida in Bangladesh. It promotes about 25 markets and sectors by stimulating the private sector to provide solutions to existing competitiveness constraints. The partnership with Syngenta aimed to address low productivity of the vegetable sector by developing and delivering a training programme targeted at improving the capacity of retailers to provide knowledge and information services to farmers. The training content reflected both wider development and narrow commercial goals of Syngenta.

SDC/ Programme roles: cost-sharing (40% of project costs, of which one third went into technical assistance on the training content; two thirds were financial support to the training)

Private partners: Syngenta acted as co-funder and implementer of the project

Other collaborators: Katalyst/ Swisscontact as implementer

Structural set-up: initiated by implementing organisation; MoU with partner company

³⁶ Interdepartmental Platform for Renewable Energy and Energy Efficient Promotion in International Cooperation

4. SDC- Elola partnership for dairy market development in Armenia, 2003-2008:

Objective: In the case of the dairy market development programme in Armenia, a partnership was sought by the implementing NGO with the cheese processor Elola to extend their network of suppliers to marginalised producers.

SDC/ Programme roles: co-funding of supply chain extension (CHF 225,000, used for technical assistance [farmer mobilisation and training])

Private partner: Elola acted as main funder (overall investment in supply chain of CHF 2 million) and implementer

Other collaborators: NGO SDA as implementing organisation

Structural set-up: initiated by implementing organisation of M4P programme; contract between SDC, NGO and partner company

c) Other 'free-standing' partnerships with individual businesses

5. Nestlé –SDC Rural Poverty Reduction Project through Capacity Building in Livestock and Dairy Farming, Regional Division South Asia, Pakistan, 2009-2010:

Objective: By developing and testing a new training approach, Nestlé Pakistan sought to improve supply chain quantity and quality while improving productivity and incomes for farmers. However, also non-Nestlé suppliers benefit from the project.

SDC roles: Co-funder (CHF 400,000, 43% of the project costs) and buyer; **other roles** include: Providing linkages with other stakeholders (e.g. government); monitoring support

Private partners: Nestlé's acted as co-funder (for infrastructure and training facility) and in-kind contributor/ manager and implementer of the project;

Structural set-up: initiated by Nestlé; contract with company; joint Steering Committee with SDC

6. Firmenich – SDC Sustainable Vetiver Development, Regional Division Latin America, 2012-ongoing:

Objective: The Swiss company Firmenich seeks to guarantee a stable or increasing production in the raw material for essential oils (vetiver), possibly expanding to other products, in Haiti. At the same time, it aims to improve the livelihoods and ecosystems of farmers.

SDC roles: Co-funder (up to CHF 12 million by 2022, 50% of project costs); **other roles** include: technical advice, monitoring and evaluation

Private partners: Firmenich (co-funder and Vetiver buyer); further, minor contributions from Jamaican mobile company Digicel (co-funder of school infrastructure); Quadia SA Impact Finance for (co-funder of the rehabilitation of a distillery plant)

Other collaborators: Firmenich Foundation (lead implementer of the project); another NGO provides training to the farmers; cooperation with the Ministry of Agriculture is sought.

Structural set-up: lead contract with company; joint Steering Committee (SDC, Firmenich, national Ministry, commune, processor, farmer cooperatives); additional Advisory Board, composed of IDB / FOMIN, independent consultants to provide advice to SDC and the involved partners

7. Climate Protection through recycling: Establishment of a Refrigerator Recycling Plant in Brazil, Global Division on Climate Change, 2009-2012:

Objective: The purpose of this project was the development of a commercially viable refrigerator recycling plant in Brazil, the first one of its kind in the country.

SDC roles: Co-funder (CHF 3 million, 8% of the overall budget), with funds used primarily for the collection and recycling of refrigerators as well as training of employees; **other roles** include: Political dialogue towards the introduction of a law on the disposal of refrigerator; wider communication & knowledge sharing about the approach

Private partner: Swiss company Fox & Earth Industries (Co-funder, co-implementer); Four Brazilian suppliers (co-funders [financial contributions per refrigerator recycled] or in-kind contributors

Other collaborators: SENS International (co-funder, co-implementer), Swiss governmental partners (co-funding) and local government (advice, tax advantages)

Structural set-up: lead contract with non-profit organisation (SENS International)

8. Business Plan Development for Microinsurance Catastrophe Risk Organization (MiCRO, Haiti), Latin America Division, 2013:

Objectives: MiCRO is a (re) insurance company and was initially established to develop a value chain for catastrophe insurance for low-income households and micro-entrepreneurs to insure themselves against economic effects of severe natural catastrophes. The objective of the partnership is to develop a business plan for MiCRO for making catastrophe insurance available to at least 250,000 poor people in Central America. The (re)insurance protections for catastrophic (cat) events could be sold also in other regions at a later stage.

SDC roles: Co-funder (450,000 CHF, to be used for consultancy support in preparing a business plan for providing pro-poor insurance, 50-70% of the costs of pre-defined services)

Private partners: MiCRO (in-kind contributor equivalent to CHF 112, 157), SwissRe (MiCRO re-insurer and in-kind contributor [CHF169, 227]). *(In addition to the specific contribution to the business plan development, SwissRe is also sponsoring the CEO for MiCRO for 2 years equivalent to about CHF 1 mio.)*

Structural set-up: lead contract with company; no steering committee

9. SDC – Zurich Access to Microinsurance Partnership, Former Division Employment and Income, 2007-2009:

Objective: This partnership aims to develop commercially viable pro-poor insurance products to at least 40,000 low-income people in four countries.

SDC roles: co-funder (CHF 340,000 funding of technical assistance to Zurich via ILO)

Private partner: Zurich (main funder and in-kind contributor, covering all direct costs for microinsurance capacity development and the day-to-day management of the initiative [not quantified])

Other collaborators: ILO, technical assistance (passing on lessons learnt as lead agency in CGAPs Microinsurance Working Group)

Structural set-up: lead contract with implementing organisation; joint steering committee

2. Multi-stakeholder service and product development partnerships

a) Multi-stakeholder service/sector development partnerships

10. Agri-Fin Mobile, Global Programme Food Security, 2012-2015:

Objective: The Agri-Fin Mobile programme aims to improve productivity and food security of small farmers by developing commercially viable (financial and advisory) mobile financial and advisory services in Uganda, Zimbabwe and Indonesia. In particular, it encourages private partners to offer their products and services in bundled mobile applications which they would otherwise not pursue because of low returns on investment.

SDC roles: co-funder (57% of the overall project budget); sub-grants to businesses don't exceed 30% of the private investment needed for the development of new products and services, steering committee member.

Private partners: National private partners (e.g. banks, mobile network providers, advisory service providers) co-invest monetarily or in-kind at least 60% of the individual project costs (such as testing and delivering preliminary services), overall equalling CHF 1,920,000

Other collaborators: Mercy Corps is the main implementing agency and project coordinator; manages the sub-grants to businesses

Structural set-up: initiated based on NGO proposal; lead contract with NGO; no steering committee

11. RIICE – Remote Sensing-Based Information and Insurance for Crops in Emerging Economies, Global Programme Food Security, 2011-2015

Objective: Using remote sensing technology to map and observe rice growth in seven Asian countries and linking it to crop insurance for low-income farmers

SDC roles: co-funder (CHF 5,3 mio); engaging national governments, steering committee member

Private partners: Sarmap, Swiss company providing the technology [contracted implementer and in-kind contributor (at value of CHF 1,665,000)]; AllianzRe, developing & testing crop insurance solutions, training of financial intermediaries [contracted implementer, co-funder (CHF 200,000)]

Other collaborators: IRRI research institute [technical advice, co-funding (CHF 277,000)] GIZ (advice to AllianzRe, BMZ-funded), European Space Agency [in-kind contributor (CHF 2,727,000)]

Structural set-up: Lead contract between SDC and one company (Sarmap) who will reallocate financial resources to the other two consortium members; MoU between all partners

12. SMS for Life, East and Southern Africa Division, 2011-2012

Objective: The goal of the project is to reduce stock-outs of anti-malaria drugs in rural healthcare facilities in Tanzania through an SMS notification system that prompts staff to check and report on stocks to district managers

SDC roles: Co-funder via the Medicines for Malaria Venture (CHF 590,000)

Private partners: Novartis as co-funder and lead implementer; in-kind contributions by Vodacom, Vodafone and IBM

Other collaborators: co-funding by MMV itself, collaboration with various international and national partners, including the Ministry of Health.

Structural set-up: Initiated by Novartis; Lead contract between SDC and MMV (non-profit organisation); joint steering committee

b) Product development partnerships in health

13. Drugs for Neglected Diseases Initiative (DNDi), East and Southern Africa Division:

Objective: DNDi promotes and coordinates research and development related to drugs fighting six tropical diseases.

SDC role: Between 2013 and 2018, SDC supports the initiative with CHF 8 million. (*Overall budget forecast 2013 – 2016: CHF 190 million*)

Private partners: Various pharmaceutical companies (in-kind contributors)

Other collaborators: Several other funders (donor agencies, foundations); academic institutions/ companies collaborating under contract or agreement

Structural set-up: DNDi has the status of a non-governmental organisation

14. Medicines for Malaria Venture (MMV), East and Southern Africa Division, 1999-ongoing:

Objective: MMV promotes and coordinates research and development of anti-malaria drugs

SDC role: Between 2012 and 2016, SDC makes a core contribution of CHF 8 million to MMV. (*Overall budget forecast 2012-2016 is CHF 431 million*)

Private partners: Various pharmaceutical companies (in-kind contributors)

Other collaborators: Several other funders (donor agencies, foundations); academic institutions/ companies collaborating under contract or agreement

Structural set-up: MMV has the status of a non-governmental organisation

3. Innovative Finance Partnerships

a) Central application-based mechanism

15. Technical Assistance Facility for Pro-Poor Business Development Investments, Regional Divisions Latin America and South Asia, 2009-2012:

Objective: This SME development fund managed by a Swiss public company (ResponsAbility, backed by various Swiss financial institutions) aims to invest in a mix of SMES with highly scalable business models, as well as cooperatives and SME funds. The investment vehicle is complemented by a **technical assistance facility** providing non-interest loans to selected applicant SMEs.

SDC roles: SDC has provided CHF 1,000,000 in seed capital (50%) to the facility.

Private partners: SMEs (as well as cooperatives and SME funds) in developing countries are cost-share the technical assistance received (up to 50%) and repay the loan in full once positive returns are generated. In case of exceptional profit, the repayment will be higher.

Structural set-up: central application-based mechanisms; joint technical assistance committee of facility contributors

b) Individual Project

16. Innovating Development Finance for Independent Media

Objective: Facilitating social investment of a Swiss bank, specifically into independent media in developing countries

SDC roles: Loan guarantee to Bank Vontobel

Private partners: Bank Vontobel (providing loan of CHF 2,92 million to non-profit organisation, the Media Development Loan Fund)

Other collaborators: ResponsAbility (Swiss public company) facilitated the project

4. Partnerships to overcome barriers to the adoption of environmentally responsible core business behaviour

17. SuizAgua Colombia, Global Water Initiatives, 2010-2014:

Objective: Reducing water footprint of companies and their supply chains in Colombia

SDC roles: First phase: Co-funder (CHF 660,000), primarily for technical advice, knowledge management and awareness raising activities; Second phase: Co-funder (893,000)

Private partners: First phase: five Swiss companies (Nestlé, Holcim, Clariant, Syngenta, Alpina) operating in Colombia are co-funders of sustainable water management projects in their supply chain (CHF 150,000 each); Second phase: Scale up to 10 Colombian companies (co-funding of a total of CHF 2,114,000) Swiss companies invest another CHF 206,000 in the consolidation of their own initiatives.

Other collaborators: regional non-profit organisation

Set-up: lead contract with private partners (?); joint steering committee

18. SuizAgua Peru and Chile, Global Water Initiatives (2012-2015): This project seeks to replicate the above-mentioned PPDP in two further countries, with up to 12 companies per project phase and country. SDC's overall contribution equals CHF 1,700,000.

19. Reducing Nestlé's Water Footprint in Coffee Production in Vietnam, Global Water Initiatives (2011-2013):

Objective: Reducing water footprint of Nestlé's Coffee Production in Vietnam. Activities include the identification of the current water footprint of the coffee production and practices for improved water management; setting-up a software allowing farmers and others to track water usage; development of training modules to reduce the water footprint and enhance water productivity; dissemination and awareness-raising on the approach.

SDC roles: Co-funder (CHF CHF 87,320, 40%)

Private partners: Nestlé as co-funder (60%)

Other collaborators: two contractors (a consultancy firm and a research organisation) developed and implemented the project

Set-up: lead contract with implementing organisations; MoU between SDC and Nestlé on joint financing; joint steering committee

Annex 4. Project list of other collaborations with private stakeholders (corresponding with PPDP position paper, but recommended for exclusion from core portfolio)

2. Public-private co-sponsorship of development initiatives

20. Swiss-South African Cooperation Initiative (SSACI), Regional Division Eastern and Southern Africa (2001- 2014): The Swiss – South African Co-operation Initiative (SSACI) is legally registered in South Africa as a Trust Fund in 2001, with equal capital from SDC (CHF 14 mio) and 10 Swiss-owned companies operating in South Africa. SSACI funds are given to a range of public, private and non-profit training providers for vocational training projects.

21. Water Resources Group (WRG), Global Water Initiatives (2012-2014): The Water Resources Group is a platform created by multinational companies and the IFC in 2008 to develop new ideas/ approaches to address water scarcity and water management on a global level. In 2012,

SDC provided US\$1,750,000 to a WRG Trust Fund at the IFC for IFC Advisory Services.; funding from companies such as Coca-Cola and Nestlé totalled 14 mio.

22. *Access Agriculture – Videos for farmers, Global Programme Food Security, 2012-2015*: This NGO-led project mainly aims to enhance advisory services to farmers through a new interactive web-platform for agricultural training videos. SDC is the main funder (CHF 3,170,000) with further sponsorship by two companies. One company provides in-kind technical advice as part of its CSR activities.

3. In-kind contributions by companies to SDC-supported development projects

23. *Sri Lanka Cash for Housing Programme, Humanitarian Aid Division Asia and Americas (2012-2015)*: This SDC/AusAID/ EC – funded programme is co-implemented by UN-Habitat, focusing on the reconstruction of houses after the end of the conflict. Within the framework of its CSR programme, Holcim provided in-house training to technical staff at the UN-Habitat office on technical standards for a variety of cement products and quality assurance techniques.
24. *Haiti Competence Centre for Reconstruction, Humanitarian Aid Division Asia and Americas, 2010-2012*: The Swiss building engineering company Basler & Hoffmann supported the development of a national Competence Centre for Reconstruction (CCR) following the earthquake in 2010 by seconding one member of staff full-time to Haiti.
25. *Mongolia Cash for Herders Programme*: In the case of the Cash for Herders Programme in Armenia, an agreement was made with a local bank to hand out the cash grants to the selected beneficiaries.

4. Public-Private dialogue and advocacy platforms

26. *Swiss Malaria Group*: The Swiss Malaria Group is a dialogue and advocacy platform used by SDC and 15 companies, civil society and research organisations, as well as international initiatives (such as MMV and DNDi) to raise awareness among political decision-makers and the public about malaria and increase Swiss contributions to organisations supporting the fight against the disease.

6. Collaborations with business associations

27. *Building Energy Efficiency, India*: This is a sectoral capacity development project that works with builders associations and others to promote energy efficient building techniques.
28. *Green Call Center, South Africa*:
29. *Energy-Efficient Building Programme/ Vertical Shaft Brick Kiln Project, South Africa*: The project mainly focuses on knowledge and capacity building for anchoring the VSBK technology within the brick sector.
30. *Energy Efficiency Skills Development Systems Project, South Africa*: This capacity system development project for energy efficient building works with government business organisations and a research institute. Private training service providers are selected via procurement processes and are paid for their services.
31. *Low Carbon Cement Project, India*: This is a collaboration with European, Indian and Cuban Universities, and a consortium of social enterprises in India which seeks produce low carbon cement products, provide research on its costing, and promote uptake of the Indian industry.

Annex 5: List of other projects reviewed

a) Projects not corresponding with PPDP position paper (with reasons provided)

32. *TERI-SDC Partnership on Energy Efficiency and Renewable Energy, India, Global Division on Climate Change*: This SDC-funded technology development project is a collaboration with a research institute (TERI), a university, the public sector in India, and a consultancy firm that is paid for its services.
33. *Support for the Dissemination and Monitoring of the Use of the Updated Comprehensive Framework for Action (UCFA), Global Division on Food Security*: SDC funds UNDP's dissemination and monitoring of the UCFA on Food Security. Only dialogue with private sector fora is part of the dissemination strategy; dialogue generally does not qualify as a PPDP, and it is not directly between SDC and companies.
34. *Going to scale with safe water (households) and productive water (micro-irrigation), Global Water Initiatives*: This is five-country programme is implemented by two NGOs (incl. IDE) and can

best be categorised as a private sector development programme. No partnerships with companies are involved. Project funds are used for investments in working capital of social enterprises founded by IDE itself.

35. *Collaboration with the Swiss Association for Search and Rescue Dogs, Humanitarian Aid Department*: This is a collaboration between SDC and a charitable association of volunteers.
36. *Framework contract with LeShop on food delivery to emergency response activities of the "Rettungskette Schweiz", Humanitarian Aid Department*: This framework contract sets out the obligations of the online supermarket LeShop and SDC. It is not considered as a PPDP because SDC is 'buying' the service from LeShop.
37. *Africa Risk Capacity*: Through this project, SDC supports the establishment of an inter-governmental contingency fund in Africa as an effective financial weather risk management tool.
38. *Global Green Growth Institute, Global Water Initiatives*: SDC provides financial support to the Global Green Growth Institute, an international research, capacity-building and partnership brokerage organisation.
39. *Improving Food Security and Land Governance through Investment Standards, Global Division on Food Security*: As part of this project, SDC provides funding to an academic institution and a research organisation. Work undertaken by these contract partners includes adaptation of a certification system for biofuels to smallholders, screening country-level bio-fuel policies with the view to develop new regulations, awareness and capacity-building activities.
40. *Switzerland - China Dam Safety Enhancement Project, Global Division on Climate Change, 2009-2011*: It is unclear whether the Swiss companies involved in this knowledge transfer projects provide training at their own costs or if they are paid by SDC for their services.
41. *POSTCOSECHA (- 2003)*: This is a market development project in Honduras and Latin America. It involves a subsidy by the state (not SDC).
42. *Industry-led Apprenticeship Pilot Project, Bangladesh*: This is a vocational training development aiming to set up a new apprenticeship scheme for the leather industry. SDC funding is provided to a training institute. The leather industry pays a share of the training costs of their employees.
43. *Energising Development Initiative*: The Energizing Development Initiative is a multi-donor initiative which funds projects in various countries that roll out economically sustainable energy solutions to households and businesses. The bulk of activities with businesses can be categorised as SME development through training, capacity-building and financial services.
44. *Contribution to the World Economic Forum Water Initiative, Global Water Initiatives (2013-2014)*: SDC provides funding the World Economic Forum Water Initiative with CHF 236,250.00. It is similar to the category of public-private co-sponsorship but in this case the private stakeholder is an business-funded organisation, not a company. SDC funds will be to be used for consultancy fees, travel expenses and organizing high level meetings.

b) Other projects with not enough information provided

45. *Katalyst Maize Sector Development – collaboration with CP*: Not enough information on the exact form of collaboration between Katalyst and the company were included in the documents.
46. *Clean technology promotion and dissemination in small scale foundries, India, Global Climate Change Division*: Not enough information

Annex 6: Summary table of results achieved

	Partnership project or mechanism	Key targets or intended results	Leverage ratio (SDC: private)	Commercial viability of business models, products/ services or business practices	Development effectiveness	
					Key Outputs	Key Outcomes and Impacts
I. Testing and/ or scaling up of new business models of individual businesses						
Central application-based matching grant mechanisms						
1	REPIC Platform (2004-ongoing)	“Successful implementation and replication of projects”: At least 2/3 of supported (renewable) energy and energy efficiency projects are “lead to concrete follow-up or achieve sustainable impacts”	1: 3.4 (for 81 projects since 2004; excluding follow-up investments)	Yes for some projects; too early for most (judging from a brief review of selected case studies)	81 projects funded by May 2013	- By 2008, 3 out of 12 projects with significant follow-up investments - <i>too early to assess impacts for most projects</i> - <i>several case studies available; annual reports on website (until 2011) include project-specific results</i> - <i>evaluation conducted in 2010(not included in review documents)</i>
2	SCBF, 2010 – 2014	-“Effectiveness of SCBF as PPDP proved by leveraging substantial private investments” (in debt and in equity) -capacity building of up to 50 financial intermediaries who share at least 20% of the costs of technical assistances -up to 45 financial intermediaries reach out to 360,000 new poor customers within 5 years; after 2 years target revised to 50 financial intermediaries and 560,000 clients	1:0.5 (by 2012) (above target)	too early	Contracts with14 financial intermediaries signed, with SCBF contribution of CHF 2’203’551 (68%), by November 2012	<i>No data on outcomes identified. Progress report at the end of 2012 notes that “based on the current status, it can be expected that target numbers will be met.”</i>
Partnerships as part of agricultural market development programmes						
3	Katalyst-Syngenta partnership (2003-2005 (?))	Increase productivity in the vegetable sector through embedded knowledge and information services to farmers by retailers	1:1.5	likely	480 retailers trained by Syngenta	Sales of Syngenta products have increased 10-fold in relation to training costs; 2/3 of retailers have higher sales, more customers, higher profits; Improved farmer satisfaction with retailer services Syngenta planned to extend training to 12,000 retailers (by 2005)
4	SDC-Elola partnership, Armenia (2003-2008)	Extend dairy supply chain to include to marginalised producers and increase their incomes	n/a	likely	9 , now self-financing vet service points have been established serving 2,273 households	Cattle health, milk production and quality improved; milk collection expanded from 5 to 12 villages ensuring a formal market for milk for around 2,000 farmers; 900 dairy households increased their annual income by US\$314 (by 2008)

	Partnership project or mechanism	Key targets or intended results	Leverage ratio (SDC: private)	Commercial viability of business models, products/ services or business practices	Development effectiveness	
					Key Outputs	Key Outcomes and Impacts
Other 'free-standing' partnerships with individual business (agricultural supply chain development, technological innovation and financial inclusion)						
5	SDC-Nestlé Dairy & Livestock, Pakistan (2009-2010)	Improve supply chain quantity and quality while increasing productivity and incomes for farmers	1:1.33	unclear	Training of 1,050 farmers and 71 extension service providers	735 farmers achieved an increase in milk yield and income of 15%; indications that 45% of other farmers (no total numbers) in the community copy improved livestock farming practices; 35 extension workers increased incomes by 30%
6	SDC-Firmenich Vetiver Partnership, Haiti (2012-ongoing)	-Increased vetiver supply and processing, higher incomes for farmers -At the beginning, the number of beneficiaries will be around 1000 farmers -By 2020 it is envisaged to cover around 30'000 producers of vetiver and other plants suitable for the production of essential oils.	1:1	too early	<i>The first six months of the partnership focused on establishing relationships and project structures, analysing the value chain etc. (October 2012)</i>	<i>Project still at a too early stage</i>
7	Refrigerator Recycling Brazil (2009-2012)	-300'000 bis 400'000 recycled refrigerators (100,000 by 2011) -destruction of CFCs amounting to 400,000 – 600,000t CO ₂ e per year -Creation of 60-70 jobs -Introducing recycling laws and regulations	n/a	likely	recycling factory built and operational	16,000 refrigerators recycled; reduced CO ₂ equivalent emissions by 42,000t (<i>but review provides reasonable explanations why results can be expected to be higher in the future</i> ; 50 jobs created; income security for about 1000 street collectors; progress in political dialogue, but no binding laws or regulations on recycling yet (by 2011)
8	SDC-MiCRO, Haiti, 2013	Opening Phase: Developing a business plan to offer catastrophe insurance to 250'000 households, first in Central America	1:0.62	too early		<i>Project still at a too early stage</i>
9	SDC-Zurich Micro-Insurance partnership, 2007-2009	develop commercially viable pro-poor insurance products to at least 40,000 low-income people in four countries	-	no	-	-
II. Product and Service Development Partnerships						
a) Multi-stakeholder service/ sector development partnerships						
10	AgriFin Mobile, 2012-2015	180,000 small farmers have access to commercially viable (financial and advisory) mobile services and increase incomes after three years	1:1.6	too early	No information in reviewed documents.	<i>Project still at a too early stage.</i>
11	RIICE, 2011-	Several million rice growing farmers in South	1:0.35	too early	<i>Latest operational report</i>	<i>Project still at a too early stage.</i>

	Partnership project or mechanism	Key targets or intended results	Leverage ratio (SDC: private)	Commercial viability of business models, products/ services or business practices	Development effectiveness	
					Key Outputs	Key Outcomes and Impacts
	2015	and South East Asia to be provided with innovative insurance solutions; Increase of investments into agricultural rice production; Increase in agricultural lending due to availability of insurance has been registered by banks			<i>available focuses on early activities, including relationship building and early food security monitoring capacity-building activities (June 2012)</i>	
12	SMS for life, Tanzania, 2011-2012	To contribute to a reduction of stock-outs of anti-malarials (% of health facilities with zero stock) and to a improved stock planning and management (stock counts received each week)	1:0.6 (for Vodafone contribution); (contribution by Novartis "considerable" but not quantified)	Unclear "Stakeholder opinions differ on the appropriateness of the cost, return on investment and overall value of the system"	-New SMS service developed; health-care workers in all 5099 Tanzanian health-care facilities trained (by end of 2011) -SMS for Life has improved knowledge on stock levels for malaria medicines at the facility level (2013)	Facilities without any anti-malaria drugs decreased from 25% to only 5% across the country. (95% had at least one dosage in stock after the end of the pilot); 300,000 more people had access to anti-malaria drugs at the end of the pilot (2011) Evaluation of scale-up phase have been less good/ draws a different picture: "SMS for life has not led to a clear reduction in stock-outs to date. Better stock information has not translated into a more efficient supply chain. The system's impact on lives saved cannot (yet) be established" (2013)
b) Product development partnerships in health						
13	DNDi, 2013-2018	Deliver 11-13 new treatments by 2018 for seven neglected diseases	n/a	unclear		Previous phases: Three new treatments or set of treatments developed for two diseases by 2013; increased dissemination and use of three treatments for two other diseases; increasing number of drug candidates at clinical stage
14	MMV, 2012-2016	Discovering, developing and facilitating delivery of new, effective and affordable antimalarial drugs	n/a	n/a	MMV is currently involved in more than 40 R&D projects (2012)	Previous phases: Over the 1999-2010 period, MMV and its partners "have assembled the largest pipeline of antimalarial drugs in history", with 4 new medicines registered/ pre-qualified and more than 5 million treatments delivered
III. Innovative Finance Partnerships						
Central application-based mechanism						
15	Technical Assistance Facility for SMEs, 2009-2012	Create 85,000 jobs in 80 SMEs and 40 cooperatives after 5 years	n/a	unclear	--	-
Individual project						

	Partnership project or mechanism	Key targets or intended results	Leverage ratio (SDC: private)	Commercial viability of business models, products/ services or business practices	Development effectiveness	
					Key Outputs	Key Outcomes and Impacts
16	Development Finance for Independent Media project	Promote access to capital for social investment fund (MDLF) fostering independent media in developing countries	n/a	Not applicable	Loan guarantees issued to Bank Vontobel and social investors	A CHF3 .1 mio loan of social investors and bank vontobel given to MDLF by 2010; loan yielded USD 12.6 million in sales of MDLF clients and helped to provide independent news to 2.8million people in developing and transition countries in 2006.
IV. Partnerships for environmentally friendly core business behaviour						
17	SuizAgua Colombia, 2010-2014	-a 10% reduction in the total water footprint of at least four companies (companies and their supply chains)	1:1.8	unknown	Swiss companies participating in Phase 1 have measured their WFP (2009 and 2010) for 9 different processes each, including suppliers and customers	Better understanding of impacts on water resources along the value chain; Private sector investments implemented to reduce water footprint; No impact data
18	SuizAgua Peru and Chile, 2012-2015	Water footprint of the participating companies in Peru and Chile measured and reduced	n/a	too early	-	<i>Project still at a too early stage.</i>
19	Nestlé's Water Footprint in Coffee Production in Vietnam Project, 2010-2013	Water Footprint for Vietnam's Robusta coffee sector and it's impacts known and best practices of water management identified; farm management software SIMPATICA contains a module for water footprint monitoring and is applied at farm level; 300 farmers trained in good agricultural practices	1:1.5	unknown	Best practices of water management for sustainable coffee production identified; water footprint software being developed; 318 farmers trained in daily irrigation record keeping (March 2013)	<i>No impact data available.</i>

Annex 7: Possible website areas for profiling SDC's partnership portfolio

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development

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Projects

Selected projects

The following is a selection of projects providing in-depth descriptions of the SDC's work in various activity.

[Selected projects](#)

All projects (from May 2012)

The list shows all project phases and contributions of more than CHF 0.5 million that have been implemented since May 2012. Only the phases that are currently underway have been indicated. These technical project

Annex 8. Terms of Reference



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Federal Department of Foreign Affairs FDFA
Swiss Agency for Development and Cooperation SDC

Annex

Terms of references to Contract no. 81017812 (Mandate type A) - Evaluation of SDC's Public-Private Development Partnership portfolio

Background

The recently approved Bill on Switzerland's International Cooperation 2013–2016 underlines the key role the Private Sector can or should play in strategic partnerships with the public sector for addressing poverty reduction objectives or global developmental challenges.

SDC has a long track record on partnering with the private sector. This "pioneer time" has allowed it to test approaches with various actors in different contexts. A clear overview of what has been done and, above all, what has been achieved in partnerships with the private sector is however missing. SDC has been asked by different stakeholders to expose the results of its different initiatives so far, based on evidences.

The present evaluation aims therefore at taking stock of the different partnerships with the private sector SDC was involved in and analysing the results achieved so far in order to draw lessons, identify good practices and make recommendation for new initiatives.

1. Reference framework

Definition of the term PPDP at SDC

SDC engages itself in partnerships with the private sector when it contributes in a significant and efficient way to the achievement of its development goals.

By partnership with the private sector, or Public-Private Development Partnerships (PPDP), SDC understands an alliance between public and private actors in which each party looks after its own interests but gets an additional benefit thanks to their cooperation. Furthermore, the partnership is guided by a common understanding to contribute to the alleviation of living conditions of poor and disadvantaged people, as well as to promote a sustainable economic, social and environmental development.

Besides public and private protagonists such partnerships involve all actors who play a necessary role by mobilizing their respective competencies.

SDC's motivation for entering such partnerships with the private sector consists by:

- generating a sustainable impact at scale
- having an impact on private companies business model
- having access to innovation, knowledge and resources
- foster professionalism and mutual learning
- using synergies in order to perform with higher efficiency
- leveraging the access to funds.

Note that programmes aiming at private sector development as well as mandates to provide services or to acquire goods are not considered as PPDPs in the strict sense and, hence, are not part of this study.

Reference documentation

Since the PPDP portfolio within SDC is not explicitly defined at this point, a manual extract of SDC interventions from the project data archives (SAP, DMS) and annual reports will be provided. The documentation extract will be complemented by further documentation upon request during the assessment.

The projects under consideration have been implemented in the time frame between 2000 and 2012.

In addition to the project portfolio documentation, the following reference documents form an integral part of the assessment:

- Bill to parliament on international cooperation 2013-16 (in german Language only)
- SDC institutional position 2012 "Partnerships with the Private Sector"

Another source of information will be a contact list of key persons and / or institutions (internal and external) considered relevant to be contacted during this evaluation.

An addition relevant literature may be referred to for the evaluation.

2. Purpose of the evaluation

The purpose of this study is:

- to take stock of the experiences of SDC's PPDP portfolio
- to appreciate the results achieved by SDC's PPDPs and evaluate their potential.

3. Tasks of the mandate

The consultant shall analyse the existing SDC portfolio in view of the following aspects:

- Map the type of interventions with regards to their cooperation modalities, structural set-up and intentions
- Assess the results achieved through PPDP in regard of a) functionality of the structural set-up and b) contribution to the intended impact of the partnership based on available documentation and, complementarily, through interview with selected staff within SDC and key partners.
- Evaluate the efficiency of the modality and estimate the opportunities and risks
- Identify the main lessons learned and compare, to the extent possible, with international experience.
- Recommend ways forward and priorities for change.

To the extent possible the evaluation shall comply with the [OECD DAC quality standards for development evaluation](#).

4. Scope of assignment, timeframe and Deliverables

The scope of the assignment is limited to 20 days (8 hour/day). Execution of work exceeding the scope of the assignment needs to be agreed upon with the commissioning party.

A draft evaluation report is due by July 15 / 2013.

The submission of final report is due by July 31 / 2013.

The consultant is expected to present the findings of the evaluation in person during a debriefing event with concerned SDC staff at SDC headquarter in Berne, Switzerland. A specific date will be agreed upon in due time, best between submission of the draft and the final report in the second half of July 2013.

The evaluation report shall be submitted in English language, comprising max. 20 pages (Arial 11pt) excluding annexe, covering the above mentioned tasks.

5. Qualification

The consultant disposes the following qualifications:

- demonstrated skills in conducting evaluative literature studies
- experience in working in development cooperation context
- educational background in economics; working experience in private sector development or public-private partnership frameworks
- fluent language skills in English and German; good knowledge of French and Spanish language is an asset
- working experience in the private sector is an asset

Bern, 06.05.2013

Swiss Agency for Development
and Cooperation

Mathias Rickli

Evaluation and Corporate
Controlling Division

The Consultant

Melina Heinrich