

Evaluation 2023/1

Independent Evaluation of SDC's Private Sector Engagement 2015 - 2021



Independent Evaluation of

SDC's Private Sector Engagement 2015 - 2021

Commissioned by the Evaluation and Controlling Unit
of the Swiss Agency for Development and Cooperation (SDC)

Contents:

- I Evaluation Process
- II SDC Senior Management Response
- III Evaluators' Final Report

Donor	SDC – Swiss Agency for Development and Cooperation
Report title	Independent Evaluation of SDC's Private Sector Engagement 2015 - 2021
Geographic area	Global
Sector	430: Other Multisector
Language	English
Date	March 2023
Author	Consortium Baastel-E.T. Jackson and Associates represented by le Groupe-conseil baastel SRL, Bruxelles, Belgium Alexandre Daoust, (team leader), Beatrice Tschinkel (Expert), Edward T. Jackson (Senior Expert)

Bern, June 2023

I Evaluation Process

Evaluations commissioned by the SDC's Board of Directors were introduced in the SDC in 2002 with the aim of providing a more critical and independent assessment of the SDC activities. These Evaluations are conducted according to the OECD DAC Evaluation Standards and are part of the SDC's concept for implementing Article 170 of the Swiss Constitution, which requires Swiss Federal Offices to analyse the effectiveness of their activities. The SDC's **Senior Management** (consisting of the Director General and the heads of SDC's departments) approves the Evaluation Program. The **Evaluation and Controlling Unit**, which reports directly to the Director General, commissions the evaluation, taking care to recruit independent evaluators and manages the evaluation process.

The Evaluation and Controlling Unit identified the primary intended users of the evaluation, and invited them to participate in a **Core Learning Partnership (CLP)**. The Core Learning Partnership actively accompanied the evaluation process. It commented on the evaluation design (Approach Paper); it validated the evaluation methodology (Inception Report); and it provided feedback to the evaluation team on their preliminary findings. During a capitalization workshop and a presentation on the Draft Evaluation Report, the Core Learning Partnership had the opportunity to comment on the evaluation findings, conclusions and recommendations.

The evaluation was carried out according to the evaluation standards specified in the Terms of Reference.

Based on the **Final Report of the Evaluators**, the **Senior Management Response (SMR)** was approved by the SDC's Board of Directors and signed by the SDC Director-General.

The SMR is published together with the **Final Report of the Evaluators**. Further details regarding the evaluation process are available in the evaluation report and its annexes.

Timetable

Step	When
Approach Paper finalized	September 2021
Implementation of the evaluation	Dec. 2021 – Jan. 2023
Senior Management Response in SDC	May 2023

II Senior Management Response

The Management Response states the position of the SDC Board of Directors on the recommendations of the Independent Evaluation of SDC's Private Sector Engagement.

SDC commissioned an independent evaluation of SDC's Private Sector Engagement (2015-2021). The evaluation assessed the performance of SDC's programmes and projects along the OECD DAC criteria of relevance, coherence, effectiveness, impact, efficiency, and sustainability. The evaluation aims to support SDC in achieving the objectives of Switzerland's International Cooperation Strategy 2021-2024, and in contributing to achieving the Sustainable Development Goals (SDGs).

The evaluation team had access to the full range of SDC documentation. It reviewed project documents and evaluations; it interviewed SDC staff as well as key stakeholders. The evaluation team visited Bangladesh, Kenya and Tanzania where they undertook case studies. This Senior Management Response was submitted to the Board of Directors for approval and signed by the Director-General of SDC. It sets forth concrete measures and actions to be taken, including responsibilities and deadlines.

Assessment of the evaluation

The evaluation was mandated to a team of independent experts to be conducted in accordance with international standards. The evaluation process included close involvement of the Core Learning Partnership (CLP). The CLP comprised staff working on PSE from all areas of SDC, both at head office and from the field.

SDC considers the evaluation report to be a timely assessment of the activities SDC undertakes in the area of private sector engagement (PSE). SDC notes that evaluating PSE is a difficult task. First, the concept is not defined universally across different development agencies; and second, there is no standard approach on how to evaluate PSE. Moreover, the lack of standardisation, combined with projects being implemented across all of SDC's priority themes and countries, accentuates the challenge to evaluate the portfolio. The main objectives – assessing the relevance, coherence, effectiveness, impact, efficiency, and sustainability – and the desired level of analysis have not been fully met by the evaluators. In particular, SDC expected a more detailed portfolio analysis, and a clearer description as to how the different data sources were used to arrive at the conclusions (triangulation). SDC was also hoping for a more proactive and broader approach to interviewing stakeholders, including those from the private sector.

Nonetheless, the report's findings contributed to promoting the internal discussion on the further development of PSE. SDC's Senior Management thanks the evaluation team and the SDC staff involved for their effort and the evaluation report. SDC's Senior Management is committed to implementing the measures set out in the Senior Management Response (SMR).

Main conclusions

The overall conclusions of the evaluation are as follows:

- **The diligent effort and significant resources invested by SDC in its PSE modality and portfolio are starting to pay off in innovation and learning.** However, there are significant crucial issues still to be addressed for SDC's PSE to achieve its full potential and start delivering on expected promises of more in-depth, higher-level, long-term positive changes worldwide.
- **SDC is well-positioned to do more in PSE** in the short and medium terms, **but it lacks a clear strategy concerning the way forward, with targets and guidance** related to PSE.
- SDC is trying to **attract the private sector in its PSE modality and portfolio** (this is still a challenge), but at the same time SDC is also required to ask for **co-investment (which is essential to and a positive element of PSE)**, which makes **PSE less attractive for the private sector**.
- The use of the PSE modality and the objective of increasing the number and funding of PSE projects, are additional elements to **adapt and integrate into the already complex contexts of many priorities, domains and sectors in which SDC operates**. This can create additional time and effort for SDC staff and also can cause confusion among SDC staff and among domain teams.
- SDC is quite well equipped, and is continuously equipping itself, to conduct more PSE, but it needs to **spread the tools and knowledge it has developed**.
- The evaluation team observed a disconnection **between PSE headquarters programming and country level programming**, dealing with competing priorities.
- **The CEP is becoming well positioned to increase outreach** now that comprehensive guidelines and tools have been developed, particularly within the context of the "fit for purpose" restructuring.
- Much effort is being made to ensure that PSE is picking up traction within SDC. However, it is still not fully clear that PSE is, in fact, delivering on the theoretical ambitions. It is not necessarily that results are not being achieved at "higher levels" (outcomes), but rather that they **are not measured and documented to permit accurate performance assessment** and relevant learning and improvement.

Out of the 7 recommendations, two are *fully agreed* (green), five are *partially agreed* (orange) and none are *disagreed* (red). The key measures are summarised as follows:

1. Define a clearer strategy as to the direction SDC wants to go with regard to the deployment of the PSE modality.	Orange
2. Spread and enhance PSE expertise and knowhow within SDC staff. Also, provide staff with convincing arguments to attract private sector funds to its initiatives.	Orange
3. Adapt the SDC guidance provided to its staff by making it more practical and allowing for more flexibility in its application.	Orange
4. It would be important for Swiss embassy cooperation sections to take part in improved PSE coordination and collaboration with other sections and for SDC as a whole, in the longer term, to work more closely with other Swiss ministries and institutions in its conception and implementation of PSE initiatives.	Orange
5. Clarify the role and mandate of the CEP in light of the “fit for purpose” restructuring.	Green
6. Develop, strengthen, and streamline the PSE monitoring and evaluation system.	Orange
7. Enhance and improve SDC’s communication on its PSE work.	Green

Bern, May 30, 2023

Patricia Danzi, SDC Director General

Annex: Overview of recommendations, management response and measures

Annex: Overview of recommendations, management response and measures

Fully agree	Partially agree	Disagree
-------------	-----------------	----------

Recommendation 1		
Define a clearer strategy as to the direction SDC wants to go with regard to the deployment of the PSE modality. To guide the appropriate resources and efforts that need to be invested in using the PSE modality, SDC needs to define a clearer strategy as to the direction it wants to go and what it seeks to achieve with regard to the deployment of the modality. Beyond setting targets for the number of projects to attain in the portfolio or funds to leverage in a given period, detailing where the Agency aims to be in the short-, medium- and long- terms is essential. <u>Practical steps:</u> • SDC first needs to unambiguously determine which initiatives are considered PSE projects and how staff is to understand leveraging of private sector funds. • SDC needs to establish which PSE formats work best in which context based on headquarter and field experiences and perspectives. • To achieve the SDC strategic and overall objectives, including the leveraging of additional funds from the private sector, SDC needs to determine the types of private sector entities with which it wishes to work. • In the short term, PSE should be used mainly in nexus-oriented themes, in economic development and growth and trade projects and even in cross-cutting issues such as climate change and gender. In the longer term, PSE can then be integrated in all other priorities (e.g., human rights, humanitarian work, etc.).		
Management Response		
Fully agree	Partially agree	Disagree
On the one hand, SDC agrees with the evaluators that the time has come to embark on a more strategic approach to implement PSE, building on the rich experiences made over the past decade. SDC – through its Competence Centre for the Engagement with the Private Sector (CEP) hosted at the Economy and Education section (E+E) – will propose strategic options aiming at scaling promising PSE approaches. These options will put a particular focus on financial-market-oriented PSE formats such as Impact-linked Finance, which SDC has pioneered over the past few years. They will also propose the expansion of investments in structured funds where SDC plays the role of a catalytic investor, especially for investments in Least Developed Countries and in social sectors. In this regard, SDC will also seek to deepen its relationship with SIFEM to strengthen its footprint in these countries and sectors. On the other hand, in terms of guiding documents, SDC does not see the need to develop a “PSE strategy” as the existing PSE Handbook provides a useful guidance for SDC staff in the field and at HQ to engage in PSEs in a decentralized manner. The handbook also provides a clear definition as to what constitutes a PSE (co-initiating; co-steering; co-funding) which serves its purpose well. The distinction between development-project oriented formats and financial market-oriented formats proved effective, as does the context-specific flexibility in implementation. That said, SDC agrees that efforts could be undertaken to increase familiarity with and knowledge of the PSE definition (see recommendations 2 and 7 below).		
Measures	Responsibility	Deadline
- Strategic options to scale PSE presented to SDC Directorate, including a discussion as to how the scaling strategy should be financed.	CEP / E+E	Q3 2023

- Selectively update PSE Handbook and anchor PSE specific requirements in SDC's Field Handbook.	CEP / E+E	Ongoing
---	-----------	---------

Recommendation 2		
Spread and enhance PSE expertise and knowhow within SDC staff. Also, provide staff with convincing arguments to attract private sector funds to its initiatives. In this context, de-risking is a key element that staff need to learn about. They will then be able to use such arguments as a negotiating tool when discussing PSE with partners. SDC should also continue to engage in relevant fora to spearhead discussions on increasing co-investment from the private sector towards achieving the SDGs and other developmental objectives. These discussions should also contribute to finding the right vehicles for PSE in general.		
Management Response		
Fully agree	Partially agree	Disagree
SDC agrees with the evaluators that PSE expertise needs to be enhanced. This has to happen in a targeted manner, taking into account the different levels of engagement for different SDC staff in PSEs. There is a basic understanding about PSEs that needs to reach all operational SDC staff. There are also particular capacity building needs to mid and senior management and Thematic Regional Advisors (RTAs) in charge of PSE; as well as finance/admin personnel as PSEs often have a different legal and budgetary setup compared to regular SDC projects. Achieving these capacity building objectives within the rotational system of the FDFA remains a challenge. However, SDC has a somewhat different view about the second part of the recommendation, focusing on de-risking. While certainly an important part of PSE design and implementation, de-risking needs to be understood by those staff working on PSEs, not necessarily all staff. Finally, SDC does agree that it should play a relevant role in international policy fora aimed at leveraging financial resources for the SDGs, for example by promoting impact linked finance.		
Measures	Responsibility	Deadline
- Update PSE capacity building concept in a modular approach, offer targeted trainings, and follow through with advisory services facilitating co-creation.	CEP / E+E	Q3 2023
- Seek closer collaboration with SECO in capacity building efforts.	CEP / E+E	Ongoing
- Strategic identification of key events for SDC participation at policy level internationally & regionally. Develop and continuously update a set of common key messages addressing different levels of participation.	CEP / E+E	Ongoing

Recommendation 3
Adapt the SDC guidance provided to its staff by making it more practical and allowing for more flexibility in its application. It is important to bridge the specificity of the theoretical handbook with the reality on the ground. Tacit knowledge needs to meet and be integrated with systematized knowledge, leading to more dynamic knowledge production and application. This recommendation would need to be coordinated with recommendations 1 and 6.

Management Response		
Fully agree	Partially agree	Disagree
SDC partially agrees with this recommendation which is closely linked with recommendation 1. As stated there, SDC does believe that the PSE Handbook is a useful basis for SDC's PSE engagement. In particular, it allows for the flexibility to adapt PSEs to the local context and local opportunities. In this regard, SDC does not believe that a new guidance has to be developed but commits to continuously update the PSE Handbook to reflect the most recent thinking and lessons learned of SDC's PSE modality and portfolio.		
Measures	Responsibility	Deadline
- Update PSE Handbook and anchor PSE specific requirements in SDC's Field Handbook.	CEP / E+E	Ongoing

Recommendation 4		
It would be important for Swiss embassy cooperation sections to take part in improved PSE coordination and collaboration with other sections and for SDC as a whole, in the longer term, to work more closely with other Swiss ministries and institutions in its conception and implementation of PSE initiatives. This recommendation should be implemented at regional and country levels. Often embassies' trade sections already deal with the private sector. There is strong potential added value in having the SDC cooperation section of the embassy coordinate more closely with the trade section in its PSE approach. Linking embassies' private sector development objectives with the cooperation sections' PSE work would make for effective and efficient coordination within the Swiss representation abroad. As for adaptation at the SDC and Swiss government levels, based on the analysis provided in evaluation question 2, a starting point could be to align PSE definitions and approaches across Swiss government bodies, at least in basic terms and then, to the extent possible, increase concrete coordination as SDC and SECO are already doing, even with two different definitions. There are already some projects that involve other Swiss government institutions which could be used as examples. Indeed, key players here included SDC, SECO, Federal Department of Foreign Affairs, SIFEM, and other Federal Departments and agencies that are not typically involved in development cooperation (e.g., The Federal Office for the Environment is linked to sustainable finance and impact investment).		
Management Response		
Fully agree	Partially agree	Disagree
SDC agrees that coordination with other Swiss government entities, as well as within Swiss embassies, can be improved. However, SDC thinks that the recommendation at partner country level is at least partially based on a lack of understanding on the evaluator's part regarding roles and responsibilities in the implementation of Swiss International Cooperation. Embassies with trade sections are the exception, not the rule, in Swiss representations in SDC priority countries. Moreover, the role of trade sections is to facilitate trade between Switzerland and the host country – which is different from SDC's mandate to support the host country's sustainable development for which PSE can be a means (but is never an end in itself!). The two goals can and should be complementary, and a closer coordination is certainly desirable, however, there are limits to the extent to which they can be aligned. The same applies to coordination in Switzerland where the PSE approach of SDC and SECO Economic Cooperation and Development, for example, are complementary and follow the respective administrative offices' mandate. The definitions are aligned and		

reflect the complementary mandate of the two offices. SDC and SECO will continue to seek to agree alignment on the same PSE criteria with different thresholds reflecting their respective realities.

That said, SDC does agree that PSE efforts can be better communicated and coordinated. In this spirit, SDC and SECO have already started exchanges to identify areas for better coordination, building on each office's comparative advantage and thematic / regional coverage. Strengthened communication efforts, including better internal communication, will also contribute to a better understanding of the role PSE plays in the mandate of SDC and other government entities.

Measures	Responsibility	Deadline
- Regular exchange with SECO around PSE issues in international cooperation.	SDC Thematic Cooperation	Ongoing
- PSE communication concept developed and implemented focusing both at Headquarters' and Embassy's levels.	CEP / E+E	Q3 2023

Recommendation 5

Clarify the role and mandate of the CEP in light of the "fit for purpose" restructuring.

PSE now sits under Economy and Education in the Thematic Cooperation unit following the restructuring process. Some concepts and proposals have been developed for the role and mandate of the CEP; management decisions are outstanding. This recommendation clearly calls for a management (i.e., Board) decision, and the momentum is right. The recommendation should also be coordinated with the roll-out of Recommendation 3.

Management Response

Fully agree	Partially agree	Disagree
SDC agrees with this recommendation. The CEP's staff, role and responsibilities were not addressed by the recent "Fit4Purpose" reorganization and it was never explicitly decided that the name CEP and its setup as a competence centre responsible for the PSE modality is continued in the newly formed E+E section. Related to questions about the role and responsibilities of the CEP are more fundamental considerations made by the evaluators about the way with which the CEP promotes the use of PSEs. In addition, the evaluation came too early in order to review the roles of the newly established Regional Thematic Advisors (TRAs) of the geographical divisions who are supposed to act as the main interface between the operations and the thematic sections (<i>among others. extended arms of the E&E section / CEP</i>). In the current structure, the E+E Section / CEP acts mostly as an internal advisory unit with close involvement of the respective TRAs while the operational lead and budget for PSEs lies with operational units (regional & country programs and thematic sections). In line with its limited budget, the E+E section / CEP manages only a few flagship PSEs, including all new direct investments originating from SDC's investment credit via return based financial market-oriented formats. While this setup corresponds to the manner projects are designed and implemented at SDC, it is not clear that it is ideal to scale SDC's PSE portfolio in a more strategic manner. SDC therefore commits to discuss whether the current setup is indeed "fit 4 purpose" for the ambition to scale up PSE as a modality to deepen SDCs development impact.		

Measures	Responsibility	Deadline
- SDC Directorate confirms the role of the CEP hosted in the E+E section as a competence centre for all SDC.	SDC Directorate	Q3 2023
- SDC Directorate to discuss strategic options for the strategic upscaling of the PSE modality, including its financing.	SDC Directorate	Q3 2023

Recommendation 6		
Develop, strengthen, and streamline the PSE monitoring and evaluation system. While there may be a broader need to strengthen monitoring and evaluation across SDC, better monitoring of PSE deployment will greatly increase the acuity of SDC's decision-making process. This system needs to span from the very local context, where activities are being implemented, to the embassies' cooperation sections, and then to the highest level of decision-making at headquarters. A solid data collection, roll-up and analysis framework needs to be established so that clear, concise, and up-to-date information is made available not only within SDC but also for partners, including Swiss parliament.		
Management Response		
Fully agree	Partially agree	Disagree
SDC agrees with the evaluators that more needs to be done to measure the results of PSEs, especially at outcome and impact levels. SDC has invested significant resources over the past years to improve the financial data of its PSE portfolio through the introduction of the Annex 2 exercise with which, as part of the annual reports of the cooperation programs, private sector contributions in PSEs are captured. When it comes to measuring outcomes and impact of PSEs, SDC relies on the overall Monitoring and Evaluation practice at SDC, which is the responsibility of operational units with guidance from the Quality Assurance section. SDC is currently rolling out its digital Results Data Management (RDM) system which will include PSE. Any efforts to improve the measurement of PSE results should therefore be carried out as part of the RDM exercise and not as a stand-alone PSE effort and we don't think an additional new framework for data collection needs to be established for PSE separately. That said, SDC is engaged in international discussions on impact measurement in PSEs and will pilot impact deep dives in a recently approved financial-market oriented project, the BUILD Fund. Additionally, SDC also commits to deepen exchange with SECO who face similar challenges when it comes to show the impact of PSE activities in their portfolio.		
Measures	Responsibility	Deadline
- Digitalization of SDC's Results Data Management system.	QA	Ongoing
- Deepen exchange with SECO around measurement of PSE results.	E+E / CEP / QA / SECO	Ongoing
- Selective Impact stories / case studies (PSE communication concept).	E+E / CEP	Ongoing
- Actively participate in policy dialogue with other donors around impact measurement of PSEs.	E+E / CEP	Ongoing

Recommendation 7		
Enhance and improve SDC's communication on its PSE work. There is an overall need to strengthen SDC's communication strategy on its PSE work. SDC must take steps to sensitize and train its staff; clarify and explain PSE philosophies and concepts with all stakeholders; prioritize and adapt PSE to different realities; and communicate achieved results.		
Management Response		
Fully agree	Partially agree	Disagree
SDC fully agrees with this recommendation. PSE is still a novel modality in SDC's toolbox (as it is for most traditional donors) and many, if not most, SDC staff have limited experience engaging in PSEs. This is particularly the case for financial-market oriented PSEs that require an understanding of the logic with which (impact) investment works. Many PSEs also require an update to SDC's legal, financial and administrative processes. Most of the professionalization of SDC's PSE management has occurred at Head Office over the past two years and it is important that the relevant learnings are communicated with SDC's staff around the world. As highlighted in the response to Recommendation 2 above, the communication needs to be targeted and suitable to the needs and knowledge of respective (internal and external) stakeholders by reflecting the different realities, too. Communication efforts will be coordinated closely with SDC's communication management.		
Measures	Responsibility	Deadline
- PSE communication concept developed and implemented.	CEP / E+E / SDC Communication	Q3 2023
- Together with SECO opportunities identified for joint communication on PSE.	CEP / E+E / SECO	Q3 2023

III Evaluators' Final Report

Commissioned by the Evaluation and Controlling Unit of the Swiss Agency
for Development and Cooperation (SDC)

Consortium
Baastel-E.T. Jackson and Associates represented by
le Groupe-conseil baastel SRL, Bruxelles, Belgium

www.baastel.com, www.etjackson.com

Authors:

Alexandre Daout, Team Leader
alexandre.daoust@baastel.com

Beatrice Tschinkel, Evaluation Expert
beatrice.tschinkel@hotmail.com

Edward T. Jackson, Senior Evaluation Specialist
edward_jackson@etjackson.com

Additional contributors to the document

Pantaleon Nkwabi Shoki, National Consultant Tanzania

Joseph Ghatii, National Consultant Kenya

Bhabatosh Nath, National Consultant Bangladesh

March 2023

TABLE OF CONTENTS

ACRONYMS.....	I
1. EXECUTIVE SUMMARY	1
2. INTRODUCTION	4
3. THEORY OF CHANGE AND EVALUATION QUESTIONS.....	7
3.1. Theory of Change	7
3.2. Review of the Evaluation Questions	9
4. EVALUATION APPROACH AND METHODOLOGY	9
4.1. Approach.....	9
4.2. Methodology	10
4.3. Sampling	10
4.4. Limitations	11
5. FINDINGS	12
5.1. EQ 1- To what extent are the PSE modality and PSE portfolio <i>useful for contributing</i> to the goals of a) the Dispatches on Switzerland's International Cooperation, b) the private sector, c) partner countries, and d) the SDGs	12
5.2. EQ 2 - To what extent are the PSE modality and the PSE portfolio coherent internally (within SDC and Switzerland) and externally (governmental, private sector, and other donor activities)?	16
5.3. EQ 3 – To what extent is PSE integrated into SDC's project cycle management and contributes to more and better interventions?	23
5.4. EQ 4 – How well equipped and positioned is SDC for PSE?	28
5.5. EQ 5 – To what extent are the PSE modality and PSE portfolio achieving the expected results at the output, outcome, and impact levels?.....	36
5.6. EQ 6 – What is the value added of SDC's PSE modality and PSE portfolio?	41
6. CONCLUSIONS	45
7. RECOMMENDATIONS.....	47
8. LESSONS LEARNED	51
ANNEX I: EVALUATION MATRIX	53
ANNEX II: ADDITIONAL METHODOLOGICAL ELEMENTS	64
Evaluation Approach	64
Methodology	65
Sampling	67
Evaluation Phases	73
Evaluation Management.....	74
Timeline and Workplan.....	75
ANNEX III: GENERIC DATA COLLECTION TOOLS	76
ANNEX IV: FIELD WORK	85

ANNEX V: PORTFOLIO OVERVIEW.....	86
Background on PSE within SDC	86
PSE as evaluation object	87
PSE at the international level	89
Some statistics on SDC's PSE portfolio	89
ANNEX VI: ADDITIONAL DATA AND FIGURES.....	93
ANNEX VII: CASE STUDIES	111
Case study 1 – Tanzania.....	111
Case study 2 – Kenya	116
Case study 3 – Bangladesh.....	120
ANNEX VIII: BIBLIOGRAPHY	125
ANNEX IX: FACTORS INFLUENCING ACCEPTANCE AND THE SUCCESS OF PSE INTERVENTIONS	128
ANNEX X: SDC'S PROFILE FOR PSE-COMPARISON WITH OTHER DONOR AGENCIES	130
ANNEX XI: LIST OF PEOPLE CONSULTED (INTERNAL ONLY)	131
ANNEX XII: AUDIT TRAIL (INTERNAL ONLY).....	138

ACRONYMS

ABC	Agri-Business Capital
ADA	Austrian Development Agency
AECF	Africa Enterprise Challenge Fund
ARC	African Risk Capacity
ASAL	Aid and Semi-Arid Lands
BADIP	Bangladesh Agricultural and Disaster Insurance Programme
BER	Business Environment Reform
BMMDP	Bangladesh Microinsurance Market Development Project
CEE	Central and Eastern Europe (domain)
CEP	Competence Centre for Engagement with the Private Sector
CHF	Swiss Francs
CLP	Core Learning Partnership
DANIDA	Denmark's Development Cooperation
DCED	Donor Committee for Enterprise Development
EAER	Federal Department of Economic Affairs, Education and Research
EC	Evaluation and Controlling Specialist Service
E + I	Employment and Income
ESG	Environmental, Social and Governance
ET	Evaluation Team
FCDC	Frontier Counties Development Council
FCDO	Foreign, Commonwealth & Development Office (UK)
FDFA	Federal Department of Foreign Affairs
FDI	Foreign Direct Investment
FGDs	Focus Group Discussions
FOEN	Federal Office for the Environment
GC	Global Cooperation (domain)
GESI	Gender Equality and Social Inclusion
GIF	Gender-Inclusive Fintech
HA	Humanitarian Aid (domain)
HAFL	School of Agricultural, Forestry and Food Sciences
HQ	Headquarters
IC Strategy	International Cooperation Strategy 2021-2024 (Dispatch on Switzerland's International Cooperation 2021-2024)
IDPs	Internally Displaced Persons
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILF	Impact-Linked Fund for Gender-Inclusive Fintech
IP	Institutionelle Partnerschaften (Institutional Partnerships), since September 2022 Section Swiss NGO
IR	Inception Report
KIIs	Key Informant Interviews
KKFC	Kakuma Kalobeye Challenge Fund
KPIs	Key Performance Indicators
LAC	Latin America and the Caribbean
LDCs	Least Developed Countries
LNOB	Leaving No One Behind

LSPs	Local Service Providers
LSS	Livestock Sector Strengthening
MCF	Mastercard Foundation
MENA	Middle East North Africa
MSD	Market Systems Development
MSH	Multi-Stakeholder
MWA	Millennium Water Alliance
NDMA	National Drought Management Authority
NGO	Non-Governmental Organisation
NMB	National Microfinance Bank
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	Organisation for Economic Co-operation and Development/Development Assistance Committee
OYE	Opportunities for Youth Employment
PHRD	Peace and Human Rights Division
PMFs	Performance Measurement Frameworks
PPDPs	Public Private Development Partnerships
PPPs	Public and Private Partnerships
PSD	Private Sector Development
PSE	Private Sector Engagement
PSOs	Private Sector Organizations
PSPH	Private Sector Partnership for Health
RAIL	Responsible Agricultural Investments Leveraging
RAPID	Kenya Resilient Arid Lands Partnership for Integrated Development
RBC	Responsible Business Contract
RBM	Result-Based-Management
RISE	Response-Inducing Sustainability Evaluation
SC	South Cooperation (domain)
SCBF	Swiss Capacity Building Facility
SDC	Swiss Agency for Development and Cooperation
SDGs	Sustainable Development Goals
SECO	State Secretariat for Economic Affairs
SFOE	Swiss Federal Office of Energy
SIDA	The Swedish International Development Cooperation Agency
SIF	State Secretariat for International Finance
SIFEM	Swiss Investment Fund for Emerging Markets
SIINC	Social Impact Incentives
SMEs	Small and Medium-sized Enterprises
SNAU	Sumy National Agrarian University
SSIE-B	Scaling Social and Impact Enterprises in Bangladesh
TCB	Tanzania Commercial Bank
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
ToC	Theory of Change
ToRs	Terms of Reference
TVET	Technical and Vocational Education and Training
UNCDF	UN Capital Development Fund
UNHCR	United Nations High Commissioner for Refugees
USAID	US Agency for International Development

1. EXECUTIVE SUMMARY

Purpose — This evaluation aimed to gather evidence of the Swiss Agency for Development and Cooperation's (SDC's) contribution to international cooperation results by means of its private sector engagement (PSE). The evaluation was to support SDC (also referred to as the Agency) in achieving the objectives of Switzerland's International Cooperation Strategy 2021–2024. It also was designed as a contribution to the achievement of the Sustainable Development Goals (SDGs) as set out in the Agenda 2030 for Sustainable Development (Agenda 2030). The findings inform whether and how SDC's PSE collaborations can be further strengthened from a strategic and operational point of view.

What was evaluated — PSE is a modality that supports the SDC's existing strategies. SDC defines PSE as the Agency and one or several private sector partners having a shared vision and joining forces within an impact-driven development intervention. The relationship of both actors (public and private) is defined by co-ownership and co-funding. These two elements are what differentiates PSE from other forms of interaction with the private sector, like private sector development (PSD). As part of its overarching mandate to reduce poverty, SDC's vision is to contribute to sustainable development by increasing its engagement with the private sector. The objective is to foster innovation and achieve greater impact.

Method — The evaluation sought to answer six main questions. It used a combination of quantitative¹ and qualitative² methods to generate its findings. An important initial methodological step was to review the theory of change of PSE in SDC. Additionally, due to the large number of PSE projects within SDC, the evaluation conducted a portfolio analysis and focused on specific case studies. To assess how country offices have integrated the PSE modality and adapted it to their specific context, the evaluation team selected three countries for field work: Bangladesh, Kenya, and Tanzania. The team also conducted interviews with all relevant stakeholders and surveyed SDC staff at headquarters (HQ) and at country-based cooperation offices.

Conclusions

Overall, this evaluation found that the **diligent effort and significant resources invested by the SDC in its PSE are paying off in innovation, learning and results progress**. However, there are some crucial issues SDC still must address for its PSE to achieve its full potential.

In terms of **PSE usefulness to contribute to SDC and its partners' goals**, the evaluation found that the Agency is **effective. It is, however, well-positioned to do more** in the short and medium terms. To do so, the Agency needs to better strategize its way forward.

SDC's PSE modality is working well to foster partnerships with the private sector³. Yet, to ensure that PSE contributes to the goals of the **private sector, SDC must take their needs and priorities into consideration**.

PSE is useful to contribute to partner countries' goals. Projects normally match partner countries' national needs and priorities. Nevertheless, the evaluation also highlighted the **lack of involvement of the governments themselves in SDC's PSE projects**. While PSE focuses mainly on creating synergies with the private sector, it is also important to have national governments involved, including authorities at the sub-national level. This can allow

¹ PSE project database and survey data.

² Document review, key informant interviews (KIIs) and focus group discussions (FGDs).

³ It is important to mention that SDC mainly works with social enterprises, foundations, and small and medium-sized enterprises in its PSE work.

them to develop their capacities in partnering with the private sector. Lastly, evaluation data show that **PSE contributes to the SDGs**, especially SDG 17. In fact, the diversity of projects in the portfolio results in PSE contributing to an extensive number of SDGs, including, for example, poverty, food security and climate change⁴.

Within SDC, **there is good internal coherence**. Overall, PSE is aligned with SDC's "risk appetite." In other words, at the moment, the deployment of the PSE modality corresponds with the extent to which the Agency is comfortable working with the private sector considering the risks attached. There is also evidence of SDC's close coordination with SECO in targeted countries. Nonetheless, **greater coherence across Swiss governmental agencies regarding PSE could be fostered**. In terms of the private sector, PSE projects are coherent with these partners' activities, but overall SDC faces difficulties in approaching private sector representatives in a convincing manner.

PSE is more integrated in project-cycle management at headquarters than at the regional and country levels. Some of the projects the evaluation analysed at the regional and national levels were found to be **less aligned with SDC's PSE modality**, including in terms of "co-funding". It appears that some projects are working with the private sector but more in a partner-beneficiary relationship than as an equal investing partner.

Furthermore, **in the field, PSE projects have evolved 'organically' toward their present designs. At HQ, they are more set-up "by the (hand)book", i.e., these projects are better aligned with SDC's official definition of PSE and this, even before the publication of SDC's PSE handbook**. That is because often, those planning these projects were staff working at the Competence Centre for Engagement with the Private Sector (CEP) at HQ. The creation of the handbook is considered very useful by SDC staff to engage with the private sector. However, the evaluation found that **field projects, as well as some HQ projects, are still being designed in a manner that is closer to PSD than PSE set-ups**. This demonstrates some lack of understanding of the handbook definition of PSE.

Finally, in terms of PSE as a contribution to more and better interventions, the results of the evaluation were nuanced. There was **some evidence of more innovation and better project designs. Still, in terms of increased implementation effectiveness, there is a lack of evaluation evidence**. Moreover, **expectations of leveraging significant resources are not yet met**.

SDC is well-equipped to implement PSE projects. It has recently been able to develop useful mechanisms to secure its position, such as a dedicated unit, a comprehensive handbook, specific tools, and the set-up of a network of specialised backstopping support. As well, SDC headquarters, through the **CEP, is starting to develop strong knowledge and expertise in dealing with the private sector**. Yet, more context-based approaches might be needed to **bridge the gap between what is happening at SDC headquarters and the reality in the field. In the latter, implementation is affected by different political and economic contexts**. This gap is partly the result of SDC tools and processes that are not always aligned with the private sector's way of working.

The evaluators also identified a number of constraining internal factors. In particular, partly due to SDC's risk aversion, **the internal approval processes are long and time-consuming**. In addition, as with all of SDC's monitoring and reporting, the **PSE database still needs to be strengthened, including through the creation of a more comprehensive monitoring and evaluation system**. Finally, **SDC staff still lack the necessary skills** to significantly increase the use of the PSE modality and to increase the size of the PSE portfolio.

Based on the reconstructed ToC, the evaluation finds that **SDC's PSE modality seems to be progressively deployed and is relatively effective. At the output level, key results were**

⁴ E.g., SDG 1, SDG 2, and several climate-focused SDGs.

generally attained. However, at the outcome level, results are not clearly measurable. This is especially true for Outcome 3, where the link to (economic) policy-level interventions and responsible business conduct is found to be rather weak. This is because most of the projects work mainly at the local level and do not apply a systems' approach. Finally, measuring results at the outcomes and impact levels proved difficult as most projects in the PSE portfolio are still in their early stages.

Due to the lack of a strong monitoring and evaluation system, **SDC is struggling to fully prove its PSE modality has value-addition in terms of scale, impact, and leveraging of funding.** Regarding efficiency, the evidence shows that PSE projects are **efficient in terms of implementation, but the projects' design phases are complicated by lengthy approval procedures.** In terms of sustainability, there are signs that the theory behind PSE will materialize, i.e., that **the private sector will stay involved even after a project ends, but only if there are incentives to do so**, including market-oriented incentives. There is also clear evidence of considerable innovation across the PSE portfolio.

Recommendations to SDC

R1) Define a clearer strategy as to the direction SDC wants to go with regard to the deployment of the PSE modality. To set a clearer strategy, SDC first needs to unambiguously determine which initiatives are considered PSE projects and how staff is to understand leveraging of private sector funds.

R2) Spread and enhance PSE expertise and knowhow within its staff. Also, provide staff with convincing arguments to attract private sector funds to its initiatives. In this context, de-risking is a key element that staff need to learn about. They will then be able to use such arguments as a negotiating tool when discussing PSE with partners. SDC should also continue to engage in relevant fora to spearhead discussions on increasing co-investment from the private sector towards achieving the SDGs and other developmental objectives. These discussions should also contribute to finding the right vehicles for PSE in general.

R3) Adapt the SDC guidance provided to its staff by making it more practical and allowing for more flexibility in its application. It is important to bridge the specificity of the theoretical handbook with the reality on the ground. Tacit knowledge needs to meet and be integrated with systematized knowledge, leading to more dynamic knowledge production and application. This recommendation would need to be coordinated with recommendations 1 and 6.

R4) It would be important for Swiss embassy cooperation sections to take part in improved PSE coordination and collaboration with other sections and for SDC as a whole, in the longer term, to work in more closely with other Swiss ministries and institutions **in its conception and implementation of PSE initiatives.** This recommendation should be implemented at regional and country levels. Often, embassies' trade sections already deal with the private sector. There is strong potential added value in having the SDC cooperation section of the embassy coordinate more closely with the trade section in its PSE approach. Linking embassies' private sector development objectives with the cooperation sections' PSE work would make for effective and efficient coordination within the Swiss representation abroad.

R5) Clarify the role and mandate of the CEP in light of the "fit for purpose" restructuring. PSE now sits under Economy and Education in the Thematic Cooperation unit following the restructuring process. Some concepts and proposals have been developed for the role and mandate of the CEP; management decisions are outstanding. This recommendation clearly calls for a management (i.e., Board) decision, and the momentum is right. The recommendation should also be coordinated with the roll-out of Recommendation 3.

R6) Develop, strengthen, and streamline the PSE monitoring and evaluation system. While there may be a broader need to strengthen monitoring and evaluation across SDC,

better monitoring of PSE deployment will greatly increase the acuity of SDC's decision-making process. This system needs to span from the very local context, where activities are being implemented, to the embassies' cooperation sections, and then to the highest level of decision-making at headquarters. A solid data collection, roll-up and analysis framework needs to be established so that clear, concise, and up-to-date information is made available not only within SDC but also for partners, including Swiss parliament.

R7) Enhance and improve SDC's communication on its PSE work. There is an overall need to strengthen SDC's communication strategy on its PSE work. SDC must take steps to sensitize and train its staff; clarify and explain PSE philosophies and concepts with all stakeholders; prioritize and adapt PSE to different realities; and communicate achieved results.

2. INTRODUCTION⁵

In fall 2021, the Evaluation and Controlling Specialist Service (EC) of the Swiss Agency for Development and Cooperation (SDC) sought an independent evaluation team to conduct the "Independent Evaluation of SDC's Private Sector Engagement (PSE) from 2015 to 2021" (herein referred to as the PSE Evaluation). Following a competitive selection process, Le Groupe-conseil baastel (herein referred to as Baastel) and E.T Jackson were awarded the contract of leading this evaluation as a consortium.

PSE Context

The private sector has traditionally been seen by many developmental researchers and stakeholders as the engine of growth for all economies, especially those of developing and fragile countries. For many donors, private sector collaboration and engagement has been part of the toolkit for assisting countries achieve their sustainable development goals and their obligations as related to the Paris Agreement. In this context, SDC has been collaborating with private sector actors to further the development agenda in its partner countries for decades now. PSE remains a priority for SDC as it sees the growth of a dynamic private sector as key to reducing poverty by improving incomes and job opportunities for poor populations and in the development of new and innovative products that increase living standards.⁶ SDC created the "Competence Centre for Engagement with the Private Sector" (CEP) in 2017 to enhance its PSE and has formulated two guiding documents to focus its work and provide operational guidance:

- The General Guidance on the Private Sector in the context of the International Cooperation Strategy 2021-24⁷; it sets the general parameters for SDC's interaction with the private sector on the basis of four broad areas of activity⁸;
- SDC Handbook on Private Sector Engagement⁹; it provides operational guidance on the specific modality of PSE.

⁵ As the elements in this section do not differ from what was initially planned, information from the approach paper has been used here.

⁶ Aussenpolitische Strategie 2020-23 A4 FR 200214 (admin.ch)

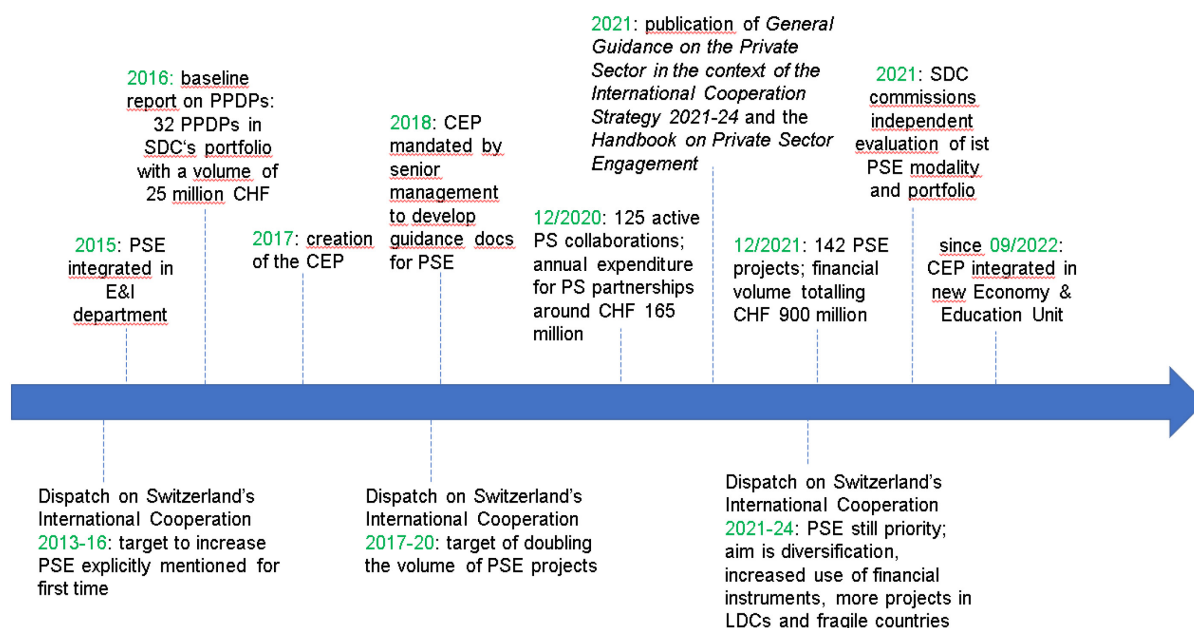
⁷ [Ibid](#)

⁸ Economic policy frameworks, promotion of local companies in the priority countries for Swiss International Cooperation, collaboration with the private sector, public procurement.

⁹ https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/Handbook_PSE_EN.pdf

Key developments regarding SDC's PSE modality and approach are summarised below:

Timeline 1: PSE Modality and Approach key developments.



Source: Diagram created by the ET

PSE, both as 1) a modality that expresses a way of working and a methodology that can be applied basically to all sectors, and 2) a portfolio of SDC PSE projects/programmes, has become an integral tool to achieve SDC's existing priorities through its bilateral operations and global programs or through its contributions through multilateral institutions. The PSE modality is discussed below in section 3.1. The PSE portfolio can be described using available information in the PSE database. According to information contained therein, when last visited by the ET, there are 211 PSE projects, some of them with several phases. In total, the database contained 400 individual entries, i.e., including individual phases. As some projects have multiple phases, the number of PSE initiatives considered to compose the portfolio is of 211 projects. Figure 1 and Figure 2 show the distribution of PSE projects according to format and theme, based on the number of projects in each.¹⁰ More details on the portfolio can be found in section 5.5. and in annex V.

¹⁰ Please note that a distribution by volume/size of projects, either by region, type of format or theme, could not be generated, based on the information available in the database.

Figure 1 - PSE collaborations by theme

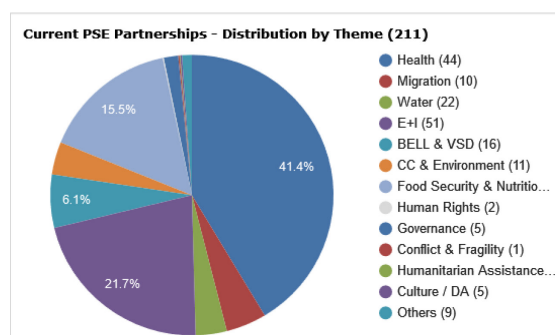
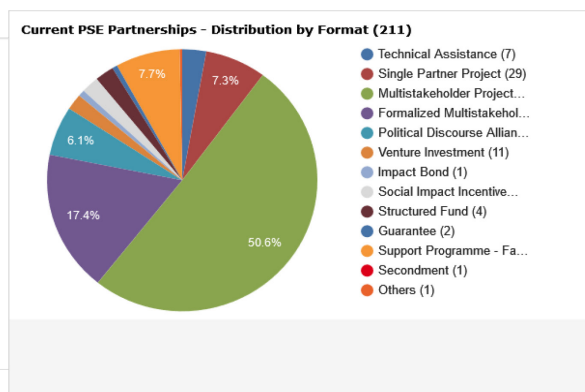


Figure 2 - PSE collaborations by format



Source: CEP Newsletter

The Evaluation

The purposes of the evaluation¹¹ were two-fold: a) creating opportunities for institutional learning and steering at SDC; and b) promoting accountability to the Swiss public and Parliament.

The main objective of this independent thematic and institutional evaluation was to gain evidence of SDC's contribution to international cooperation results by means of its PSE. The evaluation was to support SDC in achieving the objectives of Switzerland's International Cooperation Strategy 2021-2024¹² and in contributing to the achievement of the Sustainable Development Goals (SDGs) as set out in Agenda 2030 for Sustainable Development (Agenda 2030)¹³.

Since the evaluation started in December 2021, the evaluation team (ET) engaged in many interactions with SDC's evaluation management, the Core Learning Partnership (CLP) for this evaluation, and many of the stakeholders of PSE portfolio projects. During this inception phase, an evaluability assessment process was conducted (see Annex II for additional details on the evaluation methodology). Once the draft inception report (IR) was submitted — containing the PSE theory of change (ToC¹⁴), the evaluation's approach, methodology, evaluation matrix as well as draft data-collection tools and a preliminary sample — the ET travelled to Bern to finalize the inception phase and start consultations with key SDC staff at Headquarters (HQ). The IR was the culmination of the first portion of the independent evaluation (i.e., the inception phase).

Following the inception phase, and continuing to work closely with the CLP, the ET finalised the sampling strategy for the PSE evaluation and its quantitative and qualitative data-collection and -analysis tools. Employing theory of change analysis and contribution analysis, the ET proceeded to implement the PSE evaluation at three levels or tiers: country level studies in Tanzania, Kenya, Bangladesh, and Switzerland; project results assessments for initiatives in

¹¹ The specific objectives of the evaluation can be found in the evaluation's approach paper.

¹² Swiss Agency for Development and Cooperation. 2020. International Cooperation Strategy 2021-24: Greater focus and impact. Bern: Federal Department of Foreign Affairs.
<https://www.eda.admin.ch/deza/en/home/sdc/publications.html/content/publikationen/en/deza/diverse-publikationen/broschuere-iza-2021-24.html>

¹³ United Nations. Transforming our World: the 2030 Agenda for Sustainable Development (A/RES/70/1)

¹⁴ The ToC was developed using a participatory approach which included a ToC development workshop with the CLP.

three additional countries; and, finally, analysis of SDC's PSE portfolio as a whole. Preliminary findings were presented for comments and questions by the CLP. And then a draft final report was submitted to the CLP for a final round of feedback and guidance. All of these processes informed the preparation of the present report.

3. THEORY OF CHANGE AND EVALUATION QUESTIONS

3.1. Theory of Change

During the inception phase, and in close collaboration with the CLP, the ET worked on reconstructing the PSE ToC to support the evaluation. The ToC was used to describe how the portfolio's key stakeholders think they can bring about the changes they are working to produce.

Reviewing and updating the ToC at the beginning of an evaluation process helped evaluators and PSE stakeholders gain a shared understanding of the results that were planned and why certain activities were chosen to achieve them. The evaluation was then able to assess the extent to which the PSE theory was supported by what happened — or is happening — in practice, contributing to accountability and learning. A clear ToC is also useful for communicating the modality logic and story to others.

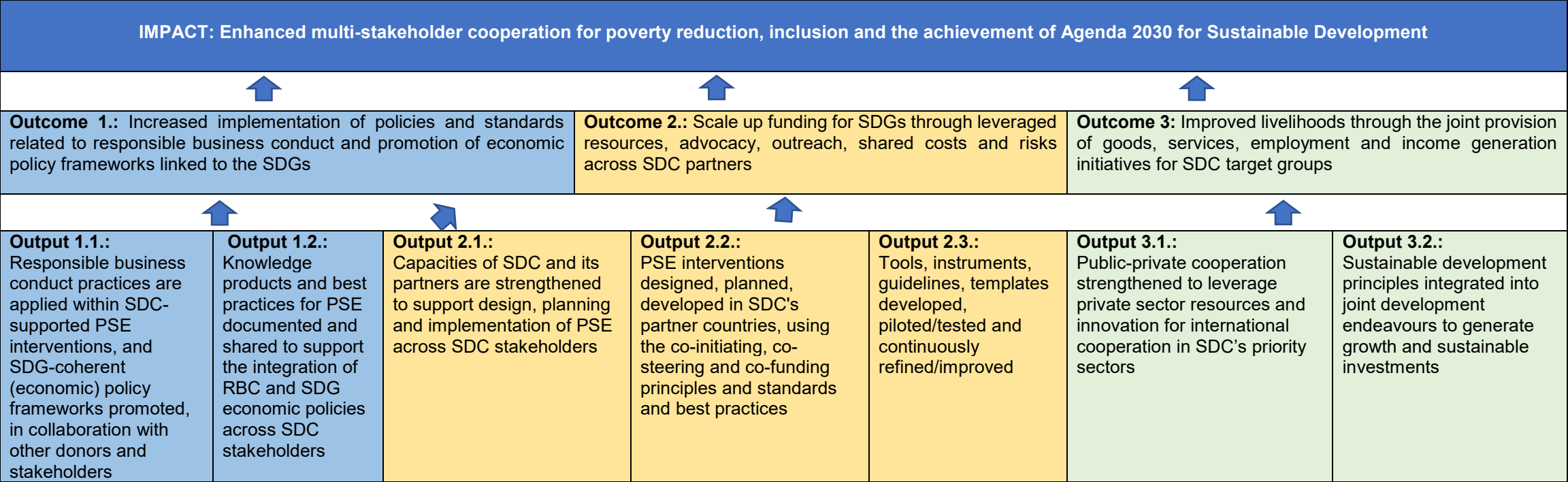
The logic supporting the reconstructed ToC is based on the premise that with sufficient resources (human, technical, financial, and material), key SDC stakeholders will support PSE as a key modality to leverage and catalyse private sector contributions towards inclusion, poverty reduction and the achievement of the SDGs, in alignment with the objectives of Switzerland's International Cooperation Strategy 2021-2024.

Building on the original documents (i.e., the SDC PSE Handbook and SDC's How to Note - Theory of Change), the reconstructed ToC coheres around one (1) Impact and three (3) Outcome statements. The successful multi-stakeholder cooperation across the SDC target group is expected to result in the following long-term impact: Enhanced multi-stakeholder cooperation for poverty reduction, inclusion, and the achievement of Agenda 2030 for Sustainable Development. For this transformation to take place, the three outcomes presented in the reconstructed Logic Model captured in Figure 3 need to be achieved.

Some of the key assumptions underlying the change process described within the ToC include:

- PSE acts as a modality to help mitigate negative impacts of the Covid-19 pandemic and its measures;
- Willingness of key stakeholders – including internally at SDC – to adopt new technologies and practices;
- Availability of greater levels of international finance and cooperation to support the transformative agenda for the SDGs;
- The private sector is interested in cooperating with the SDC according to the principles stipulated in the SDC Handbook on Private Sector Engagement;
- Stakeholders are aware of the benefits of the PSE modality to support public-private sector partnerships;
- SDC is able to promote new skill sets, competencies and promote transformative mind-sets internally which are necessary to implement the planned increase in PSE interventions.

Figure 3- Restructured Logic Model for the SDC PSE



Source: Diagram created by the ET

In the findings chapter, a stylised version of this ToC diagram is used to guide the reader as to the ET’s assessment of the level of achievement of the ToC at the various levels. For this, a traffic light like colour code will be used, ranging from dark/full green (for very good or almost complete level of achievement) to light green (for good level of achievement), light yellow (for moderate level of achievement) to light red (for very limited level of achievement).

3.2. Review of the Evaluation Questions

The key questions set out in the evaluation's approach paper form the basis for the evaluation process. They were developed in close collaboration with the CLP and are structured around the key OECD-DAC criteria. During the inception phase, the ET revised the 38 evaluation questions listed in the approach paper and proposed to reorganize them slightly. Table 1 below shows the proposed revised key evaluation questions and their link to the various OECD DAC criteria. These revised evaluation questions were also reflected in the evaluation matrix presented in Annex I.

Table 1 - Propose rephrased main evaluation questions

Proposed rephrased main Evaluation Questions		Relevance	Coherence	Effectiveness	Efficiency	Impact	Sustainability
EQ 1	To what extent are the PSE modality and PSE portfolio ¹⁵ useful to contribute to the goals of 1) the Dispatches on Switzerland's International Cooperation, 2) the private sector, 3) partner countries and 4) the SDGs?	✓	✓				
EQ 2	To what extent are the PSE modality and the PSE portfolio coherent internally (within SDC and Switzerland) and externally (governmental, private sector and other donor activities)?		✓	✓			
EQ 3	To what extent is PSE integrated into SDC's project cycle management and contributes to more and better interventions?		✓	✓	✓	✓	✓
EQ 4	How well equipped and positioned is SDC for PSE?			✓	✓	✓	
EQ 5	To what extent is the PSE modality and PSE portfolio achieving the expected results at the output, outcome, and impact levels? Which factors contribute to or hinder the effective achievement of the objectives at the output, outcome, and impact levels?			✓	✓	✓	✓
EQ 6	What is the value added of SDC's PSE modality and PSE portfolio?	✓		✓	✓	✓	✓

4. EVALUATION APPROACH AND METHODOLOGY

4.1. Approach

Annex II provides a detailed description of the ET's approach to the evaluation. Guided by the evaluation approach paper's requirement to incorporate both a backward and forward-looking methodology, the ET employed a systems approach in the conduct of the evaluation. This systems approach is composed of two parts: a summative component and a formative component.

During the design phase, including through the ToC workshop and the individual interviews, the ET used a participatory approach in SDC as an institution, to ensure that key SDC stakeholders' considerations are taken into account in the evaluation's process.

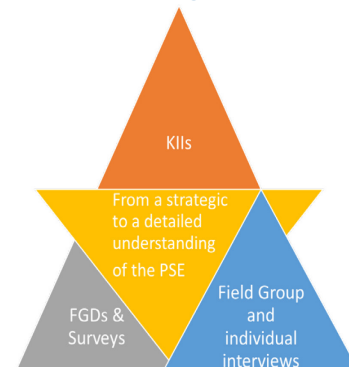
¹⁵ "Modality and portfolio" are referred as "PSE" in the report unless the text refers to one or the other.

For both summative and formative parts of the systems approach, the ET used a theory-based approach to conduct the evaluation.

4.2. Methodology

The ET collected and analysed a combination of quantitative (database, financial and electronic surveys [e-surveys]) data and qualitative (document review, KIIs and focus group discussions [FGDs]) information to support its findings, as shown in Graph 1. Several lines of evidence that incorporated and reflected various sources of information and perspectives from Switzerland and case study stakeholders, including representatives of private sector partners, provided the foundation for a rigorous triangulation process. Apart from the document review, which informed the portfolio analysis, the case studies, and the preparation of the interviews and FGDs protocols, data collection methods focused on the people most active in the PSE. A total of 115 individuals were interviewed with an additional 20 beneficiaries consulted through focus group discussions. A total of 116 SDC staff responded to the survey compared to the 559 who were invited to participate. This 21% response rate, although relatively low, can be considered as satisfactory.

Graph 1: From Strategic to Detail Levels



The case studies as well as the portfolio analysis have both been used as ways to aggregate and triangulate data. The case study countries and projects, where the evaluation conducted field missions, are the result of the most important and in-depth data collection process. For these three countries there is much more available information than for any other country and project. As for the portfolio analysis, it was a tool to assess the overall progression of all projects in the database and in the three-tier sample. More project examples emanated from the tier-one projects but overall, all three tiers have been used to substantiate findings. Indeed, with the strong support from SDC's E+C and efforts from project managers, the ET was able to put together a voluminous amount of data on the evaluation three-tier sample's projects. The PSE database contains only limited information on the rest of the portfolio, hence, the projects outside the sample were not significantly used for triangulation purposes.

4.3. Sampling

The sampling approach was a key element in ensuring the success of this assignment. Please refer to annex II for details on the sampling process.

For the e-survey among SDC staff, the sampling strategy was that of a census, since all SDC staff were invited to participate in the internal survey related to PSE.

For the other lines of enquiry, a purposive sampling technique was used to ensure appropriate representation. A range of voices was heard, and perspectives consulted on how they perceived 1) their participation in the PSE portfolio projects and 2) the modality and implementation of their PSE work. The interviewees listed in annex XII were consulted in the course of the evaluation.

The ET used countries as unit of analysis and employed a three-tiered approach to sampling and data collection. Table 2 provides an overview of the analytical process by tiers. Annex II also presents the full list of projects in the sample.

Table 2 - Tiered Approach to Sampling

Tiers	Sampled countries	Sampled projects	Analytical process involved
Tier 1 In-Depth Project Analysis	Three partner countries + Switzerland	The majority of the PSE projects in each country	• Projects Results Assessments: focused on all evaluation criteria and answering all questions detailed in the evaluation matrix. • The assessment is informed by a variety of data collection methods: document review, KIIs (grouped KIIs will increase the number of stakeholders consulted), FGD and online survey. • Interviews and FGDs were held in country during field visits. • Case study short reports are annexed to the present final evaluation report.
Tier 2 Project Results Assessments	3 countries/ regions	5 to 8 sampled projects	• Project Results Assessment: focused on all evaluation criteria and answering all questions detailed in the evaluation matrix. • The analysis relies on document review, remote KIIs and the online survey.
Tier 3 Portfolio analysis	All regions	Based on the available data in the database	• Document review and online survey.

4.4. Limitations

Despite the ET's successful efforts to develop a meaningful sample for the PSE evaluation, in close collaboration with SDC, and specifically with the CLP, and the deployment of a range of data collection and analysis tools at three different tiers of the PSE space, some methodological limitations should be noted. First, the great majority of respondents to interviews and the e-survey were within SDC or active stakeholders in its PSE projects, including some, national-level private sector representatives. As such, this selection bias was probably associated with some level of response or confirmation bias. However, SDC leaders and staff are well-known for their frankness and independence of thought. And at least in some cases, they seem to select like-minded counterparts and partners with whom to carry out PSE projects. Secondly, there was a relatively limited coverage of the private sector, e.g., through FGDs with beneficiaries and intermediaries in the three case study countries and a few KIIs with selected companies and private sector partners. It was not always easy to find the right representatives in large, multinational corporations, and even less their contact information. Still, a lot of information and data were collected through consultations with the private sector and the evaluation developed a summary of their input to the evaluation in Annex VI. Thirdly, missing from the sample were private sector representatives who started interactions and/or negotiations with SDC, without any initiative materialising. Getting in touch with such actors (and with large multinationals) was a challenge due to the limited availability of their contacts at SDC. Still, the consultations with the private sector that did take place were rich in data as private sector representatives are not known for their reticence in expressing their opinions. Thus, on balance, the ET is confident that it gathered a reasonably wide range of opinions, notwithstanding the respondents' involvement with the initiatives being assessed. The ET's experience and know-how in data collection and fostering trust among respondents contributed to this.

As CLP representatives know, the selection of the projects and countries samples for the evaluation was not particularly straightforward. Navigating the database was challenging, since some projects on the database only have small PSE components or elements. It took some time for the ET to understand the workings of the database and to analyse the data for the

sampling's purpose. After the ET's objective selection of sample projects, the results were extensively discussed with the CLP. This participatory approach led to a final sample that was quite different from the first one. Indeed, although some projects were defined as PSE in the database, it became clear that they would not inform the evaluation in a satisfactory manner; these projects were replaced. It must also be noted that a country approach was used for the Tier 1 sample instead of a project-based sample. Initially, Ukraine was part of the Tier 1 sample and because of the war, it was replaced. At the final stage of data collection, it was brought back in as Tier 2 country, as stakeholders in the country were available for discussions with the ET.

There were also limitations of time and money. While the budget for this evaluation and the number of evaluator days provided by it were substantial, in the end, available resources were able to support only three country field visits and the development of three case studies from a much larger universe of countries and projects in PSE. At the same time, for the country studies, the ET's expertise and insights were bolstered by skilled national consultants recruited to participate in both data collection and analysis. The evaluation's process and quality were enriched by these national colleagues. Indeed, they were well positioned to dig deeper and get information and data from remote areas where different PSE projects were being implemented.

The ET considers that the limitations to the evaluation were offset by the mitigation strategies applied and through strong collaboration with SDC evaluation managers and the CLP.

5. FINDINGS

5.1. EQ 1- To what extent are the PSE modality and PSE portfolio *useful for contributing* to the goals of a) the Dispatches on Switzerland's International Cooperation, b) the private sector, c) partner countries, and d) the SDGs

a) From one Dispatch/Strategy to the next, the requirement that PSE be integrated is **stronger**. Hence, the PSE modality and portfolio are becoming **increasingly useful in contributing to the documents' orientations and guidance**.

- However, there were **no specific PSE goals** set in the last Strategy (nor in the previous ones).

The evaluation question's term *usefulness* is described as the logic linking PSE with its *contribution* to reaching the objectives of the dispatch. The 2021-2024 Strategy set out four objectives¹⁶: (1) contributing to sustainable economic growth, market development and the creation of decent jobs (economic development); (2) addressing climate change and its effects and managing natural resources sustainably (environment); (3) saving lives, ensuring quality basic services, especially in relation to education and healthcare, and reducing the causes of forced displacement and irregular migration (human development); (4) promoting peace, the rule of law and gender equality (peacebuilding and governance). The data collected during the evaluation, mainly through document review and interviews, found that in principle, the SDC PSE portfolio is appropriate in achieving the four objectives set by the Strategy as shown in the Table 11 in Annex VI, linking Tier 1 projects to each objective. Hence, good examples demonstrate this appropriateness to a certain extent. Yet, beyond the minimal increase in budget size in certain examples, for most of the portfolio of projects, there is still little proof that

¹⁶ Swiss Agency for Development and Cooperation. 2020. International Cooperation Strategy 2021-24: Greater focus and impact. p. 17. Bern: Federal Department of Foreign Affairs.
<https://www.eda.admin.ch/deza/en/home/sdc/publications.html/content/publikationen/en/deza/diverse-publikationen/broschuere-iza-2021-24.html>

it is their PSE “nature” that is in practice *contributing more* to these objectives compared to other projects.

Still, the data from the interviews and surveys do show that the PSE modality and the portfolio are useful for contributing to the goals of the dispatches and strategies on Switzerland’s International Cooperation. Indeed, the evaluation found that overall, a very large majority (93%) of respondents from SDC staff consulted for the evaluation through the online survey reported that SDC’s PSE is useful and adds value to the dispatches on Switzerland’s International Cooperation¹⁷ (see Figure 5).

Beyond respondents’ opinions, the 2021-2024 Strategy itself has a specific section on PSE which shows the political importance accorded to PSE by the Swiss Government. From information and data collected in interviews and the survey, it is clear that many respondents consider that the Strategy is defining PSE as a modality of choice for reaching the objectives. The relevance of PSE is, in this context, generated through the Strategy itself. As a modality, the logic is that working with the private sector will help increase available funds to finance projects to reach the 2021-2024 Strategy objectives. Through the data assessed by the ET, this logic has not yet been fully proven in practical terms, or at least, not to the level key respondents expected it to be.

b) The PSE modality can foster a working relationship between SDC and private sector companies that contribute to the latter’s ability to achieve their market goals and satisfy their ethical considerations including their contribution to SDGs.

To ensure that PSE reaches its objectives of working with the private sector to boost funding and ensure more developmental results, it must take into consideration the partner’s needs and priorities. This crucial element for ensuring that PSE works is analysed in the present evaluation. The survey results showed that a relatively high percentage of SDC staff believe that PSE projects complement international private sector companies’ (73%) and local private sector companies’ (88%) objectives and priorities (see Figure 4), although some mention they do not know (18% for international companies and 11% for local private sector companies). It is important to note that, for now, many of SDC’s private sector partners in the PSE portfolio are either foundations, SMEs — many of which are domiciled in partner countries — socially oriented enterprises and international companies (see annex V for more details). With the exception of SMEs, which are often linked up with larger multinationals in PSE project structures analysed by the ET, these partners work with SDC mainly to achieve developmental goals. In these cases, as for the alignment of PSE with SDC’s dispatches and strategies, the PSE contribution to these specific partners’ goals is strong.

Box 1: Contexts that are more favourable for PSE interventions are characterised by:

- A thriving/vibrant economy
- Entrepreneurial culture
- Conducive business environment, including for FDI
- Acknowledgement of private sector as “solution provider” (e.g. even in fragile and conflict- or post-conflict environments, the private sector can play a major role, especially in reconstruction efforts and provision of basic services)
- Availability of funding for entrepreneurs
- Emergence/Existence of a social entrepreneurship scene
- Influence of private sector on government, e.g. through public-private dialogue
- Availability of (large) market opportunities for private sector companies (both national and foreign)

In other circumstances, however, the private sector partners are more traditional market actors who are also seeking to contribute to developmental goals while running their businesses, including in the context of PSE projects. This is a particularity PSE projects need to take into account. Indeed, it supports the narrative that the involvement of the private sector in developmental projects has the potential to increase the sustainability of results because these

¹⁷ 36% to a large extent and 57% to some extent.

private actors will remain present after the project's end, assuming they have market incentives to do so. Currently, the PSE modality and portfolio do, to a certain extent, indirectly contribute to market goals of SDC's private sector partners.

The Rapid project in Kenya is a good example of this type of contribution. The SMEs the project is working with install solar panels which power water extraction and water consumption monitoring in the arid and semi-arid lands of the country (which co-finances the installation of the solar panels). These enterprises are conducting business activities while "wanting to do good".

From discussions with private sector representatives (in these cases and others, e.g., the Public Private Partnership to Improved Sanitary Education in Ukraine project in partnership with Geberit in Ukraine), many were aware of their developmental obligations, specifically, the SDGs and had ethical considerations in mind. Some could even name the SDG to which their work was related. Still, in the majority of cases, they were first and foremost businessmen and -women, making sure their businesses were viable within the PSE scheme. In the Kenya case, these SMEs were also in business partnerships with European companies providing them with hardware.

In the Advancing Sustainable Agriculture in Ukraine project, Nestlé partners with the Bern University of Applied Sciences, School of Agricultural, Forestry and Food Sciences (HAFL) and Sumy National Agrarian University (SNAU) to develop a better understanding of Ukraine's agriculture (through, for example, the use of RISE assessments [Response-Inducing Sustainability Evaluation]) to ensure that Ukraine's agriculture is sustainable. However, the objective is also market oriented in the sense that the targeted Ukraine agricultural outputs are integrated into Nestlé's value chains.

Obviously, there are risks in relying too much on the private sector's market logic. Hence conducting a due diligence process on all partners, which SDC does, is essential. Indeed, SDC has learned from past experience that there are reputational risks in working with the private sector. This is illustrated in the example of the Alliance for Water Stewardship project implemented in cooperation with a large corporate in Latin America with some important reputational risks for SDC.¹⁸

c) PSE is useful in contributing to **partner-country development** as it contributes to developmental objectives of the countries and its population, as well as SDGs.

- Nevertheless, government institutions are often not very involved in PSE projects and in this context, their capacities to negotiate and implement PSE initiatives themselves are not built.

PSE is proving to be useful in contributing to partner-country development. Certainly, the concept of "partner-country development" is broad. Thus, to a certain extent, the alignment of PSE projects with broad generically defined developmental goals is relatively easy to demonstrate. For example, in many countries around the world, small agricultural producers lack access to finance. The PSE ACELI project, to which SDC contributes, aims at bringing together donors, foundations and impact investors, among others, to provide capital and silent guarantees for loans to this target population. This is a response aligned with the needs of the producers in the partner countries.

At a more detailed level, when considering specific national needs most development objectives are defined by governments, at different levels. How this is done varies extensively across countries and regions. A common element, which the ET has noted from the interviews and surveys, is that PSE and Public Private Partnerships (PPPs) are topics of interest for partner-country governments. Yet in many cases, government institutions are not very involved in SDC PSE projects. It can be argued that this approach has been deliberately designed into

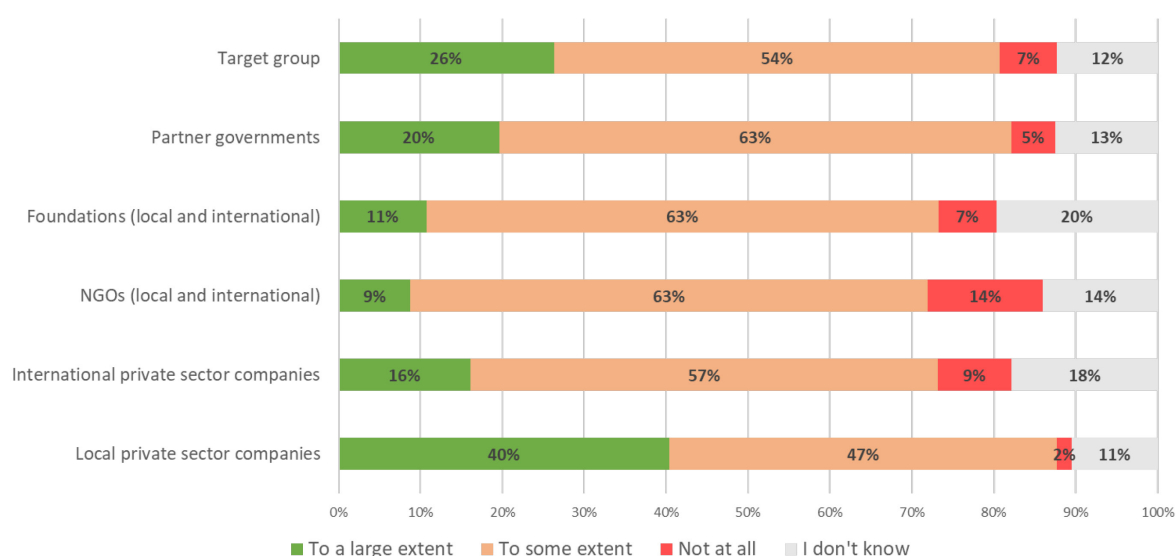
¹⁸ <https://www.parlament.ch/en/ratsbetrieb/suche-curia-vista/geschaefte?AffairId=20213543>

the projects since the focus is on the private sector. Nonetheless, some of these governments lack guidance on how to implement such PPPs and would benefit from learning through their involvement in SDC PSE projects. In addition, governments can help catalyse developmental efforts in alignment with pre-set targets at national and sub-national levels. This approach is illustrated by the BBRIDDHI project in which the Bangladesh government expressed the desire to learn from SDC's approach to partnerships with the private sector.

Some exceptions to the lack of involvement of governments in PSE projects do exist and are notable. For example, in Kenya, where the central Government Policy on PPPs is well established, SDC projects enjoy good relationships with government agencies. The Livestock Sector Strengthening (LSS) PSE project is in fact anchored in the county government (the Frontier Counties Development Council [FCDC]) where it operates. Others, such as the Rapid project, include some direct and mainly indirect links between the private sector (e.g., the Wajir Water Services Company) and national government agencies like the National Drought Management Authority. It also should be noted that the survey data show that a high percentage (82%) of respondents find PSE is useful and adds value to reach the goals of partner countries' strategies and priorities (Figure 4).

The evidence also showed (Figure 4 below) that a strong majority (between 72 and 87%) of SDC staff believe that the PSE modality and portfolio complement the different target group's objective and priorities (80%).

Figure 4 - To what extent does the PSE modality and portfolio complement partners' objective and priorities?



Source: Survey data collected by the ET // # Respondents: 57

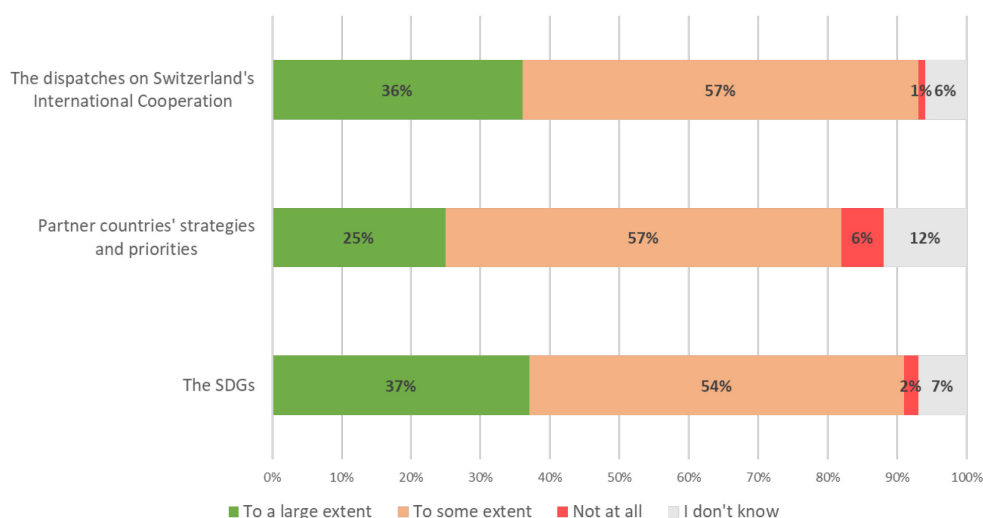
Looking at Figure 5 below, the reader will notice that the answers provided by respondents to the SDG statement are similarly positive as those provided to the dispatches on Switzerland's International Cooperation statement. Yet, compared to the other two statements, the one on "partner countries' strategies and priorities" is slightly less positive: there is a 10-percentage point difference between respondents that consider the PSE to be useful and adding value to reaching the goals of partner countries "to a large extent". Further, 6% of the respondents (more than the 1 or 2% for the other statements) believe that the PSE is not at all useful or adding value to reach the goals of partner countries.

d) PSE projects target and **contribute to the SDGs** (e.g. poverty, food security, employment and entrepreneurship, climate, partnerships).

In the final analysis, the main contribution of PSE to the SDGs is through SDG 17 – “Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development”. This SDG aims at bringing together different actors to leverage a diversity of partners’ funding and technical capacity to achieve developmental objectives and the other SDGs themselves. Hence, the SDC PSE modality is fully aligned with this goal as PSE entails specifically working with an atypical partner — the private sector — to reach, among others, the SDGs.

In addition, many other key topics are addressed through PSE projects, especially food security, climate change, employment, and entrepreneurship. The list of SDGs to which SDC’s PSE *modality* and *portfolio* attempt to contribute is quite long. As underscored by survey results, 91% of respondents believe that PSE is useful and adds value to reach the SDGs (Figure 5).

Figure 5 - Are the modality and PSE portfolio useful and adding value to reach the goals of:



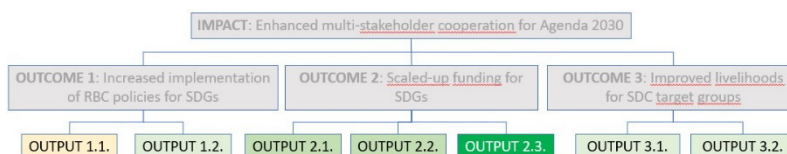
Source: Survey data collected by the ET // # Respondents: 84

5.2. EQ 2 - To what extent are the PSE modality and the PSE portfolio coherent internally (within SDC and Switzerland) and externally (governmental, private sector, and other donor activities)?¹⁹

While it is widely understood that PSE is a means to an end, **the modality is often “overshadowed” by requirements regarding cross-cutting issues** such as gender, climate change, human rights and others.

Beyond the proven alignment of PSE with the SDC dispatches and strategies above, the ET found that:

Overall, PSE projects complement other SDC-funded projects, both PSE and non-PSE initiatives. Because of its alignment with the SDGs, the PSE modality is aligned with a **Leave No One Behind (LNOB)** approach. There are many projects that are linked to improving access to products



¹⁹ For questions 2 to 6, the ET mapped the ToC outcome(s) and/or output(s) to which the evidence and analysis relate. See figure immediately below. This helps assess the effectiveness of the PSE modality and portfolio.

and/or services for poorer and disadvantaged segments of the population. Inclusiveness of markets is a key concern of SDC and the PSE modality and portfolio are aligned with that.

There are few projects that have an exclusive gender focus. For example, SDC supports cutting-edge and innovative facilities such as the recently launched Impact-Linked Fund (ILF) for Gender-Inclusive Fintech which aims at improving access to finance for women through leading-edge fintech solutions that are incentivized to grow by impact-linked investments.

In the online staff survey, responses revealed that PSE projects are considered to be useful “to a large extent” in reducing gender gaps when it comes to accessing products (22.9%) and services (16.7%), income generation (25.5%) and employment opportunities (16.7%). But the projects are perceived to be making less of a contribution to reducing gender gaps when it comes to decision-making (7.5%) or household nutrition (5.3%) (see more details in Annex VI, Figure 21). KIs with SDC staff at headquarters and in field offices revealed that there seems to be a disparity between the strategic guidance to “do more PSE”, while not specifying concrete targets, and also having to serve a seemingly ever expanding list of other priority cross-cutting issues at the same time, which in some cases do have specific targets attached to them. Key cross-cutting issues that must be addressed by SDC-funded projects and, therefore, by SDC staff in charge of their development and/or monitoring, include gender, climate change, human rights, and migration, among others.

The Bangladesh Country Office, for instance, has set targets regarding the number and budgets of projects addressing climate change, based on the International Cooperation Strategy 2021-2024. This is reflected in its most recent cooperation programme²⁰ and reflects the country’s high level of exposure to climate change. Other transversal themes for which indicators and budgets are specified include governance and GESI, although PSE is not specifically mentioned in the cooperation programme.

Within SDC, there is **good coherence in regard to PSE although mainly concentrated within economic and agricultural development projects** as well as the **Technical and Vocational Education and Training (TVET)** sector. In terms of programming, some sectors are either “unique” (e.g. health) or less active (e.g. humanitarian aid).

According to 2021 data from Annex 2, 26.2% of the PSE portfolio (in terms of number of projects) are linked to economic development (E+I), including the TVET sector, representing the largest portion of SDC’s PSE portfolio; 12.3% are linked to food security and nutrition, including agriculture (see Annex V on the portfolio overview for more details). Within SDC, there is good coherence in these core sectors with other PSE and non-PSE projects.

The Swiss Capacity Building Facility (SCBF) is an example of where coordination and synergies with other SDC financial inclusion projects and initiatives are strengthened, at country as well as at international levels, with international networks and knowledge platforms, and with relevant actors in the financial inclusion sphere.

ACELI is another example where synergies are fostered with several projects, including SDC’s programmes on Youth Inclusive Rural Finance and Support to Innovation for Social Change in Tanzania; on youth employment and private sector promotion in Rwanda; with the GPFS smallholder safety net promotion initiative SSNUP and the ABC Fund (GPFS agricultural investment initiative RAIL).

The health sector has the largest budget share in SDC’s PSE portfolio, making up 44% of the total volume. This is mainly explained by the large multi-stakeholder funds/initiatives in the sector that pool public and private funding, e.g., related to the Global Fund to fight HIV, TB and malaria, or COVID-19.

²⁰ <https://www.eda.admin.ch/countries/bangladesh/en/home/international-cooperation/strategy.html>

According to the 2021 data, only one project in the PSE database falls under the theme of “human rights” and only one under the field of “conflict and fragility”, while six projects are classified under the humanitarian aid domain. With the nexus approach, there is no differentiation between humanitarian aid and development cooperation, which makes it difficult to assess where the private sector and PSE sit. However, as the quote of one key informant shows, private sector and PSE are important in providing a longer-term perspective for refugees and/or Internally Displaced People (IDPs):

“People need humanitarian aid, but they also need income, education, and a vision – that’s where the private sector is vital: it creates employment and has a long-term perspective, unlike humanitarian aid.”

Some projects actually nuance this finding. In Kenya, an SDC-financed and IFC-implemented project is working in the Kakuma region — where long-standing refugee camps are settled — to attract the attention of the private sector to the potential markets that exist there. Yet the evidence of the project’s progress in achieving results was not very clear at the completion of the evaluation’s data collection process. And the project itself is closer to the market system development (MSD) category than the PSE one.

While concerns are particularly salient in the handling of SDC's reputational risks when operating through the PSE modality, overall, the **PSE modality and the portfolio are coherent with SDC’s “risk appetite”**.

According to one key informant, reflecting the thinking of many respondents:

“As soon as the private sector is involved in a project, we have a reputational issue towards the public. No matter whether they contribute 50.000 or 500.000 CHF, there will always be the question of why they are in there.”

One of SDC’s medium-term axes of action in PSE²¹ is linked to strengthening risk management, which underscores the importance SDC assigns to the topic. SDC’s PSE handbook contains an annex which outlines the risk assessment and management procedure in detail, from the moment of assessing the prospects for PSE until the moment of exit from a PSE project. Since the publication of the handbook, the risk management approach has been continuously refined and updated, based on experiences from projects on the ground. This was partly linked to lessons learnt from investments that probably were “unique” cases, such as the Banco Futuro in Mozambique. On the other hand, it was also triggered by an internal audit which took place in 2019: its findings led to a temporary moratorium on finance-based instruments until August 2021²². New instruments have been developed that try to mitigate risks for SDC related to failed investments, such as outcome-based contracts or impact-linked finance tools.

SDC’s PSE handbook refers to contextual, programmatic and institutional risks (PSE handbook, page 42). The key types of risks mentioned in the KIs are:

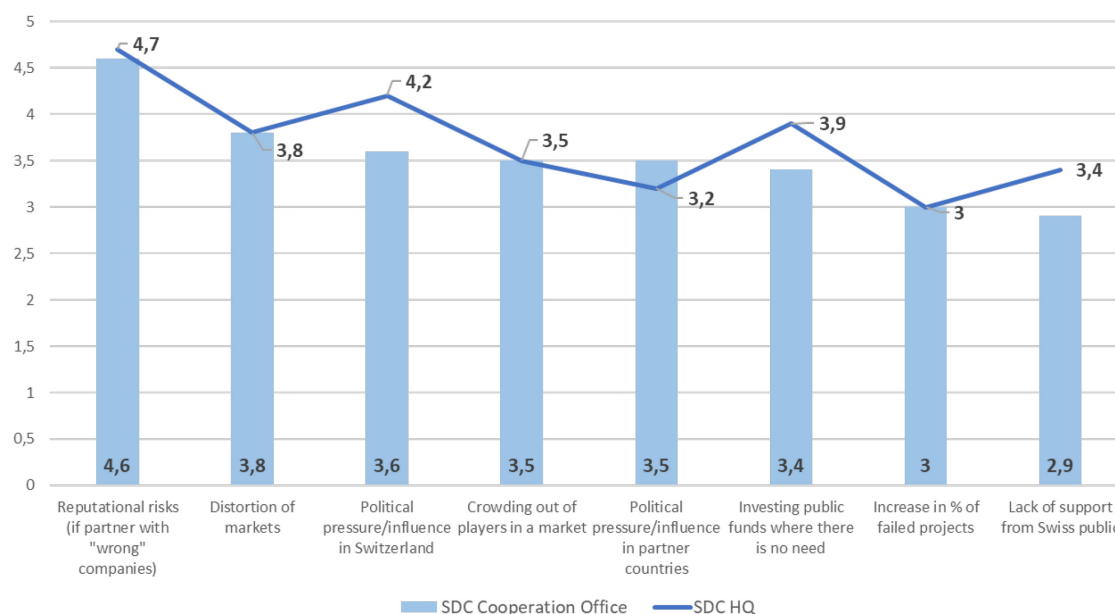
- Investment risk in the sense of failed investments (e.g., investments in start-ups that are unable to survive);
- Impact risk in the sense of not achieving the desired/expected results;
- Market distortion risk which is not systematically analysed at SDC according to interviewees; for its part, SECO is more sensitive to this issue which is why they usually apply a sector development approach;

²¹ Swiss Agency for Development and Cooperation. March 2021. General Guidance on the Private Sector in the context of the International Cooperation Strategy 2021–24. Bern: Federal Department of Foreign Affairs. https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/Leitbild_Privatsektor_2021-2024_EN.pdf

²² SDC, August 2021. Letter: Private sector engagement – partial lifting of moratorium on interest-free loans, impact-linked loans and participation in simple or structured funds.

- Reputational risk, understood as getting involved with the “wrong” company/companies, is by far the biggest concern among SDC staff, which is also mirrored in the online survey where it was identified as the main risk for SDC linked to PSE: on a scale from 1 to 6, respondents identified reputational risk as key with a mean of 4.63, with HQ staff being slightly more concerned about it than staff in field offices (see Figure 6 below).

Figure 6 – On a scale from 1 (the lowest) to 6 (the highest): What do you consider to be the biggest risks for SDC linked to PSE?



Source: Survey data collected by the ET // # Respondents: Between 76 and 86

In the online survey, staff were also asked whether they agreed with the statement that “SDC is taking too many risks in fulfilling their objectives with the PSE modality and portfolio. With a mean of only 2.52 (on a scale from 1 to 6), and the reputational risk being considered the biggest risk, there seems to be a general assessment that SDC is taking a very balanced approach, being rather conscious of the risks involved in PSE. This was largely mirrored by the KILs. Many interviewees also highlighted the fact that the “risk appetite” within SDC is not harmonised across domains and sectors. Furthermore, one of the main lessons emerging from the Bloom project, for example, is linked to the importance of acting upon recommendations that emerge from the due diligence process before disbursing any funds.

Close coordination is taking place with SECO at country level where both agencies are present, as well as at headquarter level, especially at the level of technical staff. **There is potential for more coherence across Swiss Governmental agencies regarding PSE.**

Coordination with SECO in countries where both SDC and SECO are present, e.g., in the MENA and Balkan regions, is taking place in the form of joint programming, joint capacity building sessions for staff as well as joint or complementary events being implemented around PSE. The ACELI project is an example of collaboration with SECO and SDC, in which both agencies are exchanging thematic best practices, as well as other global agricultural impact investors.

Bangladesh is an example of a country which is not a “SECO priority country”, but in which a close collaboration has evolved through the initiative of SDC staff who developed a concept note to lobby for more SECO involvement in the country. The most recent country cooperation programme for the first time was developed with input from SECO.

At headquarter level, the Heracles project, which has neither been published nor widely introduced to SDC staff, is a good example of how the collaboration at operational level works between SDC and SECO, with common standards being discussed in a collaborative manner and through regular exchanges at the technical level.²³

In the online survey, staff were asked whether they agreed with the statement that “SDC’s PSE modality and portfolio are well-aligned with other governmental actors in Switzerland” – overall, agreement on it was relatively low, with a mean of 3 (on a scale from 1 to 6), which hints to potential for more coherence among Swiss government agencies when it comes to PSE.

Despite the fact that evidence of coordination between SDC and SECO was found both at HQ as well as at country level, there is potential for increased coherence of the PSE approach between these two agencies. Traditionally, SECO was considered to be the natural “home” of PSE since SECO is regarded as the federal government’s centre of excellence for all core issues relating to economic and labour market policy. However, since the Federal Department of Foreign Affairs prioritised PSE, SDC also became a major player in this sphere. In 2022, both agencies undertook evaluations of their respective PSE modality and portfolio. These assessments – together with the exchange already happening at the technical and implementation levels – can provide a productive basis for identifying opportunities to further learn from each other and increase the coherence between the approaches of both agencies.

Switzerland is using the approach of integrated embassies, in which foreign policy and trade sections work alongside international cooperation sections (including humanitarian aid in some countries) under “one umbrella”. There is usually cross-team collaboration. Closer exchange between SDC colleagues and staff from the trade sections is potentially possible, especially in countries with “more developed” economies where multi-national, including Swiss-based, companies are present. This was a theme that was brought-up during discussions with the embassies in the Horn of Africa and Tanzania.

Apart from that, the roles of other Swiss government agencies such as SIF (State Secretariat for International Finance) and SIFEM (Swiss Investment Fund for Emerging Markets) need to be clarified within the context of PSE, whether implemented by SDC or SECO.

At country level, **PSE projects do not have many links with governmental entities**, even though they are aligned with government strategies/plans and priorities.

As shown earlier, online survey responses show that the PSE modality and portfolio complement the objectives and priorities of various types of partners and seem to be a “good fit” for various types of stakeholders.

According to key informants, there is usually a lot of interest in PSE in many partner countries, especially in cases where the SDG agenda is being prioritised and even mainstreamed into national development plans and strategies.²⁴ The question often is related to what type of private sector actors to work with, as well as what instruments to use. Key informants referred to the example of Rwanda, where the government had approached SDC and the donor community to provide technical assistance for implementing PSE projects.

As for donors, the key motivation for government entities to seek the collaboration of the private sector is the harnessing of resources. Ukraine presented a recovery plan at the Ukraine

²³ The Heracles project was initiated at HQ to better structure the PSE modality. Especially open legal and financial-administrative questions were meant to be clarified, thus contributing to creating the basis for the professional scaling of PSE at SDC. A report on results and recommendations was presented to SDC’s Directorate, with management decisions still outstanding based on information available to the ET.

²⁴ Please refer to Annex IX for a compilation of contextual factors that are more and less favourable for the interest in and acceptance of PSE.

Recovery Conference held in Lugano in July 2022²⁵, which estimates a needed investment of 750 billion USD until 2032, which can only be achieved through PSE. Bangladesh mainstreamed the SDGs in its current five-year plan, in which the private sector is identified as a key contributor throughout. However, no concrete initiatives have yet been taken beyond large-scale public private partnerships in infrastructure investments.

Despite SDC projects being well aligned with national strategies, plans, policies and priorities, there is usually no or very limited engagement of government entities in partner countries. Exceptions are cases such as the Bangladesh Micro-Insurance Market Development Project (BMMDP), where government agencies are engaged related to regulatory issues linked to insurance; or the LSS in ASAL Counties project in Kenya, where county governments are central to the coordination of the activities. Details on both cases can be found in the case studies presented in Annex VII. Another positive example is the More Coffee with Less Water project in Vietnam, where the involvement of local government enabled the project to reach out to more communes and villages for capacity building of farmers and associations.

By definition, **PSE projects are coherent with private sector activities**. Nevertheless, **SDC has difficulty “approaching” the private sector**, both in Switzerland and in partner countries.

As outlined in SDC’s PSE handbook, the key to working with the private sector is to streamline the different interests involved in PSE projects, starting from an in-depth understanding of the incentives of each stakeholder and channelling them towards common goals.

In public perception, PSE seems to be equivalent to working with large corporates. Some key informants referred to “political pressure” to establish a strategic dialogue with (notably Swiss) corporates, especially in the “early days” of PSE and to have strategic partnerships with large companies (i.e., through something like a key account management). However, PSE projects that involve multinational companies only make up 11.1% of SDC’s PSE portfolio, based on 2021 data from the PSE database. Still, in the online survey, SDC staff agreed with the statement that “SDC’s PSE modality and the PSE portfolio are well-aligned with the interests of Swiss private sector and multinational companies based in Switzerland” with a mean of 3.39 (on a scale from 1 to 6).

Some donor agencies have requirements to work with companies from their country (e.g., DANIDA). Officially, SDC is not directed to promote Swiss companies. However, according to some key informants, it is implied in the Strategy and there is political pressure to work with Swiss companies, while others highlighted the fact that PSE is not meant to work specifically with large Swiss companies. Nonetheless, implementing partners and backstoppers have also provided examples of specific cases where the potential of working with Swiss companies was assessed, considered not to be promising and then not pursued further when designing a PSE project.

Foundations are a big part of the PSE portfolio, with 12% of SDC’s PSE partnerships being linked to foundations. Many foundations are associated with a corporate business (e.g., Syngenta Foundation or Credit Suisse Foundation). Some key informants considered such relationships risky for SDC’s reputation in cases where it was difficult to differentiate between the interests of the corporate and the foundation. In other instances debated within SDC, such as the Bill and Melinda Gates Foundation, a major SDC partner especially in the health sector, it is questionable to what extent they can be considered private sector.

Even though PSE is coherent with private sector activities and goals in both partner countries and Switzerland, SDC nevertheless has difficulty “approaching” the private sector. This is linked to the language to be used when engaging with the private sector, as well as financial

²⁵ Ukraine Recovery Conference, available at: [Ukraine Recovery Conference – 4,5 July 2022 – Lugano, Switzerland \(unc2022.com\)](https://www.unc2022.com)

knowledge and capacity, among others. SDC has identified this capacity gap and received support from specialised backstoppers as well as from implementation partners in how to approach the private sector. This set of issues is elaborated further in chapter 5.4.

SDC works with a group of like-minded donors. In these contexts, SDC has strongly contributed to donor PSE working groups.

In the online survey, SDC staff agreed with the statement that “SDC’s PSE modality and portfolio are well-aligned with the donor community” with a mean of 3.40 (on a scale from 1 to 6). The evaluation found that SDC conducts PSE work in partnership with like-minded donors such as Austria, Sweden, the Netherlands, Denmark, the United Kingdom, among others (ADA, SIDA, Dutch Ministry of Foreign Affairs DANIDA, FCDO).²⁶

Over the years, SDC has contributed to developing a common understanding around PSE at the international level. SDC has co-chaired the Donor Committee for Enterprise Development’s (DCED) PSE working group²⁷ for many years, fostering exchange on topics such as:

- Common definition and concepts;
- New approaches such as blended finance or impact investment²⁸;
- How to minimise the risk of negative market distortions²⁹;
- Legal and regulatory issues linked to PSE.

Box 2: SDC’s profile for PSE, compared with other donor agencies

- Dedicated PSE unit at Head Office
- Set of guiding documents and (tried-and-tested) tools/templates available
- Pool of PSE experts for advisory services
- Investment in building PSE-related capacity of staff
- Decentralised operations
- Integrated embassies (trade & development cooperation)
- Focus on LDCs
- Not obliged to promote Swiss companies

At the level of partner countries, donor coordination or working groups often exist. However, none were identified in the evaluation as PSE-specific. Instead, they are focused on “private sector development” (PSD) or “economic development” or related topics such as TVET or agriculture. Such was the case in the three ET-visited countries (i.e., Bangladesh, Kenya and Tanzania).

Multi-stakeholder projects, where other donor agencies also participate, make up 51.3% in SDC’s PSE portfolio, based on 2021 data, including those implemented through specialised UN agencies (e.g. IFAD or UNCDF). UN agencies consider SDC should increase its participation in their endeavour towards SDG 17 strategies to leverage partner funds from different backgrounds, including the private sector.

The **PSE modality and portfolio are complementary** with the other three areas of activity with the private sector defined in SDC’s strategy (**economic policy frameworks, PSD, public procurement**), but inconsistencies in the use and application of definitions remain.

According to SDC’s General Guidance on the Private Sector in the context of the International Cooperation Strategy 2021–2024, PSE is one of four areas of activity in which the private

²⁶ Please refer to Annex X for a description of SDC’s profile when it comes to PSE, compared to other donors.

²⁷ DCED, overview of the Private Sector Engagement Working Group available at: [Overview of the Private Sector Engagement Working Group – DCED \(enterprise-development.org\)](https://www.enterprise-development.org/wp-content/uploads/DCEDWorkingPaper_DonorEngagementinInnovativeFinance.pdf)

²⁸ DCED. March 2019 (Updated September 2021). Working Paper - Donor Engagement in Innovative Finance: Opportunities and Obstacles. https://www.enterprise-development.org/wp-content/uploads/DCEDWorkingPaper_DonorEngagementinInnovativeFinance.pdf

²⁹ DCED. November 2018. Minimising the Risk of Negative Market Distortions in Private Sector Engagement: A practical framework. https://www.enterprise-development.org/wp-content/uploads/DCED_Minimising-the-Risk-of-Market-Distortions-in-PSE_Practical-Framework.pdf

sector can be involved in sustainable development, the other three being economic policy frameworks, promotion of local companies, and public procurement.

Compared to other donors, SDC uses a much stricter definition of PSE in distinguishing between these four types of involvement of the private sector.

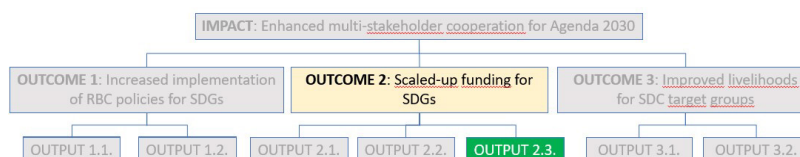
In general, SDC's PSE definition and approach are consistent with the General Guidance. Some overlaps between the four areas make the distinctions blurry:

- Economic policy frameworks and PSE: One area of overlap is related to responsible business conduct principles or criteria that may be considered during the screening or vetting process of potential PSE partners. Partnerships are necessary to promote conducive business environments and policy coherence – PSE collaborations or projects can potentially (be upscaled to) influence the enabling (policy) environment in specific sectors or countries, especially related to areas such as trade, investment and taxation, or quality standards. In the case of the PSE format of political discourse analysis, the overlap with work being done under economic policy frameworks is closest;
- PSD (promotion of local companies in partner countries) and PSE: This is where the biggest overlap exists. PSD and PSE interventions are complementary to each other and can reinforce each other. SDC decided to make a clear distinction between these two concepts, while other donors do not distinguish as clearly between the two. This point is elaborated in chapter 5.3 (EQ3);
- Procurement and PSE: There are instances where the implementation of PSE projects may be tendered to third parties – for now, this decision is taken by SDC on a case-by-case basis which may not be always clear-cut. There is a need to develop clearer guidelines on cases and constellations in which a tender may be required in the context of a PSE collaboration and which private sector partners would be eligible to apply.

5.3. EQ 3 – To what extent is PSE integrated into SDC's project cycle management and contributes to more and better interventions?

PSE is **more integrated in project cycle management at HQ level** than at the regional or country levels.

The field missions and project analyses in the countries visited found that some of these projects, although they are presented in the SDC PSE database and were suggested to the evaluation team as PSE projects to include in the sample to assess for the evaluation, were not fully aligned with SDC's PSE modality, as defined in the handbook. For example, the KKFC project in Kenya has not resulted from SDC partnering with one or several private sector actors, joining forces on an equal footing within the context of the project's governance structure. The KKFC is an IFC-implemented program with Africa Enterprise Challenge Fund (AECF³⁰), Turkana County Government, and UNHCR with the goal of attracting private businesses in the Kakuma-Kalobeyei area³¹. In this latter case, the approach of co-initiating, co-funding, and co-steering in collaboration with the private sector has not been achieved. The element of co-funding is particularly important to the definition of PSE. Yet, in this project some of the private sector beneficiaries have the potential of receiving grants from the AECF and other private sector actors. The larger companies the project wants to attract to



³⁰ ACELI Africa available at: <https://www.aecfafrica.org/>

³¹ Kakuma Kalobeyei Challenge Fund available at: <https://kkcfke.org/>

the refugee camp or settlement, are not (yet) providing their own resources in the project implementation. This project was developed shortly before the handbook was published. Yet the handbook was developed based on how PSE was perceived prior to its publication and SDC considers the KKFC project, and similar ones like the ARC project, as a PSE project, even though it does not match the minimal requirement of the PSE definition.

In the handbook, projects where the private sector is identified as the beneficiary are considered outside of the scope of PSE, and they are normally categorised as PSD projects. Similarly, the PSPH in Somalia also does not fully align with the PSE modality as it uses an MSD approach. In the PSPH case, there is greater focus on fostering and accommodating a business environment for local health businesses to thrive, rather than having them as implementing partners. The same applies to the BMMDP that uses an MSD approach by working in collaboration with local private and public insurance companies to develop the local insurance market.

Yet, the evaluation also found that PSE is more integrated in project-cycle management at HQ, especially in projects developed by PSE-knowledgeable SDC staff and even more so by CEP representatives. For example, the project ACELI is supported by leading donors such as USAID and SDC, connecting with partners such as Ikea, Mastercard and Rabo foundations. The latter fall under the “grant-making foundations” category of private sector partners³² in which they are actively involved in many aspects of the projects. Another example is the HQ RAIL project, implemented through the IFAD and its ABC Fund, including partnerships with Bank of America as well as various private investors. These actors’ co-investment in the project is minimal and they are also involved in steering the project.

However, even at headquarters some projects do not fully align with the handbook-defined PSE modality. For example, the REPIC project is a platform composed of four offices of the Swiss Confederation (SECO, SDC, FOEN, SFOE) which supports projects for the transfer of Swiss know-how and technologies in developing countries and countries in transition. The project is not a partnership with private sector actors but rather a support initiative to develop projects from SMEs, universities, and NGOs, using the REPIC platform. In other words, the private sector partners are grant recipients and although they also invest in their projects, REPIC does not fully meet the PSE definition as these partners are project beneficiaries. It does not fulfil the core attributes of PSE collaborations as defined in the handbook. Nevertheless, it is presented in the SDC PSE project database (as is the case for the other projects above).

The evaluation also found little evidence that PSE is being integrated into sampled strategic/corporate evaluations, which is also partly reflected in the results of the survey. PSE is considered by 15.69% of the respondents to not be integrated in results monitoring and measurement, particularly by staff from HQ (20.8%) with 10 percentage points higher than staff from the Cooperation Offices. Further, 14.63% of the respondents believe that PSE is not integrated in SDC strategic evaluations.

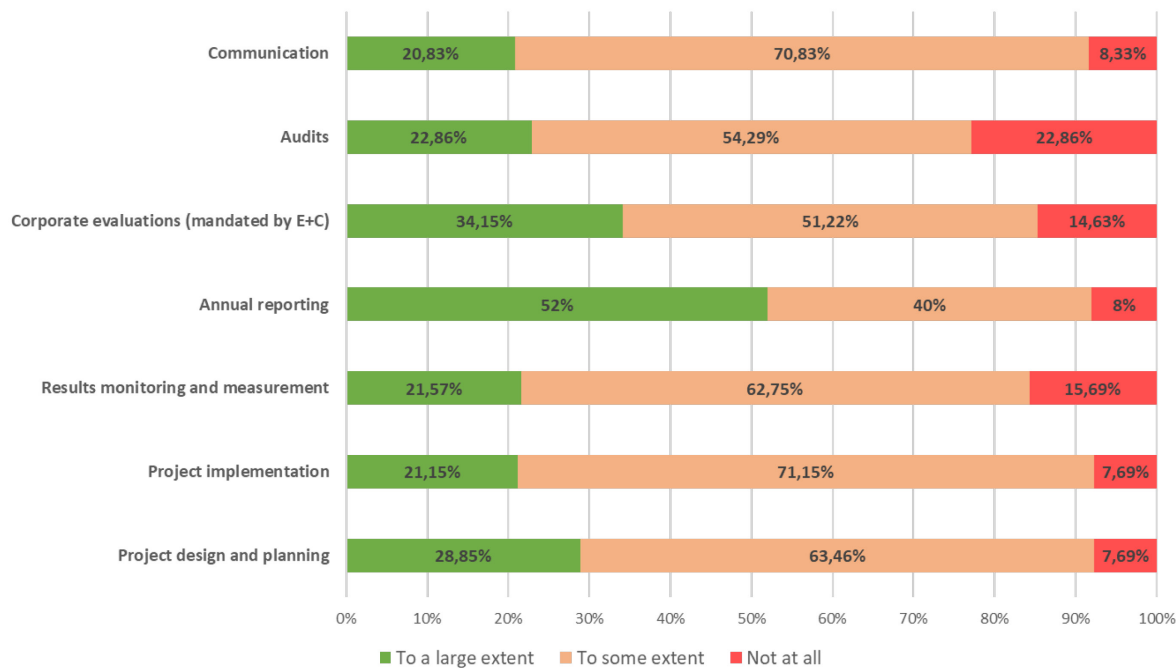
Still, the survey results show overall that the majority of respondents (between 77% and 92%) believe that PSE is well integrated into other aspects of SDC’s project cycle management (Figure 7). Yet 23% believe that PSE is not at all integrated in audits, which is particularly prominent among staff of Cooperation Offices (31.6%) compared with HQ (12.5%). Lastly, 12.5% of the staff from the HQ believe that PSE is not integrated in project implementation against 3.6% in Cooperation Offices.

When asked on a scale from 1 to 6, to what extent the respondents agree with the following statement: “PSE is already an established modality within SDC”, the average is 2.98 with no

³² Swiss Agency for Development and Cooperation. January 2021. SDC Handbook on Private Sector Engagement. Bern: Federal Department of Foreign Affairs.
https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/Handbook_PSE_EN.pdf

significant difference between staff from HQ and Cooperation Offices. This suggests that PSE is on the way to being an established modality but is not there yet.

Figure 7 – In your opinion, to what extent is PSE integrated into SDC's project cycle management?



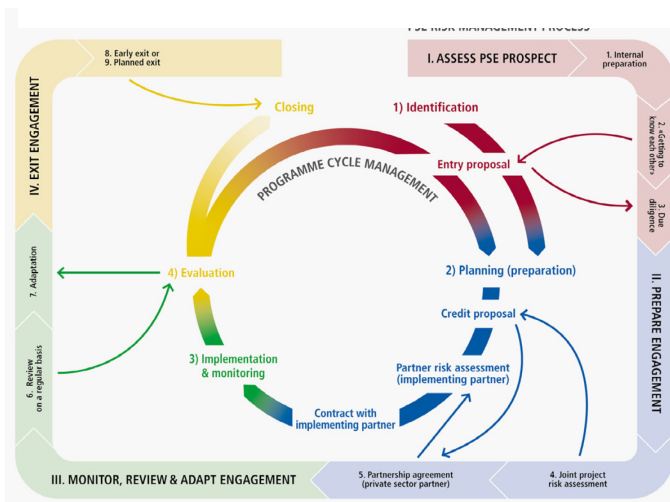
Source: Survey data collected by the ET // # Respondents: between 35 and 52

Projects involving the private sector **have evolved “organically”** in the field towards their present designs, whereas they have been set up more “by the (hand)book” at HQ from the very first steps of the design phases. Nevertheless, the PSE handbook has had notable positive effects.
In addition, there are strong **variations across regions**.

The evaluation found that the PSE modality is evolving both in the field and at HQ — in different patterns. This is true especially since the publication of the handbook, which is perceived as a useful tool by most of the SDC staff. The implementation of the handbook helps to better structure and design projects and to do so in a “more officialised” and systematic manner. Many respondents mention that it also provides an appropriate and clear frame for project design, answers the majority of basic questions managers might have, and contributes to better project related risk assessments (as shown in Figure 8).

In some cases, reported through both surveys and interviews, there is a clear “before and after” effect associated with the publishing of the handbook. The guidance and tools are very much appreciated throughout SDC. Yet, for staff in the field, the handbook can appear to be both 1) too theoretical (although its tools have been simplified recently) and broad, 2) as well as too complex at the same time. Many field staff told the ET the handbook did not always reflect their reality on the ground. There is also a fear that it may lead to overthinking projects (see Figure 8, which visually demonstrates the multifaceted process of risk management). The ET collected examples of projects currently being developed which take into consideration the handbook guidance.

Figure 8 - PSE Risk Management Process



Source: PSE handbook

But the majority of respondents have strongly underlined the complexities and bottlenecks they face in the design process of such projects. In fact, the formats in the handbook’s annexes are a response to this challenge, in an attempt to simplify the different types of PSE arrangements that can be used.

Still, the example of the project designed in Tanzania, Innovation for Social Change, reflects these issues. It has been under development for two years and, as the embassy team nears the start of the project, many legal and contractual issues remain to be settled. These issues are tackled through lengthy iterative processes with partners and HQ, mainly in connection with the planning of contractual and governance arrangements. Several interview partners shared examples of projects they worked on with similar delays (two years) to get the credit proposal approved – some of the difficulties mentioned included:

- having to justify that the PSE modality is the most efficient and effective way of reaching the project objectives;
- having to demonstrate the additionally of the private sector presence in the project;
- defining the private sector contribution, both in terms of what can qualify as a contribution as well as in terms of quantifying the contribution.

In line with this, several interview partners complained about the high transaction costs, especially for projects with a value of less than 10 million CHF, with a lot of back-and-forth involved in the planning stage, and wondered whether it was worth the investment.

Some interviews with staff from Cooperation Offices also indicated that the criteria used to determine whether a project is categorised as PSE or not in the handbook can be difficult to implement. Particularly in some regions (e.g., MENA or West Africa), criteria like co-funding make it difficult to design PSE initiatives because of different political, economic, and historical contexts. However, in others (e.g., Latin America and the Caribbean [LAC] and East Africa), the circumstances actually align more easily with PSE requirements. These elements are out of SDC’s control and strongly affect field staff’s ability to design PSE projects.

This aspect can be also seen in the project database, where a high number of PSE projects can be found, but only few remain once the PSE criteria from the handbook, which were present even before the publishing of the handbook, are more strictly applied. The sampling process and strategy for the present evaluation, which was conducted and applied through a participatory approach with the CLP, demonstrated the difficulty in identifying PSE projects in some regions like South East Asia or West Africa because of this cluster of challenges. In-

depth discussions with the CLP as well as geographical representatives from SDC staff confirmed that in these regions, and others, very little PSE is actually taking place.

At the same time, numerous projects have evolved “organically” towards the involvement of the private sector in different ways without specifically adhering to the handbook’s guidance. For example, the Tanzanian OYE project has partnered with a large national agricultural company that is to offer internships to a specific region’s youth. The PSE element in the project is the in-kind contribution from the project private sector partner in supervising the interns through using its own resources. The project’s set-up, however, was not put together using the handbook. This situation exemplifies how a variety of SDC PSE portfolio projects have come to be classified as PSE. In this context, it is also difficult for SDC’s CEP team to ensure that the numerous differences among regions where SDC is active is reflected and presented in one document, i.e., the handbook.

In many cases, relevant programming is still at the boundary between PSD and PSE; in the field, there is still much **confusion between PSD/ PSE**; SDC can build on its extensive experience in MSD to scale projects toward more PSE aligned initiatives.

As mentioned, the evaluation found that projects in the PSE portfolio are sometimes closer to PSD than actual PSE. It is appreciably clear that the confusion between PSD and PSE is quite prominent across SDC, but more so at country-office level (vs at HQ). PSD encompasses a range of strategies which can include PSE, but can also take the form of MSD, Inclusive Business (IB), Business Environment Reform (BER) among others, which differ in terms of criteria and actions³³. Projects like PSPH follow an MSD approach rather than PSE. Yet interviews with SDC staff revealed that key PSE principles were applied in MSD projects. In fact, SDC could capitalise on the experiences and lessons learnt in MSD, especially around “approaching” the private sector and identifying suitable partners whose interests align with those of SDC. A lot of PSE principles were actually applied in MSD in smaller, national projects and MSD gets confused with PSE, mainly because of the cost-sharing or risk-sharing element that MSD projects usually cover.

The ET’s assessment as to whether **PSE leads to “better” interventions is nuanced**: there is some **evidence of more innovation and better project designs**, but in terms of increased **effectiveness, this remains to be proven** and expectation of **leveraging significant resources** are not yet met.

Much effort goes into PSE project design and planning. Thus, it is clear that the projects have solid bases on which to be implemented, in the sense that much thought has gone into thinking about different scenarios to then develop mitigation strategies. In addition, the collaboration with the private sector has proven to lead to new and innovative solutions that have the potential of being more sustainable. The output- and outcome-based financing, such as the SIINC project in Latin America, is a strong example of an effective and efficient model to be replicated in accommodating circumstances.

³³ Please refer to USAID 2022 for a useful comparison of PSD and MSD approaches, highlighting the commonalities, but also the differences in approach.

However, it is too early to tell whether more and better results are achieved at scale through the PSE modality. What seems to be clear is that for now, the expectation of leveraging large contributions from PSE was probably a bit over-optimistic. Details are presented in EQ 5 below, but although things are moving fast, including in the last few years, many key respondents consider that there is still a long way to go before the “promised billions” leveraged through partnerships with the private sector materialise. This point of view applies to the SDC context but is also embedded in a larger, global perspective, in which there is some scepticism that the “private sector solution” to developmental issues is *the* solution.

Concerning the number of projects, the PSE database suggests a significant increase of PSE initiatives and many ideas are also in the project pipeline. However, when the handbook criteria for PSE are applied — even the minimal criterion of co-funding the project — the number of initiatives remaining is relatively low.

Box 3: Factors favouring the achievement of results through PSE interventions

- Motivation: private sector with a vision/ ideas of what they want to develop
- Ownership by the private sector, e.g. demonstrated through co-funding and co-governance
- Inclusion of the *local* private sector
- Inclusion of small and medium enterprises (both local and foreign), especially if larger companies are not interested in the market
- Openness to test new/innovative ideas; openness to adoption of good practices (also from abroad)
- Have a long-term perspective
- Flexible (contractual) arrangements

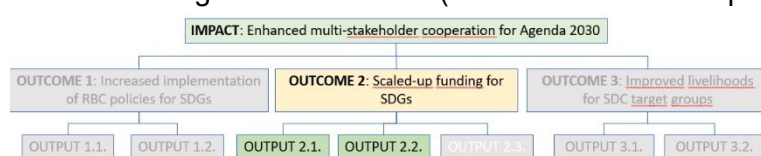
5.4. EQ 4 – How well equipped and positioned is SDC for PSE?

Compared to other donors, **SDC is well-positioned to implement PSE projects**. A dedicated PSE unit was created with the CEP; a comprehensive handbook and specific tools have been developed to support the planning, implementation and steering of PSE projects; and a network of specialised backstopping support has been set up.

As mentioned in EQ 1, especially since Switzerland’s International Cooperation Strategy 2017–2020, SDC has had the clear political mandate to do (more) PSE. Up to then, the Agency had been using the term PPDPs (Public Private Development Partnerships) before moving to

“engagement with the private sector” and then the more internationally commonly used term of “private sector engagement”. The CEP was created in 2017 in an attempt to have more centralised capacity to address the topic. Initially, the centre was positioned in the Employment and Income (E+I) unit in the LAC division (see Annex VI for the organigram from 01/2022).³⁴ With the most recent restructuring, the CEP was moved to the new thematic division and is part of the Economy and Education section (see Annex VI for the organigram from 09/2022).³⁵ With this, the CEP will be part of one of the largest units within SDC and will gain more visibility.

In 2018, SDC’s senior management tasked the CEP to develop a baseline, as well as a guiding document for PSE, a process which culminated in the publication of the General Guidance on



³⁴ Swiss Agency for Development and Cooperation. 2022. Organization Chart.

https://www.eda.admin.ch/dam/deza/en/documents/die-deza/organigramm-deza_EN.pdf

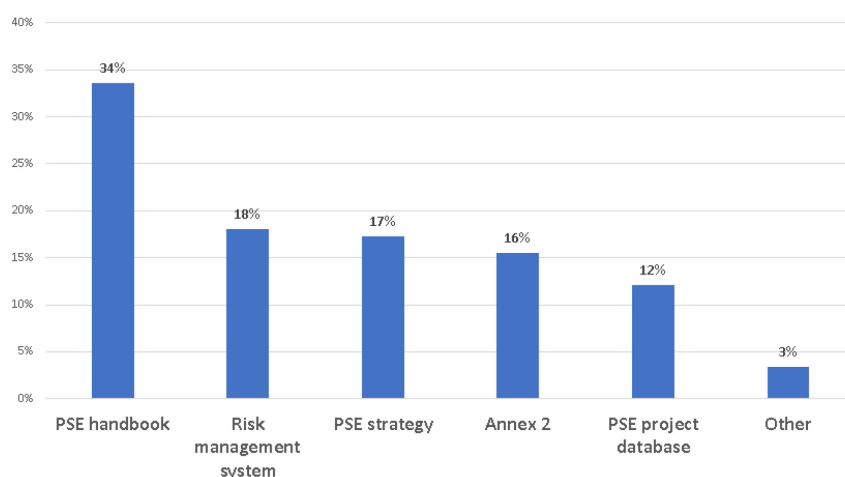
³⁵ Swiss Agency for Development Cooperation, organization available at:

<https://www.eda.admin.ch/deza/de/home/deza/organisation.html>

the Private Sector³⁶ and the PSE Handbook³⁷ in January 2021. In parallel, several tools have been developed and introduced, such as Annex 2 which captures PSE projects across the organisation as part of the decentralised annual reporting, a risk management system, a project appraisal and assessment procedure, as well as a PSE project database, among others.

According to responses to the online staff survey, the PSE handbook is by far the most commonly used tool, which 34% of respondents indicated having used in their day-to-day work (see Figure 9 below).

Figure 9 – Which of the following tools have you used in your day-to-day work?



Source: Survey data collected by the ET // # responses: 116

SDC HQ, through the CEP, is starting to develop strong knowledge and expertise in dealing with the private sector.

There is **high demand for CEP** to provide and spread the tools and knowledge toward the country level.

- However, there is still some disconnect between the CEP (HQ) and what is happening in the field, with national political contexts and themes not always easily linked to PSE.
- Also, in light of SDC's restructuring, the role of the CEP is not yet clear.

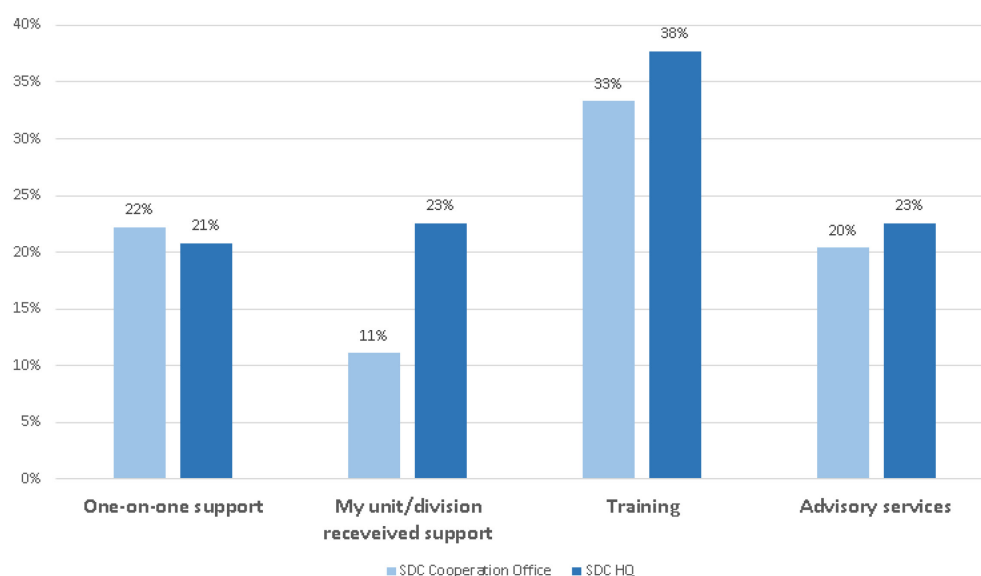
Since its setting up, the CEP has been busy mainly with developing guidelines, the handbook and dedicated tools, as well as clarifying some administrative and legal issues linked to PSE implementation – all of these were heavily headquarter-centred. Many of these elements have been in development to answer some of the criticisms made by SDC staff concerning the lack of clarity on how to roll out the PSE modality. Understandably, however, during the last two years of the pandemic, roll-out of awareness-raising and trainings to the country offices stalled.

According to the online staff survey, 66% of respondents have received support from the CEP, with a slightly higher percentage of HQ staff than for Cooperation Office staff. Figure 10 below shows how CEP support took place:

³⁶ Swiss Agency for Development and Cooperation. March 2021. General Guidance on the Private Sector in the context of the International Cooperation Strategy 2021–24. Bern: Federal Department of Foreign Affairs. https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/Leitbild_Privatsektor_2021-2024_EN.pdf

³⁷ Swiss Agency for Development and Cooperation. January 2021. SDC Handbook on Private Sector Engagement. Bern: Federal Department of Foreign Affairs. https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/Handbook_PSE_EN.pdf

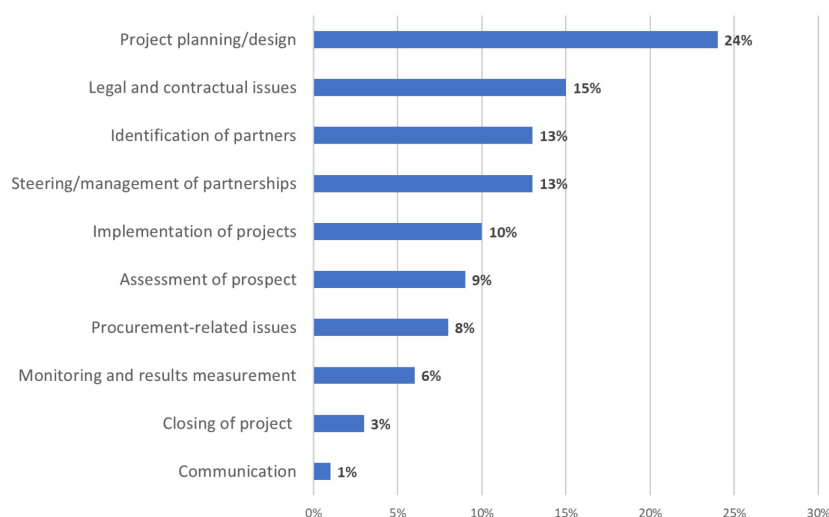
Figure 10 – How did you receive support?



Source: Survey data collected by the ET // # responses: 102 [SDC HQ: 55/ SDC Cooperation Office: 47]

Still, according to survey data, advisory services were delivered by CEP staff to 55% of respondents, with the remaining 45% being supported by CEP backstoppers. Figure 11 below shows the topics covered as part of the advisory services delivered by the CEP, clearly showing that the highest demand exists for project design and planning.

Figure 11 – What was the advisory support linked to?



Source: Survey data collected by the ET // # responses: 80

With CEP now being integrated in the new thematic division, it is likely to gain in importance, even though programming continues to mainly lie within the geographical divisions. Because of its highly decentralised structure, there is no systematic approach to engaging with private sector partners. Furthermore, PSE opportunities have to correspond to priorities defined in regional or country strategies. At the same time, the role of (integrated) embassies in PSE projects is sometimes not clear and/or is not treated uniformly across credit proposals in different locations.

There is high demand for CEP's advisory services, also because of incentives that have been put in place (e.g., offering three days of free advice by backstoppers). Some interviewees, however, expressed concern about the risk of working with a small group of people or organisations that are highly specialised, particularly regarding some of the new and more innovative financial market-oriented PSE tools, which, in their view, could create dependency, less transparency and less accountability. In this context, CEP roles and responsibility is not clear.

At the country level, there are **some good examples of PSE work, led by specific experts**. Many of the most productive links with the private sector are through **partners who do the leg work with the private sector**.

SDC is highly decentralised. The ET noted that, over the years, a core group of specific experts among SDC staff seems to have developed, who identified PSE as an area of interest and who seemed to be pushing it forward. These staff members have been involved in the design and planning of some of the flagship projects (e.g., SIINC model using the ILF approach), which were later replicated in other countries or sectors sometimes based on ideas that were generated in some of the basic trainings delivered by the CEP. A few CEP staff have also started PSE initiatives in several of the posts that they have held. Some of these projects have evolved over time into more complex initiatives, sometimes with a heavier focus on PSD, as noted in EQ 3.

Many of the most productive links with the private sector are established through SDC's implementing partners who do the leg work of engaging and negotiating with these partners. The example of Rapid (and now Rapid +) in Kenya is salient, where the Millennium Water Alliance (MWA), as a permanent global alliance of leading humanitarian and private organizations, coordinated the work of the co-initiating, co-steering and co-funding the project with its private sector partners, all the while reporting to SDC. Also, the backstoppers hired by the CEP sometimes play an important role in partner selection. It is important to note here that interview and document³⁸ data points to the fact that some stakeholders consider that backstoppers and SDC PSE experts can support the design process of such projects in an effective manner but that this sometimes leads to processes that lack transparency.

Because of concerns linked to reputational damage, **SDC is risk averse**, faces difficulty in taking decisions (long project approvals) and must deal with very time-consuming project design processes.

A recurring theme in the KIIs, both with SDC staff across locations and units, as well as with external stakeholders, is the fact that SDC's risk aversion has an impact on the selection process of projects. Indeed, additional steps or bureaucracy is involved in PSE initiatives, which makes the planning process longer and the design process less agile. A common impression shared by key informants with the ET is that PSE projects seem to be under much more scrutiny than other projects (e.g., good governance or gender projects).

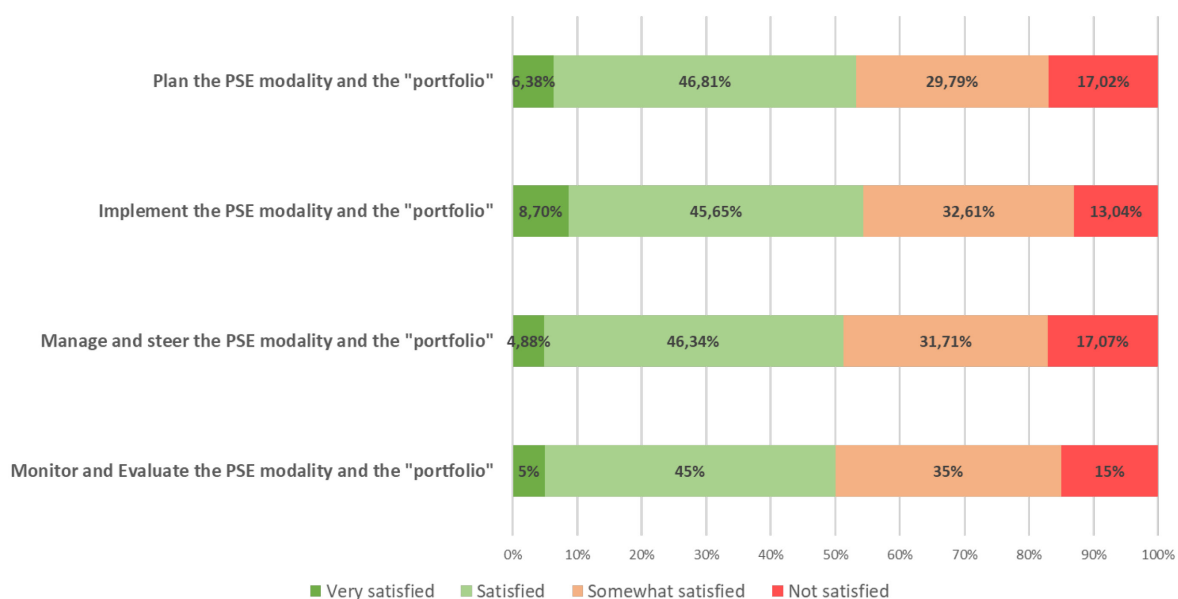
"The threshold for PSE projects is so much higher and much tougher questions are asked."

As demonstrated above, this has led to some inefficiencies in planning and designing PSE projects, even if these lengthy design phases lead to better projects. This relatively critical view of SDC's efficiency in handling PSE projects is, however, not fully mirrored in the online survey among staff. As can be seen in Figure 12 below, the level of satisfaction with SDC's tools to plan, implement, manage and steer, monitor and evaluate is around 50% throughout, even slightly above 50% for the planning and implementation stages. Yet these data, when

³⁸ For example: BLOOM: Agricultural Technology for the Bottom of the Pyramid, *Final Review Report*.

compared to responses to other questions, does show more nuance. Indeed, this does mean that around 50% are only “somewhat satisfied” or “not satisfied”.

Figure 12 – How satisfied are you with the degree of efficiency of SDC’s specific instruments to:



between

Source: Survey data collected by the ET // # Respondents: 40 and 47

Many of SDC’s tools and processes are not aligned with the private sector’s way of working.

Another recurring theme during the KIIs, both with SDC staff in Switzerland and in field offices, as well as with external stakeholders, is the fact that SDC’s procedures and tools do not seem to be compatible or aligned with the way the private sector usually operates.

As SDC staff have considerable autonomy, they can decide which opportunities to pursue and can get involved in negotiations with private sector companies or not. Pursuing PSE opportunities very much depends on individual commitment and interest, which is a kind of flexibility that is generally aligned with the private sector.

However, an important PSE assumption is that the private sector will understand SDC’s “development language” and will agree to respond to SDC’s requests for monitoring data and information. This has not always materialised in reality and has become an additional challenge in terms of communication and interaction with the private sector.

A key issue raised by KIIs was the fact that the private sector may not be used to or willing to disclose financial information, especially at a very early stage of engagement, when scoping or feasibility studies are underway. And yet, this type of disclosure expected by SDC is also part of the vetting process.

Furthermore, time horizons are not aligned with private sector needs or practices in several ways:

- The private sector is usually not used to having to wait for one or two years to get a confirmation on whether a partnership and project can materialise or not;
- The private sector often pilots initiatives and works in an iterative manner, accepting that potential failures can be valuable learning experiences that, in turn, can be used to further work on an approach, product or service;

- The private sector is often under pressure to demonstrate quick wins that may prove a business case. Yet the private sector also has a long planning perspective and thinks in the long term whereas SDC has a project-driven planning horizon of around five years with possibilities of additional phases and extensions (with longer commitment periods when considering potential extensions).

Two main concerns were raised around SDC's reporting requirements (both in terms of accounting and financial reporting, as well as progress reporting):

- They are not aligned to the amount of funding received (e.g., whether the SDC co-funding was large or small, the reporting requirements were the same);
- They are not adapted to the results- or outcome-based arrangements that are being used in some PSE projects, rather, they focus more on outputs. In addition, the financial reports are not results- or outcome-based and private sector partners still have to come up with all the evidence (e.g., hours of staff input, costs for workshops, monthly rent), even though they are getting paid by "number of businesses that secured investments", for example, and agreed on a lump sum per business with SDC.

While an internal PSE database has been created, **SDC still needs to strengthen it and add an M&E system** that would enable the collection of evidence on the effectiveness of the PSE portfolio.

It is worth highlighting that the PSE database that "has been created on the basis of data reported through the Annex 2, is quite unique within SDC. Annex 2 is a mainstreamed and established tool within the organisation; the ET understood that no other modality has a similar tool compared with the PSE database.

Nevertheless, in addition to the difficulty noted in EQ 3 of differentiating PSE projects from other forms of PSD projects, there are a number of shortcomings linked to the database that SDC needs to work on, especially as it strives to take more of a portfolio management approach on PSE:

- Data completeness is an issue, e.g., sometimes information is only entered in relation to the largest contributor in a PSE project and not all (private sector) partners;
- Data consistency and harmonization, i.e., not all projects have the same category of data and information nor level of detail;
- Results measurement is lacking, i.e., no monitoring data are added to the current database, which makes it nearly impossible to collect evidence on the effectiveness of the different partnership formats;

SDC has invested in the development of guidelines and tools for PSE, as well as, in capacity development of staff (e.g., PSE 100 workshops, Public Entrepreneurship Academy (PEA)). However, it is clear that **SDC staff as a whole still lack the necessary skills (as well as time and resources) to increase the use of the PSE modality and to increase the size of the PSE portfolio.**

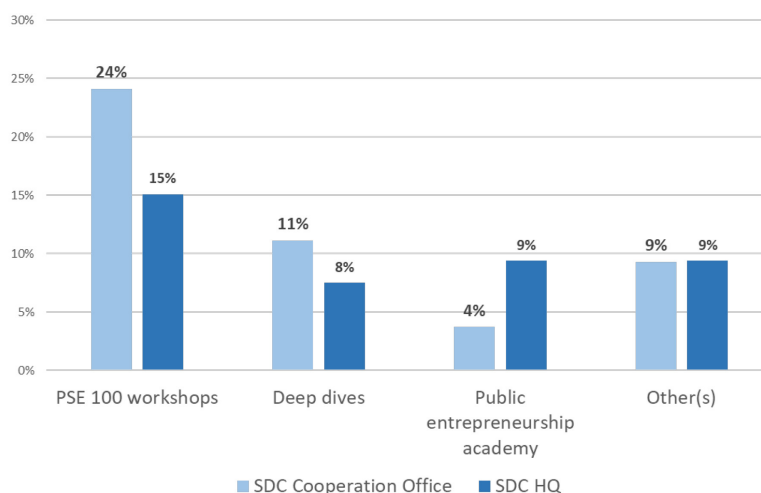
As mentioned in several instances across the report, SDC acknowledged relatively early on that it has to invest in capacity development of its staff. SDC specifically responded to this by introducing:

- PSE 100 workshops that provide an overall introduction to the modality;
- PSE deep-dives that are usually meant to support in the identification of concrete potential initiatives;
- The Public Entrepreneurship Academy', implemented in collaboration with the University of St. Gallen, which is meant to create a pool of committed individuals within the institution who can push the PSE approach forward;

- Specialised advisory support by backstoppers and/or CEP staff, which can be considered on-the-job or one-on-one training.

According to the online survey, the most commonly received training is the PSE 100 workshop, both among HQ staff (24%) as well as in the field offices (15%) (see Figure 13 below). These can be considered as relatively low levels of access to CEP support with percentages nearing 10% for other types of support.

Figure 13 – What kind of training did you receive?

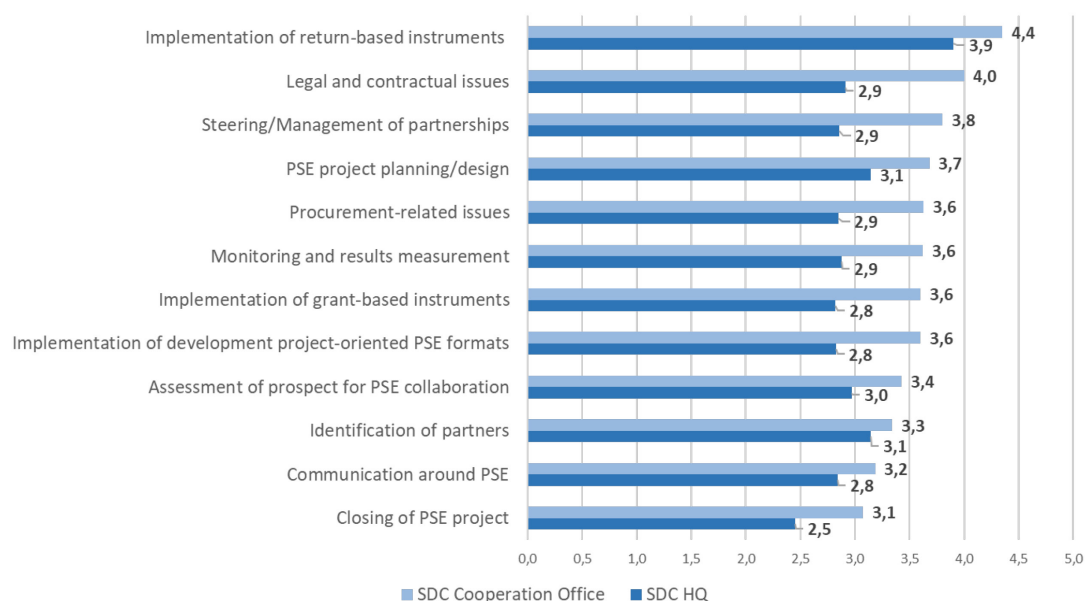


Source: Survey data collected by the ET // # responses: 48 [SDC HQ: 22/ SDC Cooperation Office: 26]

In the online staff survey, compared to other questions, there was a relatively low level of agreement with the statement “SDC is using adequate human resources (skills) to effectively implement the PSE modality and portfolio” with a mean of 3.13 (on a scale from 1 to 6). The lowest mean for this answer was with those that participated in the academy (PEA), with a 1.8 average. A possible interpretation: when SDC staff is skilled in PSE modality, it regards SDC as not sufficiently equipped to deploy PSE in an effective manner.

In any case, and as shown in Annex VI Figure 22, most suggestions as to measures to be taken to increase SDC’s PSE portfolio are linked to strengthening the human resource base, e.g., increase PSE expertise in Cooperation Offices, increase exchange of knowledge on failures and best practices, increase number of staff dedicated to PSE, and increase PSE expertise in headquarters, among others.

Figure 14 – On a scale of 1 (the lowest) to 6 (the highest), where would you like to get more capacity building?



Source: Survey data collected by the ET // # Respondents: between 71 and 77

In terms of areas of capacity building, Figure 14 shows that for all topics listed in the online survey, field office staff expressed a higher need. This clearly reinforces the point made in EQ3 that the “PSE topic” has been headquarter-centred so far and that SDC, and specifically the CEP, now must spread the tools and knowledge more broadly, with the aim of making it a modality that is owned by the entire organisation.

Table 3 shows that by far the least expertise in-house is found on return-based instruments. Consequently, these are also top on the list of capacity-building needs. The top 5 to 6 capacities listed by staff to some extent are also recurring themes in the top 5 to 6 capacity-building needs, showing that there probably is a need for more practical and hands-on training that is more connected to the “reality on the ground” that staff have to face and in which they have to identify opportunities for PSE.

Table 3 – Capacities of staff vs Capacity-building needs

Capacities of staff (from highest to lowest)			Capacity-building needs (from highest to lowest)	
HQ	Field offices		HQ	Field offices
Monitoring and results measurement	Monitoring and results measurement	vs	Implementation of return-based instruments	Implementation of return-based instruments
Assessment of prospect for PSE collaboration	Steering / Management of partnerships		PSE project planning/design	Legal and contractual issues
Steering / Management of partnerships	Assessment of prospect for PSE collaboration		Identification of partners	Steering / Management of partnerships
Implementation of development project-oriented PSE formats	Identification of partners		Assessment of prospect for PSE collaboration	PSE project planning/design
Identification of partners	Implementation of grant-based instruments		Legal and contractual issues	Procurement-related issues
PSE project planning/design	Implementation of development project-oriented PSE formats		Monitoring and results measurement	Monitoring and results measurement

Implementation of grant-based instruments	Communication around PSE		Steering/Management of partnerships	Implementation of development project-oriented PSE formats
Procurement-related issues	PSE project planning/design		Procurement-related issues	Implementation of grant-based instruments
Communication around PSE	Procurement-related issues		Communication around PSE	Assessment of prospect for PSE collaboration
Legal and contractual issues	Closing of PSE project		Implementation of development project-oriented PSE formats	Identification of partners
Closing of PSE project	Legal and contractual issues		Implementation of grant-based instruments	Communication around PSE
Implementation of return-based instruments	Implementation of return-based instruments		Closing of PSE project	Closing of PSE project

Source: Table created by the ET

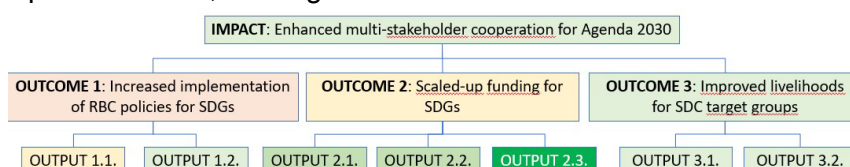
Figure 23 in Annex VI summarises where SDC stands in terms of PSE, regarding instruments and tools, based on the online survey among staff:

- There is a relatively high consensus among staff that SDC should adapt its existing management and monitoring tools to adequately address the PSE modality and portfolio;
- At the same time, there is relatively high consensus that SDC does, in fact, have an adequate risk management approach for the PSE modality and portfolio;
- Low agreement with the statements “SDC is well-equipped to handle the modality and portfolio and “SDC’s PSE modality and portfolio take on too many risks”;
- Interestingly, there is quite low agreement with the statement “SDC should develop new tools”, which may suggest that the efforts that went into developing tools are considered to be sufficient and the focus should rather be on adapting existing tools.

5.5. EQ 5 – To what extent are the PSE modality and PSE portfolio achieving the expected results at the output, outcome, and impact levels?

Considering the SDC PSE reconstructed ToC, which is at the centre of the key evaluation question 5, the evaluation team finds that overall, SDC’s PSE modality seems to be **relatively effective and progressively deployed**: Key outputs were generally observed to be attained. At the outcome level, however, results are not as clearly measurable. Further, it was **difficult to measure the effectiveness of PSE, whether the modality or the portfolio**, because challenges emerged in collecting progress data beyond outputs. From data collected by and comments provided to the evaluation team, this issue goes beyond PSE itself and is a broader SDC challenge. Nonetheless, it affected the present evaluation in its attempt to measure PSE’s effectiveness.

In the reconstructed ToC, Outcome 2 is most closely linked to SDC’s operations in PSE. It reads: “Scale up funding for SDGs through leveraged resources, advocacy, outreach, shared costs and risks across SDC partners”. Still, although the other outcomes are broader and are partly outside the scope of PSE, the PSE modality can foster change within them.



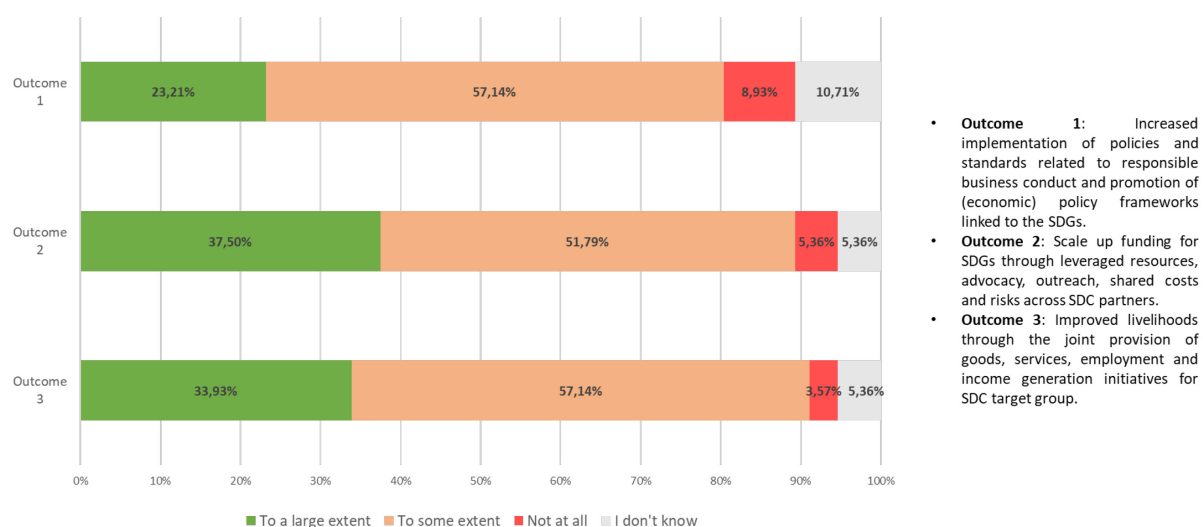
Overall, it was difficult for the ET to evaluate the extent to which SDC has been effective in achieving outcome-level results as there were no baseline indicators nor targets to benchmark the present situation, and little aggregate information on how things are at the moment. This applies to all three outcomes as well as their outputs. In addition, monitoring data are not always easy to collect at project level because private sector actors are sometimes less willing to share data as they consider competition and confidentiality issues. What follows is the ET's analysis of available data and information.

Currently, the link to (economic) **policy-level interventions** and responsible business conduct is rather weak.

In terms of Outcome 1, the ET found some evidence of SDC specifically working on supporting “increased implementation of policies and standards related to responsible business conduct and promotion of economic policy frameworks linked to SDGs”, whether through PSE interventions or regular SDC projects and programmes. By simply trying to engage with the private sector and involve them in developmental endeavours, indirect results have occurred. Nonetheless, specific proof of these policies and standards actually being implemented is not easily found.

The evaluation evidence showed that most of the projects have been working at the local level and are not often linked to policy dialogue at higher levels, whether national or regional. This finding has been also supported by the results from the survey, where a lower percentage (23%) of respondents believe that the PSE contributes to a large extent to the achievement of Outcome 1 compared to the other two. In addition, a notable percentage (about 9%) responded that the PSE does not at all contribute to the achievement of Outcome 1.

Figure 15 – To what extent is the PSE modality and PSE portfolio contributing to the achievement of the following results?



Source: Survey data collected by the ET // # Respondents: 56

Projects from the PSE portfolio are not yet working at a sectoral or systemic level. Most projects of the PSE portfolio are at an early stage of execution and focus more on piloting new services or new forms of service delivery at the local level with one or a few partner companies. To achieve Outcome 1, projects that have been already implemented over longer periods of time should begin to integrate more private sector actors to avoid creating distortions in the market and to focus on scaling-up.

For example, the BADIP project in Bangladesh started in 2016: This project aims at developing relevant crop and livestock insurance products and making risk reduction services available and accessible to farmers. This project intervenes in the assurance market in Bangladesh.

From the lessons learnt of this project, the next phase could contribute to the policy level and expand the reach to additional types of insurance by soliciting additional private sector actors. A similar situation occurred in Kenya with the Rapid project. Here, a short list of partner companies was established at the beginning, again creating a context in which market distortions could arise and in which a more strategic policy framework was not acted on. Yet, the reason for this situation was also because not all companies wanted to embark on the project. Hence, the challenge of attracting the private sector to engage with them in developmental initiatives is again an important element to consider. Nevertheless, the Rapid+ project, the second phase, has extended the private sector partner list to avoid this market distortion issue.

At the same time, more direct and concrete results have been noted for Output 1.2 “Knowledge products and best practices for PSE documented and shared to support the integration of RBC and SDG economic policies across SDC stakeholders”. The handbook content, risk-assessment documentation, and the CEP PSE 100 courses all fall under the category of knowledge and best practices material being disseminated. Although this information is shared within SDC, the ET did not find evidence of these being distributed extensively in broader stakeholder circles.

Through the risk assessment, due diligence processes and the coordination and supervision role it plays with the private sector partners, SDC also ensures that “responsible business conduct practices are applied within SDC-supported PSE interventions, and SDG-coherent (economic) policy frameworks are promoted, in collaboration with other donors and stakeholders” (Output 1.1). The latter part of the output is also addressed by SDC through its work with like-minded donors and specific stakeholders with which the Agency coordinates.

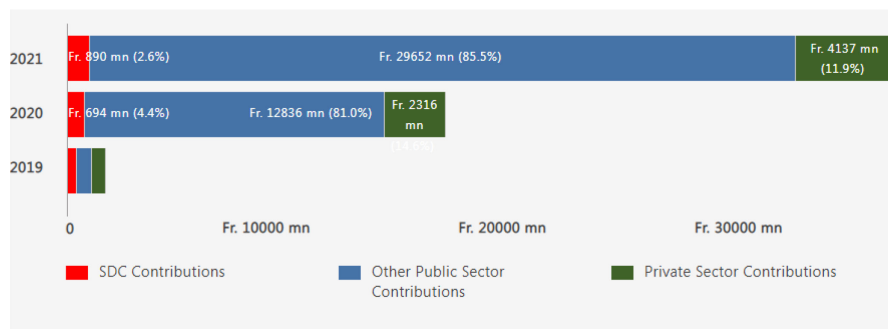
As shown in Figure 15, SDC has worked quite extensively on achieving Outcome 2 and it is clear some notable progress has been made, accompanied by some limitations and challenges. The survey data show that compared with the other two outcomes, it is to Outcome 2 that respondents consider PSE is contributing the most, with almost 38% considering it contributes a lot. SDC is conducting more frequent advocacy and outreach work with the private sector to scale-up funding for the SDGs, particularly at HQ level. Whether through the 1) dispatch, 2) the support provided by the CEP to sensitise SDC staff to the importance of using the PSE modality to increase the number of projects in the PSE portfolio, or 3) even through the work coordinated with implementing partners to increase and enhance the engagement with the private sector, achieving the objectives of Outcome 2 require much effort.

Notwithstanding the above-mentioned efforts, in practice, it is not fully clear yet to what extent access to more funds (leveraging of resources) is possible.

These efforts have led to scaled-up funding for SDGs through leveraged resources from the private sector. Figure 16 demonstrates this increase in just one year, from 2,316 million CHF coming from private sector contributions in 2020 to 4,137 million CHF in 2021³⁹. These data allowed for SDC to measure its leverage ratio for the first time in 2022: based on data provided in Annex 2 from 2021, it currently stands at 9:1 *all* public funds vs. private funds, including the big health funds (such as Gavi and Global Malaria Fund). However, when considering SDC-only funds, it stands at 1:4 SDC funds vs. private funds (i.e., when “other public funds” are removed, see the middle, blue part of Figure 16 below).

³⁹ Annex 2 SDC CEP analysed data.

Figure 16 - Mobilization of Private Sector Funds in Millions CHF⁴⁰



Some of the challenges with measuring the amount of private funding that was leveraged include:

- The PSE database does not systematically provide details on contributions of each partner across all projects; whether data is entered very much depends on the project officer handling the project;
- In-kind contributions are monetised in some cases, but not consistently or in a uniform manner;
- In the case of investments in (especially start-up) companies, many deals remain undisclosed, which makes it difficult to get an accurate picture of the total amount of capital that was mobilised;
- There is no generally accepted definition of catalytic capital.

Other agencies (e.g., USAID) define leverage ratios by sector or region, which serve as an orientation for private sector partners on what is expected from them — SDC has not yet done that yet, nor on a project-by-project basis.

Other data point to increasing numbers of PSE projects, year after year, in different domains (with Global Cooperation and South Cooperation leading the trend). Nonetheless, the data presented in Figure 16 need to be contextualised with the above-mentioned caveat that many projects in the PSE database are not fully aligned with the PSE handbook definition.

Interview data indicate that many respondents are of the opinion that assessing SDC progress on leveraging funds in quantitative terms is important. A few others believe that it is more important to consider basic collaboration with the private sector, (e.g., a pharmaceutical company taking part in different forums to discuss norms and standards in a certain field or linked to a vaccine). However, in considering the SDC PSE Handbook, and in order to evaluate SDC's progress beyond anecdotal information, concrete data are necessary, thus the ET considers Figure 16 data important.

Output 2.1 states that: "Capacities of SDC and its partners are strengthened to support design, planning, and implementation of PSE across SDC stakeholders". Output 2.3 states that "Tools, instruments, guidelines, templates developed, piloted/tested and continuously refined/improved". As shown in EQ.4, overall, capacities are enhanced through the use of tools, instruments, guidelines, templates, as well as training. In addition, the actual planning and designing as well as implementation of PSE projects is an opportunity for SDC staff to learn by doing. Hence, all sampled projects analysed for the evaluation can be considered to contribute to Output 2.1. Yet the more direct enhancement process varies depending on the regions and the levels (i.e., HQ, regional or national levels) where stakeholders being trained and informed are operating. In other words, a multiplicity of contexts and factors affect the

⁴⁰ Source: CEP Newsletter

progress made, including culture, historical elements, the economic profile, and the political stability of the regions, among others. Concerning Output 2.3, projects such as output- and outcome-based financing of SIINC have made possible both the piloting and testing of specific project formats which help generate lessons learned for scaling up in other regions and contexts.

Output 2.2 “PSE interventions designed, planned, developed in SDC’s partner countries using the co-initiating, co-steering, and co-funding principles and standards and best practices” overall are the focus of attention of the present evaluation. Thus, the full content of this report in effect constitutes the assessment of Output 2.2. More specifically, however, survey data can be useful here. When asked how SDC can increase its PSE portfolio, respondents highlighted these three ways:

- Increase PSE expertise in Cooperation Offices (18%);
- Exchange knowledge on failures and best practices more (17%);
- Partner with other donors.

These were followed by “increase staff dedicated to PSE” and “Have more dedicated PSE projects”, among others.

An interesting example can be used to demonstrate how specific projects contributed to Output 2.2: Suiz Agua. The project grew from Colombia towards Mexico and Brazil, learning from its own best practices (and mistakes) and setting new standards. The main goal was to enhance corporate water management in the targeted countries. The project has generated interesting results as it was able to convince the corporations it worked with that they had market incentives to integrate the project’s suggestions in its practices.

Outcome 3 states: “Improved livelihoods through the joint provision of goods, services, employment and income generation initiatives for SDC target groups”. This outcome would require a full evaluation on its own. Providing a judgement on the extent to which SDC is achieving this outcome is outside this evaluation’s scope. Still, looking at the survey data, Outcome 3 receives the second highest level of positive responses, with about 34% of respondents saying PSE is contributing to a large extent to its objective.

On Output 3.1, “public-private cooperation strengthened to leverage private sector resources and innovation for international cooperation in SDC’s priority sectors”, the majority of respondents consulted, including in partner countries, have expressed their willingness to work in partnership with the private and public sectors. Many of these respondents were not specifically reacting to the PSE modality itself but rather to the idea of working together. An evaluation of the content of questions 1 and 2 speaks to some gaps in the work of PSE portfolio projects with national governments. As described above, however, there are some exceptions, such as the BMMDP, where government agencies are strongly engaged.

Finally, Output 3.2, “sustainable development principles integrated into joint development endeavours to generate growth and sustainable investments”, is a central component of SDC’s PSE work. There is no doubt about the intentions of SDC in conducting its PSE work. The main objective is to pursue its 2021–2024 Strategy objectives, while increasing funding by leveraging private sector resources. Hence, the sustainable development principles behind the Strategy objectives remain and are promoted through PSE work.

However, there is an important debate within SDC around the place for market objectives of the private sector engaging in joint projects with the Agency. To what extent should SDC partners follow only sustainable development principles or should market development also be part of their incentives to work in these projects? Some argue that should SDC allow the market incentives to be part of PSE, the public will consider SDC’s funding of the projects as investments in companies, giving them advantages and increased possibilities to generate commercial revenue. Others counter-argue that if SDC really wants to leverage private sector funds, it has to accept that partner companies will be assessing and trying to access market opportunities. These respondents add that if the initiatives are profitable, it is more likely that

the companies will remain after the project’s end. The market distortion issue is also important here as much of the concern is actually about whether the partner companies are gaining advantages others do not have access to because they are active in SDC PSE projects. Other donors are indeed more concerned about market distortions and so they use a sector approach, which means that they work with a range of companies who may be competitors. The ET noticed SDC is starting to address the market distortion concern more and more, but challenges still remain.

As much of the PSE portfolio is still in its **early stages of its lifecycle**, and many PSE projects are still in piloting stages, particularly concerning purely handbook-aligned PSE models, it will take more time to assess the extent to which outcomes, especially Outcome 3 and impact, are being achieved.

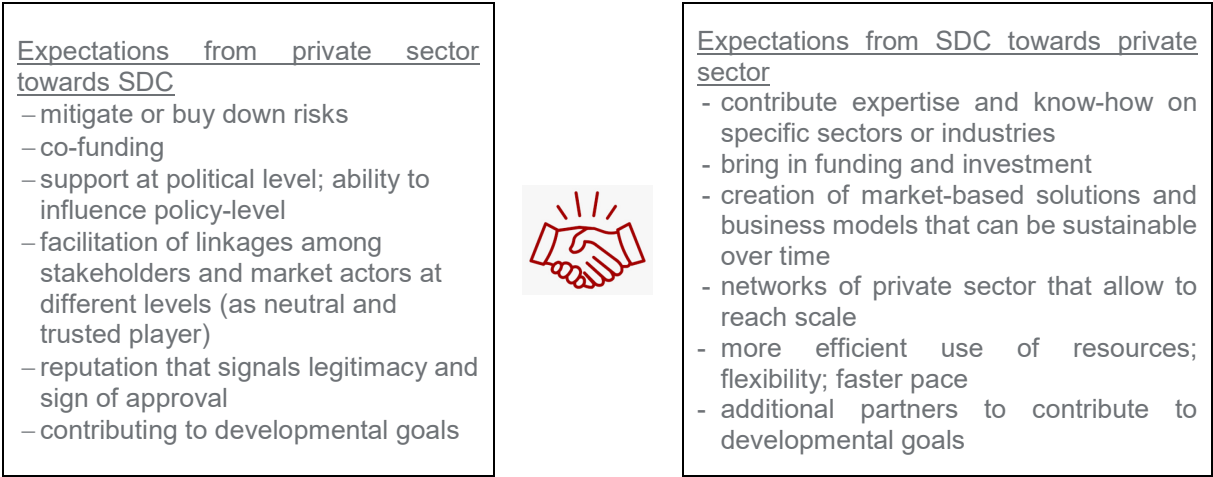
The analysis of sampled national-level projects found that most of the initiatives are still in the early and piloting stages and some even in their design phase. Analysing the “pure” PSE projects, and others in the evaluation sample, it is clear that many have been running for only five or six years. A lot of PSE activity was noted after the publication of the handbook and the projects that were linked to finance-based models were rolled-out after the end of the memorandum. Results will become clearer when these projects end and monitoring and evaluation data is made available.

5.6. EQ 6 – What is the value added of SDC’s PSE modality and PSE portfolio?

Theoretically, PSE makes sense for both sides: the combination of assets and strengths of SDC and the private sector make the partnerships worthwhile for both sides.

As per SDC’s definition, PSE projects are co-initiated, co-steered and co-funded by the private sector and SDC. Based on information collected during the evaluation from various stakeholders, the diagram below summarises how the expectations from both sides make PSE worthwhile for both the private sector and SDC:

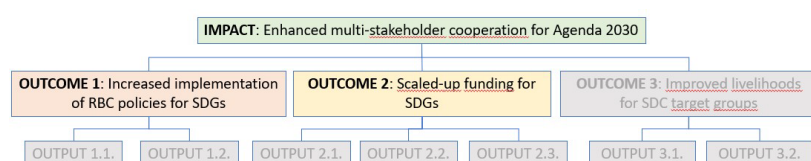
Figure 17 – Mutual expectations from private sector and SDC



Source: Diagram created by ET.

As a modality, **PSE has yet to fully prove its value addition in terms of scale, impact and leveraging of funding. SDC does not yet have a monitoring and results measurement system for the modality** that would allow the Agency to prove its added value in terms of effectiveness, efficiency, impact and sustainability compared to other modalities.

In terms of expectations of what is to be gained from PSE, the most common responses are leveraging additional funds (especially in the context of the Agenda 2030) and increased innovation. Figure 24 in Annex VI shows responses of SDC staff to the question what they considered the biggest potential for SDC regarding PSE. The top three, on a scale from 1 (the lowest) to 6 (the highest) were: 1) Fund leverage potential from the private sector (4.85 average); 2) Increased innovation (4.72 average); and 3) Increased Impact (4.5 average).



As mentioned in the early chapters, SDC's database provides only limited information regarding the PSE portfolio. For now, the

database provides an overview of all projects that can be considered to have at least some PSE elements, as well as to capture the contribution from private sector partners. However, the database does not yet contain key monitoring data that would allow evidence-based conclusions on the effects and results being achieved through the PSE modality and portfolio. Table 4 below compares the top five expectations regarding PSE from HQ and field office staff, compared with the (mainly anecdotal) evidence collected throughout the evaluation on different elements.

Table 4 - Top 5 expectations around PSE

	Top 5 expectations around PSE		Evidence pointing to results of PSE
	From Headquarter	From field offices	
1	Leverage funding	Increase innovation	• Leverage of funding from private sector: ➡ • Increased innovation: ↗ • Increased outreach: ↗ • Increased impact: ➡ • Improved sustainability: ↗ • Improved value for money: ➡
2	Increase outreach	Leverage funding	
3	Increase innovation	Increased impact	
4	Increased impact	Improved sustainability	
5	Improved sustainability	Improved value for money	

Source: Table created by ET.

The following statement of one key informant sums up a general mood that the evaluation team encountered within SDC regarding PSE:

"Before expanding or scaling up PSE, I would like to see the results first. PSE is important, but it depends on many factors whether it is successful for both partners and especially for the beneficiaries on the ground. We have not yet proven that it is really a benefit for development cooperation. I'm not against it in principle, but I don't see the evidence for it so far."

There is **considerable innovation across the PSE portfolio**. However, the level and pace of innovation are to some extent countered by low SDC risk appetite.

Across SDC's PSE portfolio, there is a considerable level of innovation, not least because of innovative finance-based instruments that were co-created by SDC and some of its implementing partners, including its close collaborators, the backstoppers.

For example, the SIINC model was created as a tool to work with social entrepreneurs, impact investors, and specialised companies and is now a reference in the entire SDC PSE ecosystem

(such as in Bangladesh) and being applied on several continents in different sectors. Other considerable innovation is occurring in the financial sector or related to financial instruments. Blended finance, catalytic finance instruments, guarantees, green bonds are alternative means of finance that are being piloted through PSE projects. An interesting initiative in this regard is also the Humanitarian Impact Investing project that is being implemented in collaboration with the ICRC and a number of foundations.

The Humanitarian Innovation Lab is an example of a multi-stakeholder PSE project specifically aimed at developing and piloting innovations in the humanitarian field. The LIFT project in Myanmar is an example of a multi-donor fund that enabled innovative pilots (e.g., pension scheme, Mother and Child cash transfers, seed systems) in a difficult and changing context since 2009.

New or customised products and services are being developed through PSE projects. For instance, product development partnerships in collaboration with the pharmaceutical industry have started as far back as in the 1990s and have brought about important innovations, e.g., in the field of malaria MMV, most recently with the COVID vaccines, and other health products for poor populations. Still in the health sector, the Innovation Lab project in Tanzania, embedded in the larger Ifakara Health Institute programme (for efficiency purposes only) is fully dedicated to fostering innovation in health products development, although the project cannot really be considered as a full fledged PSE project. Another example is the project implemented in collaboration with UNCDF to develop low-cost digital remittance services and remittance-linked financial services to improve the financial resilience and economic inclusion of migration project on remittances and their families.

Business processes are becoming more pro-poor or gender-sensitive, e.g., the ABC fund managed by IFAD which supports responsible investments in African farmer organisations, SMEs and rural financial intermediaries; or the REPIC platform, which promotes renewable energy and energy efficiency solutions.

Technology transfer and digital solutions are being tested and scaled through PSE projects. Projects like ACELI, built on a digital market platform which for the first time allows to determine rather precisely the subsidy level required for SME finance in achieving targeted development outcomes.

It is important to note that other donors also struggle with innovations in modalities, processes and instruments. In several KIIs, including with other donor representatives, the issue of a certain “braking effect” was mentioned, described as management that was not fully supportive or open to integrate PSE, or a Board of Directors that was unwilling to take higher levels of risk, “business as usual” being preferred by administrative and financial staff, among others.

The PSE logic is all about sustainability: there are some good signs that this logic is materialising and will continue to materialise under certain circumstances. If the projects are perceived by businesses to contribute to the generation of profits, private sector partners will stay involved even after projects end.

At the core of PSE are market-based and private sector-led solutions. The expectation is to achieve lasting as well as scalable development results, driven by business interests, as well as profitable business operations that are inherently sustainable.⁴¹ Several key informants emphasised that they felt that PSE projects had a higher chance of sustainability beyond a project’s end as long as economically viable business models were underlying them.

⁴¹ See also DCED (2019) for further details.

Efficiency: PSE projects seem to be **more efficient in implementation but are more complicated at the design stage**.

As highlighted in previous chapters, SDC's administrative, legal and financial procedures do not yet allow for a smooth and quick design and approval of PSE projects. It is especially at the design stage that a lot of burdens have yet to be removed. SDC has identified these bottlenecks and has invested significant resources in addressing them; new/innovative instruments have been tried in different contexts. These are experiences that future PSE projects and project managers will be able to capitalise on, meaning that efficiency at the planning stage should improve in future.

During implementation, again, there is mainly anecdotal evidence from project managers and implementers who refer to the faster pace of the private sector, their orientation and commitment to key performance indicators, their flexibility and ability to quickly respond to opportunities and market developments, their willingness to test things (trial and error) and achieve quick wins, their generally higher level of efficiency in their internal processes and structures as factors that can lead to a higher degree of efficiency during implementation. These factors do, however, also challenge SDC's processes and procedures, which also have to be adapted to the way the private sector works.

Public perception in Switzerland has notably shifted in recent years, with **fewer debates in Parliament that are critical of (corporate) private sector** and more debates around what appropriate PSE tools would be. Nevertheless, **SDC is under pressure to justify its engagement with the private sector**, especially in light of its overall mandate of poverty reduction.

Public perception in partner countries is generally positive in the context of the SDGs, though cases of criticism against foreign (multinational) companies are common in some contexts.

Table 5 below provides an overview of the top five risks perceived to be linked to PSE projects, by SDC staff at HQ and in the field offices:

Table 5 - Top five risks linked to PSE

	Top five risks linked to PSE	
	From Headquarter	From field offices
1	Reputational risks	Reputational risks
2	Political pressure/influence in Switzerland	Distortion of markets
3	Investing funds where there is no need	Political pressure/influence in Switzerland
4	Distortion of markets	Crowding out of market actors
5	Crowding out of market actors	Political pressure/influence in partner countries

Source: Table created by ET.

As noted in chapter 5.2 (EQ2), by far the biggest perceived risk among SDC staff is reputational risks linked to getting involved with the “wrong” companies (with a mean of 4.63 on a scale from 1 to 6). This fear is driven by public opinion in Switzerland, which used to be rather sceptical of SDC's involvement with private sector, especially when it was related to

collaborations with individual large MNCs or corporates, such as Nestlé for instance in the case of the Water Stewardship project⁴² or with Credit Suisse⁴³.

NGOs (both in Switzerland and abroad) have largely shifted their opinion of opposing collaboration with the private sector in recent years, since many of them are also now involved in PSE activities in light of the SDGs and are also interested in leveraging private sector resources⁴⁴.

According to views expressed by several key informants, public opinion in Switzerland has shifted from questioning PSE as such, to instead questioning the type of private sector and the tools/instruments to work with. The parliamentary interpellations of the last two years related to PSE are largely concerned with the amount of funding going into the modality and the type of partnerships being supported by SDC or SECO⁴⁵.

Based on information shared in many interviews, the perception of Swiss companies in partner countries is usually rather positive. There may be contexts, though, in which foreign multinational companies or corporates are not welcomed. Especially in countries that are committed to the Agenda 2030, collaboration with the private sector is seen as a potential source of funding for development activities, with general caution about the possibility of distorting markets and ensuring inclusive solutions.

6. CONCLUSIONS

Based on the findings across the six evaluation questions, a set of conclusions and recommendations are presented below.

1. **Overall, this evaluation concludes that the diligent effort and significant resources invested by SDC in its PSE modality and portfolio are starting to pay off in innovation and learning.** However, there are significant and crucial issues still to be addressed for SDC's PSE to achieve its full potential and start delivering on expected promises of more in-depth, higher-level, long-term positive changes worldwide.

The SDC's strong organizational commitment to PSE, evident over the past five years, can reasonably be said to demonstrate leadership among its peer donor agencies in the PSE space, particularly in innovative finance, results-based payments, staff guidance, and partner assessment and selection. The CEP and its guidance tools are highly professional. Further, a considerable number of SDC projects applying the PSE modality are innovative in their design, generating important lessons and producing impressive output-level results.

While it is well underway, however, SDC's PSE journey has not yet reached its destination. **The Agency's trajectory sits between the "preparedness" phase and the "activation" phase.** To strengthen its work on PSE, SDC must take steps to: develop a comprehensive strategy for PSE that is fit for purpose in terms of the current restructuring process; establish clearer classifications of and metrics for private sector resource mobilization; more widely disseminate SDC's knowledge and tools on PSE and ensure their practical applicability;

⁴² Please refer to the Parliamentary interpellation on Nestlé: [21.3543 | Umstrittene "Wasserpartnerschaft" der DEZA mit Nestlé. Wie weiter? | Geschäft | Das Schweizer Parlament](#)

⁴³ Please refer to the Parliamentary interpellation on Credit Suisse: [22.7028 | Ist die "Sustainable Development Goal Impact Finance Initiative" mit den "Suisse Secrets" vereinbar? | Geschäft | Das Schweizer Parlament](#)

⁴⁴ For example, Helvetas has a policy for the collaboration with private companies (https://www.helvetas.org/Publications-PDFs/policy_od_collaborationwithprivatecompaniesen.pdf); Swisscontact capitalises on its long-standing experience in MSD projects when it comes to PSE (<https://www.swisscontact.org/de/ueber-uns/zusammenarbeit-mit-dem-privatsektor>).

⁴⁵ Some examples include: From December 2019 - [19.4522 | Die internationale Zusammenarbeit der Schweiz und die Zusammenarbeit mit dem Privatsektor | Geschäft | Das Schweizer Parlament](#); from August 2020, on promoting Swiss institutions - [20.3926 | Schweizer Anbieter bei der Umsetzung der Strategie der internationalen Zusammenarbeit priorität berücksichtigen | Geschäft | Das Schweizer Parlament](#)

streamline the design and approval process and analytic support for PSE interventions tailored to complex local contexts and supportive of the range of domains and sectors in which SDC operates.

2. SDC is well-positioned to *do more* in PSE in the short and medium terms, but it lacks a **clear strategy concerning the way forward, with targets and guidance** related to PSE (**EQ 1 & EQ3**).

The evaluation points to an overall balanced assessment of SDC's performance in preparing the deployment of its PSE modality and portfolio. Among other things, the Agency has developed for itself and its partners a relevant PSE basis of experience (e.g., through piloted innovative projects) and a set of tools that are useful in SDC's quest to use the modality as a means of becoming more effective and efficient to support SDC's mandate. Yet, currently, it is not clear to what extent and in which specific circumstances PSE, as a modality, should be used at an institutional level. There is also a lack of detail as to how much and in what ways the PSE portfolio is to grow. Although there is some intention in trying to stay flexible and adaptable to many differing situations, the evaluation concludes that this ambiguity is not helping the management of PSE.

3. SDC is trying to **attract the private sector in its PSE modality and portfolio** (this is still a challenge, **EQ 1**), but at the same time SDC is also required to ask **for co-investment (which is essential to and a positive element of PSE), which makes PSE less attractive for the private sector**.

The importance of working with the private sector is a matter of much discussion for many donors that are trying to understand how to increase the funding needed to reach the SDG targets and other developmental objectives. However, presently, SDC is not fully capable of finding ways to appeal to the private sector, especially when it is seeking private funding. Approaching the private sector and designing PSE projects **require skills and expertise**, including in finance, the use of the audience-appropriate language, legal flexibility, and effective and efficient channels for funds transfer (**EQ 4**). Evaluation data are clear that many SDC staff do not feel ready and prepared to negotiate with the private sector, all the more when it comes to "enforcing" the co-investment minimum criterion (**EQ 4**). In addition, there is presently a lack of convincing arguments to convince the private sector actors to participate in PSE. It is not always clear what they would get out of their collaboration in a PSE scheme (**EQ 6**). In many circumstances, the projects will increase their chances of achieving developmental goals, but the companies are also considering the risks they are taking in the PSE endeavour and for now, SDC does not necessarily offer sufficient risk-mitigation measures to reassure them. As mentioned in section 5 of the evaluation, many SDC staff feel ill-equipped to deal with the private sector and convince them to participate in this SDC endeavour. This, in turn, affects the Agency's capacity to deploy the PSE modality.

4. The use of the PSE modality and the objective of increasing the number and funding of PSE projects, are additional elements to **adapt and integrate into the already complex contexts of many priorities, domains and sectors in which SDC operates**. This can create additional time and effort for SDC staff and also can cause confusion among SDC staff and among domain teams (**EQ 2 and EQ 3**).

SDC staff are struggling to find an appropriate and viable balance between a growing number of emerging priorities, especially at country level. PSE is sometimes viewed by staff as an additional burden and, in a context where the modality is not always fully understood, it is confused with PSD. Moreover, in practice, the application of PSE has not been streamlined. SDC staff require guidance as to the extent to which PSE is a priority, as discussed in conclusion 1. How does it stand as a means to an end compared with actual developmental objectives, such as cross-cutting issues?

The list of SDGs to which SDC, through its PSE modality, contributes is long. Indeed, the PSE portfolio tackles a variety of topics and key issues such as food security, climate change,

employment, and entrepreneurship among others. While these topics clearly contribute to the SDGs, it is not clear in which sector PSE performs most effectively.

5. SDC is quite well equipped, and is continuously equipping itself, to conduct more PSE, but it needs to **spread the tools and knowledge it has developed (EQ 4)**.

The SDC is at a junction between its preparedness phase and its activation phase. The COVID-19 pandemic has slowed the transition from one phase to the other. But the recent implementation of the “fit for purpose” restructuring within the Agency provides clear momentum and context to upscale PSE material and knowledge dissemination.

6. The evaluation team observed a **disconnection between PSE HQ programming and country-level programming, dealing with competing priorities (EQ 4 and 5)**.

With the publication of the handbook, the PSE modality has begun to spread, slowly but surely. However, the evaluation found that in many cases programming in the field has evolved toward some forms of PSE that are not fully aligned with the handbook definition. In this regard, there are two channels through which projects that are engaged with the private sector work are evolving. There is a disconnect between the pathways through which this evolution is taking place **(EQ 3)**.

7. **The CEP is becoming well positioned to increase outreach** now that comprehensive guidelines and tools have been developed, particularly within the context of the “fit for purpose” restructuring **(EQ 4)**.

As a centre of expertise, the CEP is the appropriate SDC entity to bridge the theoretical PSE definition available in the handbook and training on the one hand, with the multifaceted reality of project implementation at all levels on the other hand. To this end, its outreach must remain flexible and continuously adapt to this changing and complex reality. However, presently, CEP’s role is not clearly defined. This creates uncertainty among SDC staff and even among CEP representatives.

8. Much effort is being made to ensure that PSE is picking up traction within SDC. However, it is still not fully clear that PSE is, in fact, delivering on the theoretical ambitions. It is not necessarily that results are not being achieved at “higher levels” (outcomes), but rather that they **are not measured and documented to permit accurate performance assessment** and relevant learning and improvement **(EQ 4, 5 and 6)**.

In many instances, it was difficult for the evaluation team to accurately assess how SDC is performing in using the PSE modality and increasing the size of the PSE portfolio. In addition to not being able to fully determine where the agency wants to go in terms of PSE, it was not always possible to know where it was before and where it is at the moment. This issue hinders the Agency’s ability to progress in an orderly, paced and evidence- and experience-based manner.

7. RECOMMENDATIONS

1. To guide the appropriate resources and efforts that need to be invested in using the PSE modality, SDC **needs to define a clearer strategy as to the direction it wants to go and what it seeks to achieve** with regard to the deployment of the modality. Beyond setting targets for the number of projects to attain in the portfolio or funds to leverage in a given period, detailing where the Agency aims to be in the short-, medium- and long-terms is essential **(Conclusion 1)**.

To set a clearer strategy, SDC first needs to unambiguously determine which initiatives are considered PSE projects and which are not, and how the staff are to understand leveraging of private sector funds. In the context of the implementation of the seven recommendations in the present report, in particular recommendations 3 and 6, at this point, the ET would recommend

paying particular attention to the “pure” PSE projects, i.e., those that specifically respond to the handbook definition. All the information presented in the PSE database would be related to these specific projects so that a clear and understandable distinction is made between PSE projects and others. A sub-category could be presented as projects with strong private sector presence while making sure that these are differentiated from the pure PSE projects.

The Agency also needs to establish which PSE formats work best in which context based on headquarter and field experiences and perspectives. The findings of the present evaluation provide some initial ideas in this regard. Yet further steps need to be taken to assess the ways in which PSE can reach regions where it is nearly non-existent and provide more detailed guidance on the sectors and themes in which PSE operates most effectively.

To achieve the SDC strategic and overall objectives, including the leveraging of additional funds from the private sector, the Agency needs to determine the types of private sector entities with which it wishes to work. Engaging with the current main private sector partners — social enterprises, foundations, and SMEs — offers limited perspectives over time. General PSE logic would normally lead SDC to decide to amplify its work with traditional, market-oriented private sector enterprises, such as corporates, multinationals and innovative SMEs, whether in the targeted countries or elsewhere, to increase the possibility of leveraging additional funds from this source. Streamlining PSE within SDC and providing a clearer focus may be useful to providing a better orientation for private sector partners. This would help to better define PSE and provided a clearer orientation to the private sector partners.

Finally, it is recommended that in the short term, PSE be used mainly in nexus-oriented themes, in economic development and growth and trade projects and even in cross-cutting issues such as climate change and gender. In the longer term, PSE can then be integrated in all other priorities (e.g., human rights, humanitarian work, etc.) In other words, the idea would be to ensure PSE is used initially where it works best and then slowly expand the modality to other sectors. **(Conclusions 3 - 4)**

In the short term, it is important to find a way to strategize and ensure staff can prioritise where and when they should invest the needed time and resources to include PSE in programming.

2. **SDC needs to spread and enhance PSE expertise and knowhow** across its staff. It also needs to provide them with convincing arguments to attract private sector funds to its initiatives. In this context, de-risking is a key element that staff need to learn about and then apply in negotiations on PSE with partners. **(Conclusion 2)**

In terms of skills and expertise, not all staff need to obtain this specific knowledge and know-how. However, there must be experts available and responsive as needs arise to provide technical support through an open and transparent approach. To avoid dependency on external experts, though, a basic level of understanding of how PSE works is essential. Moreover, the tools and training currently available need to continue being deployed and made available.

In addition to gaining better skills and knowledge on, for example, finances, to interact more effectively with the private sector, SDC staff also need to show the added value of working in a PSE scheme. The ET believes SDC can play a central role with its partners in de-risking the private sector's investment. In this regard, the added value of SDC in a PSE project is clearer and offers a better chance of convincing the private sector. It needs to be clear that although SDC is not financing the private sectors' profits, co-investing in PSE schemes has the potential to making their endeavour less risky. The strong example of the silent loan guarantee could convince private sector actors that they can work with SDC and could foster interesting, “de-risked” opportunities for them. At the same time, SDC is also reducing its own risks; that is, if the investment works, it will not need to disburse the financial guarantee or broad protection pledged offered. This is the key knowledge area that SDC staff would require to enhance their ability to deal with private sector partners.

SDC should also continue to engage in relevant forums to spearhead discussions on increasing co-investment from the private sector towards the SDGs and other developmental objectives as well as finding the most effective vehicles for PSE in general. These relate to the handbook's annexes where different models are presented. The objective would be to determine, through enhanced monitoring data (see recommendation 6), which model is most effective and efficient and then scale its use. In turn, this would underscore other key elements that SDC could integrate into its strategy.

3. Without necessarily reviewing the SDC's PSE definition, there is a need to **adapt the guidance provided toward more practical terms**, allowing for more flexibility. It is important to bridge the specificity of the theoretical handbook with the complex realities on the ground. **(Conclusion 3)**

Tacit knowledge needs to meet and be integrated with systematised knowledge, leading to more dynamic knowledge production and application. To ensure that a porous approach to adopting the PSE modality is implemented, there needs to be a strong link between the theoretical description of the ideal PSE and the reality in the field. In visual terms, the elevator needs to go down (from headquarters to the field) and up (from the field to headquarters) to optimise the exchange of lessons learned and skill-building. The question of what the ideal implementation arrangements would be in which context (e.g., when are neutral facilitators needed; when tenders are required) also fall under the capitalisation on lessons learnt from practical experiences. This approach could be accompanied by fostering the design and implementation of additional innovative pilot projects to test different schemes and learn more quickly from direct implementation. The CEP would need to systematise feedback loops when traveling for PSE 100 courses, for example, to ensure field considerations are helping build practical realities in the theoretical guidance being built at headquarters. This recommendation would need to be coordinated with recommendations 1 and 6.

4. It would be important for **Swiss embassy cooperation sections to take part in improved PSE coordination and collaboration with other sections** and for SDC as a whole, in the longer term, to work in a closer manner with other Swiss ministries and institutions **in its conception and implementation of PSE initiatives. (Conclusion 3)**

This recommendation should be implemented at regional and country levels. Often embassies' trade sections already deal with the private sector. There is strong potential added value in having the SDC cooperation section of the embassy coordinate more closely with the trade section in its PSE approach. Linking embassies' private sector development objectives with the cooperation sections' PSE work would make for effective and efficient coordination within the Swiss representation abroad.

As for adaptation at the SDC and Swiss government levels, based on the analysis provided in evaluation question 2, a starting point could be to align PSE definitions and approaches across Swiss government bodies, at least in basic terms and then, to the extent possible, increase concrete coordination as SDC and SECO are already doing, even with two different definitions. There are already some projects that involve other Swiss government institutions which could be used as examples. Indeed, key players here included SDC, SECO, Federal Department of Foreign Affairs, SIFEM, and other Federal Departments and agencies that are not typically involved in development cooperation (e.g., The Federal Office for the Environment is linked to sustainable finance and impact investment).

This broader concept of PSE within and across different branches of government also has the potential of being better understood and accepted by the Swiss public. If it is clear which Swiss institution is working with which companies and other partners and that the government is working together on PSE, public acceptance will probably also be higher. It is clear that the embassy component of the application of this recommendation is a lower hanging fruit compared to the Swiss government aspect. In this context, there is a time perspective to be considered. The priority would be the embassy cross-section PSE coordination, where the

implementation of PSE projects is most advanced, which can then be used as examples for other embassies.

5. It is recommended, in the context of the transition toward “fit for purpose” within SDC, to **clarify the role of the CEP** in the current restructuring process. **(Conclusions 4, 5 & 6)**

PSE now sits under Economy and Education in the Thematic Cooperation unit following the restructuring process. In light of the “fit for purpose” restructuring underway at SDC at the time of writing the first version of the report, and now finalised, there is still an important need to clarify CEP’s mandate as well as its role within the organisation and its modality of work with other units and the field offices. That is, does the CEP solely have an advisory function; is it a one-stop shop that facilitates information and linkages, or does it have a broader role to play in the approval process and/or in the implementation of projects? Moreover, should the CEP have funds of its own to manage and possibly implement/manage projects? Opinions among SDC staff consulted for the evaluation differ on such questions as well as on whether changes of this magnitude can actually occur now that the “fit for purpose” restructuring has been deployed. Some concepts and proposals have been developed for the role and mandate of the CEP; management decisions are outstanding. This recommendation clearly calls for a management (i.e., Board) decision. The ET is of the opinion that the recommended changes here can still be implemented as the restructuring is a process and not an ad hoc change that ends the day it starts being applied.

The recommendation should also be coordinated with the actioning of recommendation 3. The CEP should be providing support to cooperation field staff, but it should also be absorbing experiences and lessons learned from the field to enhance and adapt the guidance it provides rapidly, in real time. The ET believes that the CEP should be at the centre of 1) the PSE political messages delivered at the highest levels, including the intent to do more PSE; 2) the theoretical conceptualization of PSE; and 3) the reality in the field. Indeed, the CEP can bridge all these elements so that clarity emerges on all fronts.

6. One of the most important recommendations of the evaluation is for SDC **to develop, strengthen and streamline the PSE monitoring and evaluation system (Conclusion 7 and 8)**. The implementation of this recommendation will support the successful integration of the other recommendations in PSE.

By building on the Annex 2,⁴⁶ adapting and improving it, SDC will be able to set-up a stronger M&E system. While there may be a broader need to strengthen monitoring and evaluation across SDC, better monitoring of PSE deployment will greatly increase the acuity of SDC’s decision-making process. This system needs to span from the very local context, where activities are being implemented, to the embassies’ cooperation sections, and then to the highest level of decision making at headquarters. A solid data collection, roll-up and analysis framework needs to be established so that clear, concise and up-to-date information is made available not only within SDC but also to partners, including the Swiss Parliament. Setting these clear and adapted monitoring guidelines will help the coordination with the private sector. Among examples of further adaptations that are needed to ensure more and better M&E, the following stand out, especially in relation to results-based or outcome-based contracts:

- Include a results-based budget in the tender document, so that it is more feasible to assess and compare the offers received by different bidders in terms of value for money;
- Adapt the accounting and financial reporting requirements to results-based budgets.

⁴⁶ Annex 2 is an SDC reporting tool used to aggregate and roll-up data on PSE projects being implemented within the agency, at all levels.

In terms of examples of private sector tools that could be used to a greater extent in SDC's PSE M&E system to inform progress, the following could be considered:

- Sustainable/green finance instruments
- Bonds
- Challenge funds
- Guarantees

Gaining access to a better understanding of how the global practice of PSE is evolving would also be useful in mitigating the reputational risk SDC faces in working with the private sector. If this reputational risk is related to the perception that SDC is seen as funding the private sector, then the Agency needs to show that beyond the market-oriented incentives for the private sector, working with it leads to bigger budgets, better designed, coordinated and implemented projects, and most importantly, to more, better and higher-level results and impact.

Once SDC has proven it can generate more and better developmental results for targeted populations it will be able to push further in its integration of PSE within its different spheres of influence, whether geographical or sectoral. In this context, SDC might be better positioned to be less risk averse and eventually simplify and mainstream PSE project design procedures. This would help realise the narrative that working with the private sector will render project implementation more efficient.

7. Finally, linked to recommendation 6, SDC needs to **enhance and improve its communication** on its PSE work. **(Conclusions 4, 5, 6 and 8)**

There is an overall need to strengthen SDC's communication strategy on its PSE work. SDC must take steps to sensitise and train its staff, clarify and explain the PSE philosophies and concepts with all stakeholders, prioritise and adapt PSE to different realities. Explanations and details from SIINC and impact investment projects, for example, could serve to ensure stakeholders understand the SDC approach to PSE in this new communication strategy. Indeed, these finance-based tools are niche for SDC and they are promising; SDC should pursue them further and systematise experiences and continuously learn from them.

8. LESSONS LEARNED

Seven lessons from the foregoing analysis are worth highlighting:

- 1) PSE is most likely to succeed in contexts where the economy is dynamic, entrepreneurship is valued, and private business is viewed as a solutions provider. SDC plays an important role in catalysing the private sector's added value into the developmental context.
- 2) Involving the public sector in PSE interventions can lead to more sustained results.
- 3) Involving private sector actors from the beginning of the design phase, with strong SDC coordination, can optimise private sector added value.
- 4) PSE at the local level has the greatest chance of succeeding when it is accompanied by a change at the policy level to ensure a thriving environment for public-private partnerships.
- 5) Ongoing access to appropriate technical support in PSE on an immediate, on-demand basis or through in-depth, longer-term training is essential for efficient design and operations.
- 6) Relationship- and trust-building in complex, multi-stakeholder PSE interventions should be acknowledged, planned for, and adequately resourced.

- 7) Working through the CEP experts and the backstoppers in an open, collaborative, participatory and transparent manner with SDC technical and management staff leads to better results than when project design processes appear to be black boxes that are not understood by those meant to implement the projects.

ANNEX I: EVALUATION MATRIX

Table 6 - Evaluation Matrix⁴⁷

EQ 1: To what extent are the PSE modality and PSE "portfolio" useful to contribute to the goals of 1) the Dispatches on Switzerland's International Cooperation, 2) the private sector, 3) partner countries' priorities and 4) the SDGs?			
<i>Sub-questions</i>	<i>Indicators</i>	<i>Source of Information</i>	<i>Data Collection Tools</i>
R1: To what extent are the modality and the "portfolio" appropriate for achieving the objectives set out by the Dispatch 2021-2024, cooperation programmes and regional guidelines?	1.1 Degree of alignment of the PSE modality and "portfolio" with the objectives set out by the Dispatch 2021-2024, cooperation programmes and regional guidelines	• SDC and project documents • Key informants from SDC	• Document review • KIIs
	1.2 Appropriateness of the PSE modality and "portfolio" to reach / support reaching the objectives set out by the Dispatch 2021-2024, cooperation programmes and regional guidelines	• SDC and project documents • Key informants from SDC	• Document review • KIIs
R2: Are the modality and the "portfolio" relevant to achieve the SDGs, international, regional and partner countries' development objectives?	1.3 Degree of alignment of the PSE modality and "portfolio" with the SDGs and international development objectives	• SDC and project documents • Key informants from SDC	• Document review • KIIs
	1.4 Degree of alignment of the PSE modality and "portfolio" with regional and partner countries' development objectives	• SDC, project and partner country documents • Key informants from SDC, Government	• Document review • KIIs
S3: To what extent do the modality and the "portfolio" address challenges in a systemic way, taking into account the interactions with environmental, social, economic and governance elements?	1.5 Degree to which the PSE modality and "portfolio" address challenges in a systemic way, taking into account the interactions with environmental, social, economic and governance elements	• SDC, project and partner country documents • Key informants from SDC, Government	• Document review • KIIs
	1.6 Degree of alignment of the PSE modality and "portfolio" with goals of private sector in Switzerland	• Key informants from private sector • Strategy documents of umbrella organisations and/or individual companies	• Document review • KIIs • Online survey
	1.7 Degree of alignment of the PSE modality	• Key informants from private sector	• Document review

⁴⁷ Please note the questions and sub-questions have been distilled from analysis of the key evaluation questions provided in the ToRs.

	and "portfolio" with goals of private sector (both national and international) in partner countries	• Strategy documents of umbrella organisations and/or individual companies	• KIIs • Online survey
EQ 2: To what extent are the PSE modality and the PSE portfolio coherent internally (within SDC and Switzerland ⁴⁸) and externally (governmental, private sector and other donor activities)?			
<i>Sub-questions</i>	<i>Indicators</i>	<i>Source of Information</i>	<i>Data Collection Tools</i>
R3: To what extent do the modality and the "portfolio" consider an inclusive, gender and LNOB sensitive approach in order to reach the poor, disadvantaged, and women?	2.1 Degree of alignment of the PSE modality and portfolio with an inclusive, gender and LNOB sensitive approach (in order to reach the poor, disadvantaged and women)	• SDC, project, partner countries' and other donor's documents • Key informants from SDC, Government, other donors	• Document review • KIIs • Online survey
C1: Are the modality and the "portfolio" systematically and sufficiently aligned, coordinated and complementary with other Swiss activities in the partner countries?	2.2 Degree of alignment, coordination and complementarity of the PSE modality and the "portfolio" with other Swiss activities in the partner countries, including with SECO (e.g., information sharing)	• SDC, project, partner countries' and other donor's documents; SECO and other Swiss organisations' documents • Key informants from SDC, Government, SECO, other donors	• Document review • KIIs • Online survey
	2.3 Degree of alignment, coordination and complementarity of the PSE modality and the "portfolio" with other Swiss activities at the global level including with SECO (e.g., information sharing)	• SDC, project, partner countries' and other donor's documents; SECO and other Swiss organisations' documents • Key informants from SDC, Government, SECO, other donors	• Document review • KIIs • Online survey
	2.4 Degree of alignment with nexus approach	• SDC, Government, project, partner countries' and other donor's documents; other Swiss organisations' documents • Key informants from SDC, Government, other Swiss organisations, other donors	• Document review • KIIs • Online survey
C2: Are the modality and the "portfolio" systematically and sufficiently aligned and complementary to partner	2.5 Degree of alignment and complementarity of the PSE modality and "portfolio" with partner countries' strategic	• SDC, project and partner country documents • Key informants from SDC,	• Document review • KIIs • Online survey

⁴⁸ This includes information sharing with SECO

countries' and other donors' strategic plans and national policies?	plans and national policies	Government	
	2.6 Degree of alignment and complementarity of the PSE modality and "portfolio" with other donors' strategic plans and national strategies in partner countries	• SDC, project and other donor's documents • Key informants from SDC, other donors	• Document review • KIIs • Online survey
	2.7 Degree of alignment and complementarity of the PSE modality and "portfolio" with private sector plans and strategies in partner countries	• Key informants from private sector • Strategy documents of umbrella organisations and/or individual companies	• Document review • KIIs • Online survey
	2.8 Degree of alignment and complementarity of the PSE modality and "portfolio" with private sector plans and strategies in Switzerland	• Key informants from private sector • Strategy documents of umbrella organisations and/or individual companies	• Document review • KIIs • Online survey
C4: To what extent are the PSE modality and the "portfolio" complementary and / or in synergy (as well as inconsistent) with the other 3 areas of activity with the private sector (economic policy frameworks, PSD, public procurement)?	2.9 The PSE modality and the "portfolio" are complementary and / or in synergy (as well as inconsistent) with the other 3 areas of activity with the private sector (economic policy frameworks, PSD, public procurement)	• SDC and project documents • Key informants from SDC	• Document review • KIIs
C5: Is the modality coherent with the overall "risk appetite" and risk management approach of the SDC?	2.10 The PSE modality and the "portfolio" are coherent with the overall "risk appetite" of the SDC	• SDC and project documents • Key informants from SDC	• Document review • KIIs
EQ 3: To what extent is PSE integrated into SDC's project cycle management and contributes to more and better interventions?			
<i>Sub-questions</i>	<i>Indicators</i>	<i>Source of Information</i>	<i>Data Collection Tools</i>
A2: How far are the basic principles of engagement for PSE collaborations (PSE Handbook, chapter 2.4), and in particular i) ensuring additionality and ii) avoiding the distortion of functioning markets and crowding-out effects, taken into account in the planning, implementation and monitoring of the projects/programmes?	3.1 Degree to which the basic principles of engagement for PSE collaborations (PSE Handbook, chapter 2.4), and in particular i) ensuring additionality and ii) avoiding the distortion of functioning markets and crowding-out effects, are taken into account in the planning, implementation and monitoring and evaluations of the PSEPSE collaborations and projects	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations	• Document review • Online survey • KIIs
	3.2 Degree to which PSE is integrated in corporate/strategic SDC evaluations		

	3.3 Degree to which PSE is included in SDC's annual reports		
C3: Are the modality and the "portfolio" sufficiently and systematically coordinated with other donor's, private sector and governmental engagement?	3.4 Degree of coordination and exchange between the PSE modality and "portfolio" with other donor's engagement in partner countries	• SDC, project and other donor's documents • Key informants from SDC, other donors	• Document review • KIIs • Online survey
	3.5 Degree of coordination and exchange between the PSE modality and "portfolio" with SECO's engagement in partner countries	• SDC, project and SECO's documents • Key informants from SDC, SECO	• Document review • KIIs • Online survey
	3.6 Degree of coordination between the PSE modality and "portfolio" with private sector in partner countries	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations	• Document review • Online survey • KIIs
	3.7 Degree of coordination between the PSE modality and "portfolio" with governmental engagement in partner countries	• SDC, project and partner country documents • Key informants from SDC, Government	• Document review • Online survey • KIIs
E5: Are the modality and the "portfolio" applied where there is an added value and greater impact?	3.8 Degree to which the PSE modality and "portfolio" are applied where there is an added value and greater impact	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
E7: To what extent are the modality and the "portfolio" innovative and take on risks in pursuance of their objectives?	3.9 Degree to which the PSE modality and "portfolio" take on risks in pursuance of their objectives	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
E8: In which contexts where SDC operates are the modality and the "portfolio" most effective and in which least?	3.10 Contexts where SDC operates (including fragile and conflict-affected countries) in which the PSE modality and the "portfolio" are most effective	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
	3.11 Contexts where SDC operates (including fragile and conflict-affected countries) in which the PSE modality and the "portfolio" are least effective	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other	• Document review • Online survey • KIIs

		donors	
Eff4: Is there a clear division of roles between the SDC and the private sector actors within the "portfolio"?	3.12 Degree to which there is clear division of roles between the SDC and the private sector actors within the PSE "portfolio"	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations	• Document review • Online survey • KIIs
	3.13 Evidence of adaptation of instruments based on experiences and lessons learnt	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations	• Document review • Online survey • KIIs
I3: Do the modality and the "portfolio" scale-up and have they been scaled through or leveraged other interventions?	3.14 Evidence of SDC's PSE modality and "portfolio" leveraging other interventions	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
S1: Which factors enhance the sustainability of the "portfolio"?	3.15 Factors enhancing the sustainability of the PSE "portfolio"	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
	3.16 Evidence of PSE being established as a standard modality within SDC	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
E9: How effective are the modality and the "portfolio" compared to international practices of other donors and other Swiss public actors (e.g. SECO)?	3.17 Degree of effectiveness of SDC's PSE modality and "portfolio" compared to international practices of other donors and other Swiss public actors (e.g. SECO)	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
EQ 4: How well equipped and positioned is SDC for PSE?			
<i>Sub-questions</i>	<i>Indicators</i>	<i>Source of Information</i>	<i>Data Collection Tools</i>
Eff1: Are SDC's procedures (general and financial) and ways of collaboration conducive for the	4.1 Degree of conduciveness of SDC's procedures (general and financial) for the PSE modality and the "portfolio" in partner countries or regions	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other	• Document review • Online survey • KIIs

modality and the "portfolio" in partner countries or regions?		donors	
	4.2 Degree of conduciveness of SDC's ways of collaboration for the PSE modality and the "portfolio" in partner countries or regions	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
Eff2: How efficient are SDC's specific instruments to plan, implement, manage and steer the modality and the "portfolio"? Is there a need to develop new instruments, or to apply other private sector specific instruments?	4.3 Degree of efficiency of SDC's specific instruments to plan, implement, manage and steer the PSE modality and the "portfolio"	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
	4.4 Degree to which there is a need to develop new instruments	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
	4.5 Degree to which there is a need to apply other private sector specific instruments	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
C5: Is the modality coherent with the overall "risk appetite" and risk management approach of the SDC?	4.6 The PSE modality and the "portfolio" are coherent with the overall risk management approach of the SDC	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
Eff3: Are SDC and its implementing partners using adequate financial and human resources (skills) for effectively implementing the modality and the "portfolio"?	4.7 Degree to which SDC is using adequate financial resources effectively for implementing the PSE modality and the "portfolio"	• SDC and project documents • Key informants from SDC	• Document review • KIIs • Online survey
	4.8 Degree to which SDC's implementing partners are using adequate financial resources effectively for implementing the PSE modality and the "portfolio"	• SDC and project documents • Key informants from SDC	• Document review • KIIs • Online survey
	4.9 Degree to which SDC is using adequate human resources (skills) for effectively implementing the PSE modality and the	• SDC and project documents • Key informants from SDC	• Document review • KIIs • Online survey

	"portfolio"		
	4.10 Degree to which SDC's implementing partners are using adequate human resources (skills) for effectively implementing the PSE modality and the "portfolio"	• SDC and project documents • Key informants from SDC	• Document review • KIIs • Online survey
	4.11 Evidence of capacity building of SDC staff at different levels in implementation of PSE	• SDC and project documents • Key informants from SDC	• Document review • KIIs • Online survey
	4.12 Evidence of capacity building of SDC partners' staff at different levels in implementation of PSE	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations	• Document review • Online survey • KIIs
	4.13 Degree to which SDC's institutional setup and resources are appropriate to sustainably position PSE as a standard modality at SDC	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations	• Document review • Online survey • KIIs

EQ 5: To what extent is the PSE modality and PSE "portfolio" achieving the expected results at the output, outcome and impact levels? Which factors contribute to or hinder the effective achievement of their objectives at the output, outcome and impact levels?

<i>Sub-questions</i>	<i>Indicators</i>	<i>Source of Information</i>	<i>Data Collection Tools</i>
E2: How is the degree of achievement of the medium-term axes of action in the area of PSE for the period 2021-2024?	5.1 Evidence of contribution to achievement of axes of action "increasing the PSE portfolio" in the area of PSE for the period 2021-2024	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors • Beneficiaries	• Document review • Online survey • KIIs • FGDs
	5.2 Evidence of contribution to achievement of axes of action "strengthening risk management" in the area of PSE for the period 2021-2024	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors • Beneficiaries	• Document review • Online survey • KIIs • FGDs
	5.3 Evidence of contribution to achievement of axes of action "managing PSE in humanitarian contexts and scenarios of conflict" in the area of PSE for the period	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other	• Document review • Online survey • KIIs • FGDs

	2021-2024	- donors - Beneficiaries	
	5.4 Evidence of contribution to achievement of axes of action "development of new instruments and tools suitable for difficult contexts" in the area of PSE for the period 2021-2024	- PSE documents - Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors - Beneficiaries	- Document review - Online survey - KIIs - FGDs
	5.5 Evidence of contribution to achievement of axes of action "fostering capacity building" in the area of PSE for the period 2021-2024	- PSE documents - Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors - Beneficiaries	- Document review - Online survey - KIIs - FGDs
E3: To what extent did the modality and the portfolio achieve their objectives (impact, outcome, outputs)?	5.6 Evidence of contribution to output level objectives and targets by PSE modality and "portfolio"	- PSE documents - Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors - Beneficiaries	- Document review - Online survey - KIIs - FGDs
	5.7 Evidence of contribution to outcome level objectives and targets by PSE modality and "portfolio"	- PSE documents - Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors - Beneficiaries	- Document review - Online survey - KIIs - FGDs
E4: Which factors contribute to or hinder the effective achievement of their objectives (outcome, outputs)?	5.8 Factors hindering the achievement of results at output and outcome levels	- PSE documents - Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors - Beneficiaries	- Document review - Online survey - KIIs - FGDs
	5.9 Factors favouring the achievement of results at output and outcome levels	- PSE documents - Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	- Document review - Online survey - KIIs - FGDs

		• Beneficiaries	
S4: Which factors of the modality are favourable and enhance the sustainability of the portfolio's results achievements?	5.10 Factors of the modality that are favourable and enhance the sustainability of the portfolio's results achievements at the output and outcome levels	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors • Beneficiaries	• Document review • Online survey • KIIs • FGDs
E1: How effective are the modality and the "portfolio" to achieve the SDGs and the objectives of the IC Strategy 2021-2024?	5.11 Evidence of contribution to the SDGs and the objectives of the IC Strategy 2021-2024 by the PSE modality and "portfolio"	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
E3: To what extent did the modality and the "portfolio" achieve their objectives (impact, outcome, outputs)?	5.12 Evidence of contribution to impact level objectives and targets by PSE modality and "portfolio"	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors • Beneficiaries	• Document review • Online survey • KIIs • FGDs
I1: What observable effects (intended or unintended, positive or negative) of the modality and the "portfolio" on target groups, market players and others can be evidenced?	5.13 Evidence of observable effects (intended or unintended, positive or negative) of the PSE modality and "portfolio" on target groups, market players and others	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors • Beneficiaries	• Document review • Online survey • KIIs • FGDs
I2: In what ways were the lives of communities, especially the poor, disadvantaged, and women, affected by the modality and the "portfolio"?	5.14 Evidence of contribution to changes in the lives of communities, especially the poor, disadvantaged, and women, affected by SDC's PSE modality and the "portfolio"	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors • Beneficiaries	• Document review • Online survey • KIIs • FGDs
I3: Do the modality and the "portfolio" scale-up and have they been scaled through or leveraged other interventions?	5.15 Evidence of interventions being scaled up	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors • Beneficiaries	• Document review • Online survey • KIIs • FGDs

I4: What contextual factors are favouring or hindering the impact of the modality and the "portfolio"?	5.16 Factors hindering the achievement of results at impact level	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors • Beneficiaries	• Document review • Online survey • KIIs • FGDs
	5.17 Factors favouring the achievement of results at impact level	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors • Beneficiaries	• Document review • Online survey • KIIs • FGDs
S4: Which factors of the modality are favourable and enhance the sustainability of the portfolio's results achievements?	5.18 Factors of the modality that are favourable and enhance the sustainability of the portfolio's results achievements at the impact level	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors • Beneficiaries	• Document review • Online survey • KIIs • FGDs
S2: How successful are the modality and the "portfolio" in contributing to the sustainability and the leverage of development outcomes?	5.19 Evidence of successful contribution of the PSE modality and "portfolio" to the sustainability and the leverage of development outcomes	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors • Beneficiaries	• Document review • Online survey • KIIs • FGDs
EQ 6: What is the value added of SDC's PSE modality and PSE "portfolio"?			
<i>Sub-questions</i>	<i>Indicators</i>	<i>Source of Information</i>	<i>Data Collection Tools</i>
E6: How far does the combination of assets and strengths of the SDC and the private sector lead to additional results (outcomes and/or impact) and to a higher effectiveness?	6.1 Evidence of additional results (outcomes and/or impact) achieved due to the combination of assets and strengths of the SDC and the private sector	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
	6.2 Evidence of higher effectiveness due to the combination of assets and strengths of the SDC and the private sector	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs

E7: To what extent are the modality and the "portfolio" innovative and take on risks in pursuance of their objectives?	6.3 Evidence of innovation of the PSE modality and the portfolio	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
	6.4 Evidence of exchange of knowledge and best practices around the planning/designing and implementation of PSE collaborations	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
	6.5 Evidence of exchange of knowledge and best practices around the planning/designing and implementation of PSE collaborations with SECO and other Swiss organisations	• PSE documents • Key informants from SDC, SECO, Government, other Swiss organisations	• Document review • Online survey • KIIs
Eff5: To what extent are SDC's PSE efforts (modality and "portfolio") value for money compared to other (more "classic") instruments to achieve given outcomes?	6.6 Degree to which SDC's PSE efforts (modality and "portfolio") are value for money compared to other (more "classic") instruments to achieve given outcomes	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
A1: What is the public perception of the modality and the "portfolio" within Switzerland and in partner countries? Did it change over time (2015-2020)?	6.7 Degree to which the public perception within Switzerland and in partner countries of the PSE modality and "portfolio" is favourable/positive/supportive	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
	6.8 Degree to which the public perception within Switzerland and in partner countries of the PSE modality and "portfolio" has changed over time (2015-2020)	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs
	6.9 Evidence of private sector funds being leveraged through PSE collaborations	• PSE documents • Key informants from SDC, private sector and other partners in PSE collaborations, Government, other donors	• Document review • Online survey • KIIs

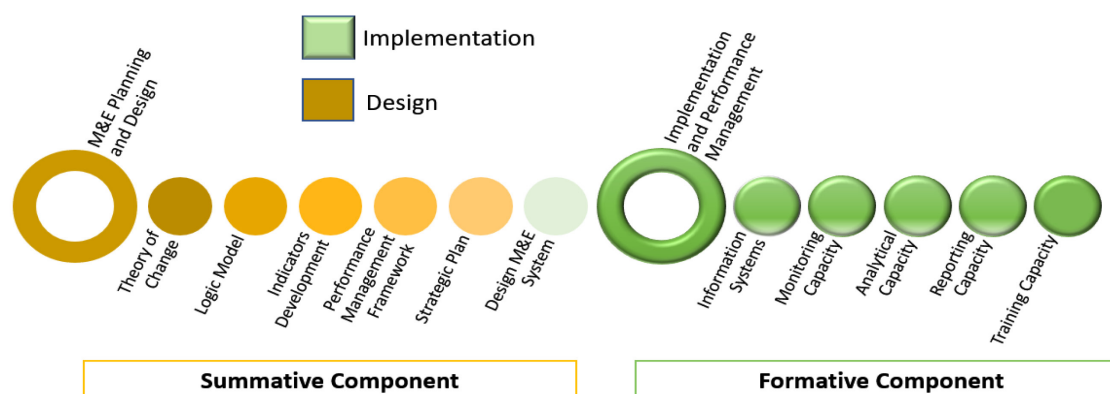
ANNEX II: ADDITIONAL METHODOLOGICAL ELEMENTS

Evaluation Approach

Guided by the evaluation ToR's requirement to incorporate both a backward and forward-looking methodology, the ET used a **systems approach in the conduct of the evaluation**. This systems approach is composed of two parts: a summative component and a formative component. The summative component articulates expected results, in the form of **Result-Based-Management (RBM)** work products, such as the theory of change (ToC), as well as key performance indicators (KPIs⁴⁹), among others. The formative component focuses on supporting the continuous institutional learning of SDC (developmental evaluation). This is depicted on the right-hand side of Figure 18. This evaluation aims to help the SDC and its partners, including private sector actors, to learn from the PSE portfolio's implementation and from the different approaches used to implement the shared vision and symmetrical collaboration. It seeks to inform future decision-making; hence, by definition, to be **utilization focused**.

The ET used a **participatory approach** to ensure that elements from the developmental evaluation approach are integrated (again the right-hand side of Figure 18). In particular, the team has ensured that the SDC CLP⁵⁰, which accompanies the evaluation process, was included in every step of the evaluation management process, as well as any stakeholders it considered relevant to involve. The ET also ensured the data collection process casts a wide net in terms of consulting different beneficiaries, private sector partners, donors, case studies relevant stakeholders and government representatives (mainly at the national level), among others. The ET believed that in addition to sharing impressions and findings throughout the evaluative process, the actual discussions that were held during the data collection process itself was a way to ensure that stakeholders learn during the exercise.

Figure 18 - Baastel's Systems Approach to Evaluations



For both summative and formative parts of the systems approach, the ET used a **theory-based approach** to conduct the evaluation. Preliminary document review found that the PSE from 2015 to 2021 has a basic ToC and it is expected from each project manager that they develop clear results chains and Performance Measurement Frameworks (PMFs) including KPIs⁵¹. The shown in the previous chapter, during the Inception Phase the ET completed a preliminary analysis of these tools, at both PSE portfolio/ modality and private sector collaborations levels

⁴⁹ See evaluation matrix in Annex for more details on the KPIs.

⁵⁰ The list of members of the CLP is presented in the Annex.

⁵¹ Swiss Agency for Development and Cooperation. January 2021. SDC Handbook on Private Sector Engagement. Bern: Federal Department of Foreign Affairs.

https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/Handbook_PSE_EN.pdf

and their related documentation to determine the evaluability assessment. The evaluation team, therefore, with support of the CLP, reconstructed the ToC to support the assessment of the overall portfolio progress as well as the contribution of the modality and sampled projects (case studies) to this progress, all within their different operational domains and geographical contexts. Through the theory-based approach, the ET also assessed the programme's contribution to the SDGs.

In addition to the portfolio analysis and some interviews, the evaluation was centred on the case study countries/projects and three field visits, complementing the theory-based approach, the ET used a **contribution analysis** to develop more granular insights into the extent to which, and how these case study results have contributed to achieving the PSE level results. Implementing this approach in this summative and formative evaluation entails integrating it from the very beginning. The links between the case studies and the portfolio's revisited-ToC was examined during the data collection phase. In this way, the data collection and analysis informed the evaluation's findings and conclusions by explaining how the *channels* through which portfolio is contributing to the ToC's proposed changes operate, if these changes are observed, that is.

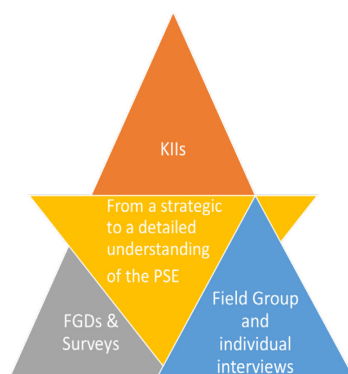
The portfolio analysis has also been used both during the evaluability and sampling processes. Indeed, it has set the basis to ensure that the case studies selected—and that was finalized in consultations with the CLP—are based on the most balanced sample of projects, themes and regions as possible and supported the actual contribution analysis by providing useful and relevant data and information.

These elements form the core of our suggested approach for the evaluation. The team considered this is a **realistic approach considering the requirements of the ToR as well as the findings of the evaluability assessment**, as demonstrated in the methodology section below.

Methodology

The ET used a combination of quantitative (database, financial and electronic surveys [e-surveys]) data and qualitative (document review, key informant interviews [KIIs] and focus group discussions [FGDs]) information to support its findings. **Several lines of evidence** that

Figure 19 - From Strategic to Details Levels



incorporate and reflect various sources of information and perspectives from Switzerland and case study stakeholders, including representatives of private sector partners, provided the foundation for a **rigorous triangulation process**. Apart from the document review, which informed the portfolio analysis, the case studies, and the preparation of the interviews and FGDs protocols, data collection methods focused on people. A sample of potential respondents was determined (both in terms of proportion and in terms of sociological composition) within the KIIs and the case studies' interviews and

FGDs. The sampling process was designed to ensure that the data collected was balanced in terms of the operational domains; geographical coverage; types of intervention; budget size; and ongoing or completed interventions, among other variables.

Here is how the data collection process took place:

KIIs: KIIs refer to higher-level, strategic, discussions that provide an overview of how the elements are positioned in all of SDC's PSE work. Therefore, they are at the top of Figure 19

to the left. Key informants are the strategic individuals who are involved in the decision making for the PSE or that are important partners in its implementation. In-depth, semi-structured KIs were conducted with a sample of relevant stakeholders (both women and men), including SDC senior management, CLP members, the external reference group members, SDC and partner private sector project and programme managers and other relevant staff, among others⁵². The ET had already **started with these KIs during the inception phase**. The kick-off meeting, the ToC workshop and individual KIs all have informed the development of the methodology.

Figure 19 on the previous page reads from top to bottom. Hence, the KIs helped the ET gain a broader understanding of the strategic approach used for the implementation of the PSE's portfolio and the application of the modality (e.g., the tendency to start working more through the multistakeholder approach compared to a more bilateral link with the private sector initially). As has been the case some of these KIs were conducted through remote processes, considering the Covid-19 context as well as the fact that some stakeholders were located in different parts of the world where the ET did not travel (i.e., other than Bern, Switzerland and the case study country visits). Yet a mission to Bern was planned to discuss the content of the IR and in particular the sampling strategy. The consultations associated with this mission were considered part of the KIs. Other KIs continued to be carried out throughout the data collection process.

The KIs were the main information source for the benchmarking process. Indeed, benchmarking is an objective that can be captured potentially through document review and KIs but would be challenging to tackle through the other lines of enquiry.

Field interviews were conducted with all relevant management teams, and co-operation partner representatives, during the case study visits. Such group and individual interviews allowed the team to understand **what had changed within the visited countries**. These needed to take place once the ET had a full understanding of the strategic aspects behind the PSE, which was acquired during the KIs. These interviews are hence presented at the lower portion of Figure 19.

E-Surveys: E-survey was used to collect quantitative and qualitative data on how international, regional, national, and local stakeholders (both women and men), view their participation in the PSE portfolio projects and how they perceived its modality. The e-survey was used to understand **how the respondents view the results achieved**, and any changes their participation in SDC's PSE work have been generated. The e-surveys also **enhanced intersectional findings** by allowing analysis by age, gender, types of interventions respondents have been involved in, socio-economic status, location, and other variables. The team therefore sent invitations to participate in the e-survey to all stakeholders for which email addresses were available. This meant it was important to collect these and ensure the list was complete and exhaustive.

E-surveys allow for a detailed understanding of specific stakeholders' impressions which is why it is presented at the lower end of the above-left Figure 19 (along with FGDs). As with the field interviews, these two data collection processes were launched after the KI process was completed. In terms of process, the ET followed this approach:

Once the e-survey questionnaire was revised and approved by the CLP and the evaluation management, and translated, the ET uploaded it to the Qualtrics survey platform⁵³. From there, tests were conducted to ensure that the e-survey worked without issues.

Once these preliminary steps were finalized, the official process of collecting data through the e-survey started. Below are the steps that ensured smooth implementation of the e-survey:

⁵³ www.qualtrics.com

- SDC provided the list of email addresses of all potential respondents. In terms of invitations, the e-survey can be considered a census since the full population of potential respondents was invited to answer;
- SDC sent official letters/emails of invitation to all potential respondents;
- Once the letters were sent, the ET used the email addresses to send the e-survey link to the potential respondents via the survey platform's messaging system;
- After three days, a reminder was sent to prompt the potential respondents to respond to the questionnaire, after an additional week, the ET sent a second reminder; and
- Every time a respondent left the questionnaire page (closes the survey), the software automatically saved their data on the ET's account on the survey platform server. Thus, once the e-survey was officially closed, the full set of data (all answers provided by respondents) was available to be downloaded in its raw state for analysis.

FGDs: A sample of primary stakeholders (both women and men, i.e., **to collect field mission related case study information** supporting and nuancing the e-survey and interview data), was consulted through FGDs. These consultations were scheduled and organized with the support of project stakeholders in the case-study countries. Priority was given to the assessment of case-study projects' contributions to the successes in reaching targets and how the PSE modality has helped reach the projects' objectives (e.g., access to goods and services, jobs and net additional income) and contributed to SDC-country-level results.

Interviews, FGDs and e-surveys were used to assess the respective roles of the respondents in reaching operational domain expected results. They also were used to explore the **different intervention approaches** and how they responded to different needs and priorities of stakeholders (differentiated by gender).

As noted, consideration was given to the restrictions due to **the COVID-19 pandemic**. The team, from recent experience, proposed planning a sub-set of group discussions where social distancing was possible. **Masks were provided** to all participants by the ET. Since, coordinating and setting up such events is time-consuming, the support from project national counterparts (e.g., national management teams) was important. These counterparts needed to be informed in advance that their support was needed. For the rest, the team members' extensive experience with facilitating dynamic FGDs allowed for participants to feel comfortable in sharing their views and hence ensure the ET got a firsthand sense of stakeholder interactions and a better understanding of the realities on the ground.

Drawing on the approach described in the ToR, the following evaluation steps and activities were proposed. In line with its collaborative approach, the ET was open to **discussing and considering alternatives** on all aspects of the proposed Methodology. Given the need to balance the overarching assessment of the complex PSE portfolio and modality within a determined scope and budget, the team undertook a **key-shaped evaluation enquiry**. This involved a broad scan across the various aspects of the PSE to assess overall results/ answers to the key evaluation questions, with focused **investigation of results and change pathways** for the selected three case study projects. In other words, as the team gained a more detailed understanding of the project (reaching the lower level of the triangle shape in Figure 19), it selected, in close coordination with the CLP, specific elements for more in-depth analysis.

Sampling

For the E-survey among SDC staff, the sampling strategy was that of a census, since all SDC staff were invited to participate in the internal survey related to PSE.

At the Individual Level

For the other lines of enquiry, a purposive sampling technique was used to ensure appropriate representation of a range of voices and perspectives was heard on how they perceived 1) their participation in the PSE portfolio projects and 2) the modality and implementation of their PSE work. Once the contact details were available, the sample at individual level balanced the involvement of international, regional, national and local stakeholders (both women and men) as well as gender⁵⁴, age, and type of stakeholder. The sampling strategy was developed, drawing on the preliminary desk review, stakeholder mapping, and consultations that took place during the inception phase.

From initial discussions during the design phase, the ET understood that it was important to consult private sector representatives. The sampling frame covers the population of the varied stakeholders, given that SDC engages with different categories of private sector actors from many geographic regions: large/multinational companies, Small and medium-sized enterprises (SMEs), social enterprises, impact investors, and grant-making foundations. Other key stakeholders engaging with the SDC for PSE collaborations include donors, governments, NGOs, research centres and academic institutions. Specifically, stakeholders involved in the Dispatches on Switzerland's international co-operation (2013-16, 2017-20 and for the forward-looking part 2021-2024 Strategy) were part of the population used for the sampling purposes. Thus, the ET consulted with stakeholders engaged in those activities implemented during a period of seven years (2015-2021).

At the international level, the interviewees listed in annex VI were consulted.

At Country Level

As described above, the ET proposed to mainly use countries as unit of analysis. For the selection of country offices to be visited and assessed in more detail, the following selection criteria were considered:

- SDC priority/partner country during the period under evaluation;
- Country office with a diverse PSE portfolio, including “full-on” PSE collaborations (i.e., ore aligned with the PSE Handbook specific guidance);
- Country office with PSE collaborations that cover the entire period under review in the evaluation;
- Country office with local and international staff that have been actively involved in the negotiation and/or management of PSE collaborations;
- Country office that has benefitted from CEP support in one form or another, including trainings.

At Project Level

At project level, eight to ten case study projects were selected from the PSE portfolio based on the most balanced sample of projects, themes, and regions. The sample, built on the long list of projects pre-selected by the ET and presented in Table 7 below, was constructed to comprehensively examine the PSE portfolio and modality within the determined scope and budget of the evaluation. Sampling criteria included variables such as geographic location, organization governance, population, and security, COVID 19 situation, type of stakeholders, and location of key stakeholder institutions.

⁵⁴ Gender balance in the sampling of respondents is not always possible given that gender parity in key roles may be lacking. Where this is the case, efforts will be made to ensure meaningful representation of women and youth, and evaluation reporting will reflect on this issue. If feasible, gender ratios among respondents will be compared to relevant overall gender ratios.

For the sampling of projects, the ET proposed to use the following criteria:

- Geographical coverage
- Sectors⁵⁵
- PSE modality
- Total budget size⁵⁶
- Private sector contribution “size”⁵⁷
- Type and number of partners involved
- Completed / ongoing PSE engagement
- Previously evaluated or not.⁵⁸

The eight to ten case study projects as well as the full portfolio assessment were analysed through a tiered approach (see table 7 below). This approach ensured that the evaluation could, with robust confidence, assess the SDC PSE modality and its deployment, using data from the targeted countries, while ensuring a representative coverage of the major characteristics of the portfolio of projects.

Table 7 - Tiered Approach to Sampling

Tiers	Sampled countries	Sampled projects	Analytical process involved
Tier 1 In-Depth Project Analysis	Three partner countries + Switzerland	The majority of the PSE projects in each country	• Projects Results Assessments: focused on all evaluation criteria and answering all questions detailed in the evaluation matrix. • The assessment is informed by a variety of data collection methods: document review, KIIs (grouped KIIs will increase the number of stakeholders consulted), FGD and online survey. • Interviews and FGDs will be held in country during field visits. • Case study short reports will be annexed to the final evaluation report.
Tier 2 Project Results Assessments	3 countries/ regions	5 to 8 sampled projects	• Project Results Assessment: focused on all evaluation criteria and answering all questions detailed in the evaluation matrix. • The analysis relies on document review, remote KIIs and the online survey.
Tier 3 Portfolio analysis	All regions	Based on the available data on the platform	• Document review and online survey.

⁵⁵ The evaluation team found that an assignment to sectors was not possible in 228 out of 400 entries in the database.

⁵⁶ It should be noted that the database only includes almost complete data (except in three cases) on SDC's contribution to each project. The total contribution of PS and/or other partners involved, and, therefore, the total budget size, cannot be retrieved from the database as of yet. Furthermore, for the SDC contribution it has to be noted that there are inconsistencies in the data entered in the database: in some cases, it relates only to the specific PSE collaboration; in other cases, the amount relates to the entire project budget, which may be much larger/wider than the PSE collaborations that are linked to it. Both in the case of SDC's and the private sector's contribution, sometimes the amounts refer only to the amount reported in the latest annex 2.

⁵⁷ The PS contribution is not entered in 131 out of 400 cases and is 0 in 155 out of 400 cases.

⁵⁸ In addition, it should be noted that the SDC database does not currently include data on evaluations that have taken place at PSE project level.

Furthermore, the evaluation team proposed to avoid overlap with the simultaneous SECO evaluation. In this context, the present sample was shared with the SECO PSE ET to compare samples. The ET also sought the CLP's opinion on which projects were “going well” and which ones were “struggling” in order to also have a mix of projects in the sample regarding satisfactory performance. Yet the economically and politically favourable contexts in which the projects were going well were important to assess as a priority. PSE initiatives can be enabled or disadvantaged depending on political and economic factors at the country, sector, or even sub-national levels. Some policy environments are better than others for PSE success, presumably. In the cases of “bad” policy environments the ET can relatively easily understand what the bottlenecks are. The more interesting contexts to probe in this regard are those where projects are thriving. In other words, the ET examined how policy contexts interact with project design and implementation to facilitate or constrain project results.

The ET was given access to SDC's database of PSE projects. According to information contained therein, there are 211 PSE projects, some of them with several phases. In total, the database contained 400 individual entries, i.e., including individual phases.

Figures A and B show the distribution of PSE projects according to format and theme, based on the number of projects in each.⁵⁹

Figure A: PSE collaborations by format

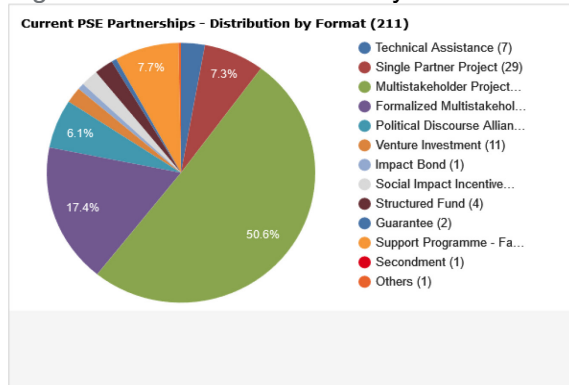
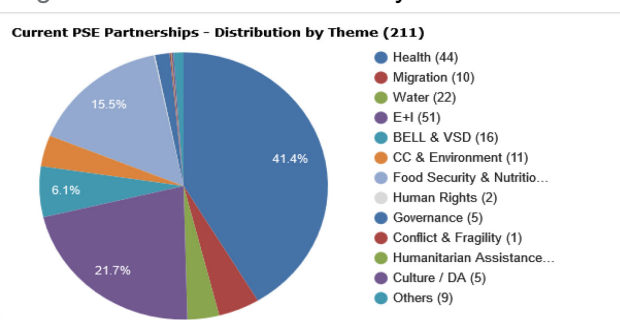


Figure B: PSE collaborations by theme



In addition to trying to match the portfolio considering these two criteria (i.e. format and theme) a few points are listed below to explain how the ET developed the long list of potential projects from which a sample was drawn, also using these criteria:

- Geographical coverage: projects from Latin America, Africa, Asia and Central and Eastern Europe were considered;
- A mix of completed and on-going projects was chosen (whereby 196 out of 400 elements in the database appear as on-going);
- A mix of projects with only one phase and others with several phases was chosen, whereby the ET decided to exclude projects that started in 2021 and interpreted projects that were closed after one phase as potential cases of non-successful projects;
- Despite the fact that the geographical coverage is not entered for all projects in the database (with about 50% of the entries not indicating coverage), the majority of projects and project phases seem to be bilateral in nature (i.e. involving only one partner country) and global - therefore, the ET also attempted to have a mix of global, regional and bilateral projects in the long list sampled;
- Since SDC is interested in expanding PSE to difficult and fragile contexts, the ET purposefully included the humanitarian aid domain in the sample; the ET hoped that a visit

⁵⁹ Please note that a distribution by volume/size of projects, either by region, type of format or theme, could not be generated, based on the information available in the database.

to Tanzania could also lead to insights on projects being implemented in the Horn of Africa and proposes to include Haiti alongside Colombia as countries to be visited in Latin America and the Caribbean;

- Based on information in the CEP project database, the average size of SDC's contribution to PSE projects is 5.88 million CHF; the ET attempted to include a variation of projects in the long list sampled, having a few below and above that average;⁶⁰
- Although information on the PS contribution is scanty in the database, the ET attempted to mirror the mix contained therein: some projects with 0 contribution from the PS, some with less than SDC's contribution, and some with a significant higher amount compared to SDC's contribution;
- Opinions from CLP members and KIs interviewed during the inception period were taken into account with regard to interesting cases, either as examples of successful scale-up, innovative approaches or as failures from which lessons can be drawn;
- Despite about 50% of all PSE projects being multi-stakeholder projects, the ET purposefully attempted to have almost all forms of PSE collaborations mirrored in the long list sampled;
- Equally, the ET attempted to have a mix in terms of partners involved, i.e. including multinational companies, SMEs, social enterprises, impact investors and foundations;
- The ET also took into account information provided by the CLP and KIs during the inception period on projects that were frequently used as examples for PSE collaborations and decided to exclude these, which also had the effect that health projects are currently not included in the long list sampled;
- Because of the ongoing war in Ukraine, the ET decided to not include any project from that country, even though it had an interesting portfolio and long-standing experience in the implementation of PSE collaborations.

In terms of country visits (for tier 1), the ET proposed the following:

- Tanzania as an example of a country with a diverse PSE portfolio, including both bilateral, regional and global projects, together with Kenya in order to also cover a fragile context such as the Horn of Africa;
- Bangladesh as an example of an Asian country with a diverse PSE portfolio;
- Switzerland was visited to collect data with SDC representatives of global projects.

In terms of countries to be included in Tier 2, the ET proposed the following:

- Colombia for Latin America and the Caribbean: to include a case where SDC's work is phasing out, as well as where there are important lessons to be learned and is an overlap with humanitarian aid. The ET also noticed that there are projects that started in Latin America and the Caribbean and that are being scaled to other regions and country where SDC is active;
- Bosnia & Herzegovina for Central and Eastern Europe; and
- Jordan and Tunisia for the Middle East and North Africa (MENA) region, where PSE is only somewhat present in the portfolio yet (it seems there is a certain enthusiasm around the topic in the MENA region).

⁶⁰ This amount is questionable to some extent because there are inconsistencies in how budgets are recorded in the CEP database. However, the current version of the PSE project database is the only data source available to the ET during the inception phase.

In terms of Tier 3, as mentioned, all regions where SDC is active were considered with a focus on those that were less covered by Tiers 1 and 2, such as, but not limited to, South-East Asia and West Africa.

The evaluation team used the following three tier sample for the case studies and portfolio analysis.

Project	Location	Tier
BMMDP (7F-08596.01)	Bangladesh	1
Scaling Social and Impact Enterprises (SSIE-B) (7F-09990.01)	Bangladesh	1
Opportunities For Youth Employment (7F-09348)	Tanzania	1
Kenya Resilient Arid Lands Partnership for Integrated Development (RAPID) (7F-09418.01) and RAPID+ (7F-09418.02)	Kenya	1
Private Sector Partnership for Health (PSPHP) (7F-10062)	Somalia	1
Livestock Strengthening Sector (LSS) project (7F-09800.01) (7F-09800.02)	Kenya	1
Kakuma Kalobeye Challenge Fund (KKCF) (7F-10106)	Kenya	1
Ifakara Heath Institute Innovation Lab project (7F-01726)	Tanzania	1
Innovation for Social Change.	Tanzania	1
ACELI (7F-10627)	East Africa	1
Water Stewardship (7F-09969)	global	1 (CH)
ABC fund (7F-10385.01)	Africa	1 (CH)
REPIC platform (7F-01587)	Global	1 (CH)
UA Publ.-Priv.Partnership in Agriculture (7F-10004)	Ukraine	2
SIINC Jordan (7F-10978)	Jordan	2
African Risk Capacity (ARC) (7F-08569)	Africa	2
SIINC (7F-09447.01)	LA	2
Sistema B (7F-10142.01.03)	LA	2
Suiz Agua (7F-07015; 7F-08402)	Colombia Peru	2
BioCF-ISFL (7F-10102.01)	global	3
Innovative Financial solutions (7F-10315.01)	global	3
Programme for Humanitarian Impact Investing (7F-09875.01)	global	3
Humanitarian Innovation Lab (7F-09636.01)	global	3
MICRO (7F-08679.01)	LA	3
Diaspora for development (7F-08796)	BiH	3
Indigo Digital (7F-09009.01)		3
C-Shares for the European Fund for South Eastern Europe (EFSE) (EPS0001.01)		3
MOZAIK (7F-09831.01)	BiH	3
ILFF (7F-10611.01)	Africa	3
Microfinance Greenfielding (7F-06373)	Mozambique	3
LIFT (7F-07324)	Myanmar	3
More coffee with less water (7F-09031)	Vietnam	3
CALAC (7F-01079.04)	LA	3
Pamiga (7F-05829.02)	Africa	3
Aquafund IDB (7F-07754.02)	LA	3
FONKOZE (7F-07916.01)	Africa/ Haiti	3
Bloom (7F-10216.01)		3
Sustainable Vetiver Development (7F-08315.01)	Haiti	3

Evaluation Phases

Phase 1: Inception

During this critical phase of the process, the team engaged in many interactions with the evaluation management as well as the CLP (see annex VI for a list of stakeholders consulted during the inception phase). Indeed, preliminary discussions with the evaluation management took place in early December 2021; then an official **start-up meeting was animated** on December 16, 2021, to review the ToR with the CLP; a ToC workshop was also held early February and the ET conducted five KIIs with strategic stakeholders to ensure a shared understanding of evaluation needs, objectives, scope, and focus. Initial document review and consultations/ interviews assisted build a picture of the PSE portfolio and modality, its history, as well as its related “generic” ToC (see annex IV of the SDC Handbook on PSE which was used to develop the reconstructed ToC as part of the evaluability assessment). The preliminary data collection activities also helped the ET collect details on the PSE projects/programmes, including context, activities, key stakeholders and beneficiaries, and monitoring systems. These discussions now help determine the content of the present IR through a participatory approach (linked to the developmental evaluation approach).

During this inception phase, the crucial **evaluability assessment process** was conducted (see chapter 2 of the IR).

As the initial review and preliminary discussions with key priority stakeholders have taken place, and as the evaluability assessment is completed, the ET is now in a position to finalize the sample in Bern and fully design the evaluation. The present IR is the culmination of this first portion of the inception phase. The draft IR is now shared with the evaluation management and CLP for review and any required revisions, based on comments received, will be incorporated in a final version (deliverable 1). These comments will be shared and discussed during the week of March 14th 2022. The approved IR will serve as the guide for the rest of the evaluation process.

Phase 2: Data Collection

Data collection (document review, e-survey, KIIs, FGDs and direct observation during field missions), aligned with the approaches described above, were grounded in the portfolio's ToC and case study projects' PMF and organized according to the evaluation matrix (EM). In all data collection processes, stakeholders were advised of the purpose of data collection, how information were used, and that their participation was voluntary. **Respondent confidentiality was assured** (raw data will stay with the ET, and only anonymized / aggregated data will be public).

Traveling was possible, the ET conducted, at the end of each of the field visits, when possible and considered relevant, debrief sessions during which preliminary impressions concerning the evaluation questions were presented to relevant stakeholders. These types of events, in addition to allowing for continuous learning, helped **discuss the ET's impressions and correct any potential factual misunderstanding**. The sessions were essential for the “communication deliverables” mentioned in the ToR and they were also considered as **extensions of the data collection phase**.

Once data was collected and debrief sessions held, the data underwent a full analysis and was carefully triangulated. The ET cross-checked all findings produced through each line of evidence against the others to **answer the evaluation questions comprehensively and thoroughly**, with any identified gaps addressed through some follow-up data collection, as possible. Although the ET was under the impression that there was a high “frankness level” in most deliberations and consultations, stakeholders (via the survey, FGDs, or KIIs) tend to respond a bit more positively about the projects they are involved in than critically. The ET's experience in setting contexts in which respondents' confidentiality was ensured made a difference in that sense and triangulation and the ET's checking of sources outside the main project actors and documents mitigated response bias.

In addition to the post-mission debrief sessions, a post-data collection and analysis full debrief session was also held with the CLP, in the form of a workshop before moving to the reporting phase.

Phase 3: Reporting

In the final phase, the evaluation report was drafted, responding to the objectives and agreed evaluation questions, in relation to the OECD-DAC evaluation criteria. Key findings were presented along with **supporting evidence** in a concise and engaging manner to encourage understanding and uptake. **Linkages** between findings, conclusions, and recommendations were clear, lessons were relevant and contextualized, and recommendations were realistic and actionable.

The draft Evaluation Report will be **shared for review**, and subsequently revised based on collated comments received from the CLP. A final Evaluation Report will then be submitted (deliverable 2), and an online presentation facilitated.

Evaluation Management

The **SDC evaluation management's** main responsibility was to manage and supervise the entire process of the evaluation. The evaluation management took care of formulating the Approach Paper, commissioned the ET, and approved the IR and the Evaluation Report, in consultation with the CLP. Furthermore, the evaluation management assisted the evaluators in receiving appropriate logistical support and access to information.

The evaluation management coordinated the CLP and their meetings and facilitated the review and validation of lessons learnt and recommendations.

The final evaluation report to be published will be prepared by E+C. It will consist of the Evaluation Report and the Senior Management Response by SDC's Directorate.

The **CLP** accompanies the evaluation process. It was engaged in learning through interactive reflection with the ET. It will comment on the evaluation design (draft IR) and on the draft Evaluation Report. At the capitalisation workshop, the CLP will receive and validate the evaluation findings, conclusions, lessons learnt, and recommendations.

The evaluation process included periodic engagement of the CLP members and/or other relevant SDC staff for following activities:

- Provided support to the ET in better understanding SDC's approaches, structures, and working processes, including through the ToC workshop;
- Commented the IR and provided feedback to the draft Evaluation Report; and
- Drafted the Senior Management Response.

The CLP is composed of a representative of each operational domain of SDC (Humanitarian Aid, South Cooperation, Global Cooperation, and Cooperation with Eastern Europe), two representatives from the field and a technical expert of the CEP.

The **ET** had the overall responsibility for:

- Ensuring that all products adhere to the SDC evaluation standards as well as OECD/DAC (2010) Quality Standards for Development Evaluation;
- Managing the evaluation following the IR and work plan approved by the evaluation management;
- Preparing and submitting all deliverables for revision (the evaluation management and CLP) and approval by the evaluation management;
- Reporting regularly on progress to the evaluation management;
- Preparing ToR for the hiring of a senior national consultants;
- Putting together a team with the requisite skills;

- Ensuring the quality assurance of all deliverables;
- Working closely with the CLP, the evaluation management and Project experts during all the evaluation process.

Timeline and Workplan

The acronym W stands for week in the timeline below.

Table 8 - Work plan for the evaluation

Tasks	Timeline (2021-2022)
Inception Phase	
Start-up meeting	Mid-Dec.
Preliminary doc review	Dec-Feb
Preliminary interviews (Phone)	Jan-Feb
Draft inception report	End-February
Feedback to the inception report to the CLP	Mid-March
Final inception report (D1)	April
Data collection and analysis	
Document review	March-April
Preparation of field visits and travelling time	April
Field visits and data collection (including Switzerland)	April-June
Interviews or focus group discussions	May - June
Online survey(s)	May
Capitalization workshop of intermediate results	June - July
Deep-dive case studies	June- August
Data analysis and triangulation	June- August
Analysis and Reporting	
Draft evaluation Report	W2 October
Feedback on Draft Report (in Bern)	W4 October
Final evaluation report including the infographic (D2)	W2 November
Presentation of the Final Report to the Directorate of SDC in Bern	W4 November

ANNEX III: GENERIC DATA COLLECTION TOOLS

(1) Generic KII guide for SDC staff

PSE approach, modality and portfolio

To what extent does the PSE modality and "portfolio" align with

- the objectives set out by the Strategy 2021-2024, cooperation programmes and regional guidelines?
- the Agenda 2030 and SDGs?
- partner objective and priorities?
- activities of other donors, including Swiss agencies, in partner countries?
- Private sector priorities?

To what extent does the PSE modality and "portfolio" complement

- partner objective and priorities?
- activities of other donors, including Swiss agencies, in partner countries?

To what extent does the PSE modality and "portfolio" coordinate with

- Government in partner countries?
- other donors, including Swiss agencies, in partner countries?
- private sector in partner countries?

To what extent is the PSE modality and "portfolio" complementary and / or in synergy (as well as inconsistent) with the other 3 areas of activity with the private sector (economic policy frameworks, PSD, public procurement)?

Implementation of PSE

To what extent are the basic principles of engagement for PSE collaborations (PSE Handbook, chapter 2.4), and in particular i) ensuring additionality and ii) avoiding the distortion of functioning markets and crowding-out effects, taken into account in the planning, implementation and monitoring of the projects/programmes?

To what extent does PSE modality and the "portfolio" take risks in pursuing its objectives?

To what extent is PSE modality and the "portfolio" are coherent with the overall "risk appetite" of the SDC?

To what extent is PSE modality and the "portfolio" are coherent with the SDC's risk management approach?

To what extent is there a clear division of roles between the SDC and the private sector actors within the "portfolio"?

To what extent are instruments and tools used in PSE specific to the portfolio and modality?

Are instruments and tools revised on a regular basis? Please give examples.

Are experiences from implementing PSE collaborations documented and shared/discussed? Please give examples.

What can be done to further improve SDC's procedures related to PSE?

What can be done to further improve SDC's ways of collaboration in PSE?

Is there a need to develop new instruments, e.g. private sector specific ones? Please explain.

Is SDC dedicating human and financial resources sufficiently and effectively to PSE? Please explain.

To what extent has capacity strengthening for PSE implementation taken place SDC-internally?

Are SDC's partners dedicating human and financial resources sufficiently and effectively to PSE? Please explain.

To what extent has capacity strengthening for PSE implementation taken place among SDC partners?

Results of PSE

Can you give examples of significant SDC achievements in PSE?

What factors made these examples successful?

What are factors that hinder the achievement of results through PSE?

Do you know examples of PSE collaborations being scaled up? Please describe.

What factors made this scaling up successful?

What are factors that support/enhance sustainability of results of PSE collaborations?

What are factors that threaten sustainability of PSE collaborations?

To what extent is PSE contributing to the achievement of the medium-term axes of action in the area of PSE for the period 2021-2024? (axes are: increase PSE portfolio, strengthen risk management, manage PSE in humanitarian contexts and scenarios of conflict, foster capacity building).

To what extent are the PSE modality and "portfolio" are applied where there is an added value and greater impact?

In which contexts where SDC operates are the modality and the "portfolio" most effective? In which contexts are they least effective?

To what extent does PSE

- lead to greater effectiveness of SDC interventions?
- promote innovation?
- constitute more value for money than other forms of collaboration?

To what extent has public perception of PSE influenced the implementation of PSE?

To what extent is public perception of PSE favourable/positive?

To what extent has public perception on PSE changed over time?

(2) KIs guides for specific groups of respondents

Table 9 - Generic questions for KIs with key stakeholders

Targeted respondent category	Generic questions
Partner country government	• To what extent does SDC's PSE modality and "portfolio" align with your priorities, strategies and plans?

		• What do you consider to be the advantages of PSE in achieving your national goals and targets (e.g. Agenda 2030/SDGs)? • What do you consider to be the biggest challenges when it comes to PSE implementation? What has SDC done or what can SDC do to support overcoming these challenges? • To what extent is SDC coordinating interventions in the field of PSE with you? • What do you consider to be SDC's comparative advantage when it comes to PSE? • Are you aware of any examples of significant SDC achievements in PSE? What factors made these examples successful? To what extent are the results sustainable? • To what extent has capacity strengthening for PSE implementation taken place by SDC? • To what extent is public perception of PSE favourable/positive? To what extent has public perception on PSE changed over time?
Private partners	sector	• To what extent does the PSE modality and "portfolio" align with your priorities, strategies and plans? • To what extent are the basic principles of engagement for PSE collaborations (PSE Handbook, chapter 2.4), and in particular i) ensuring additionality and ii) avoiding the distortion of functioning markets and crowding-out effects, taken into account in the planning, implementation and monitoring of the projects/programmes? • To what extent does PSE modality and the "portfolio" take risks in pursuing its objectives? • To what extent is there a clear division of roles between the SDC and the private sector actors within the "portfolio"? • To what extent are instruments and tools used in PSE conducive? Are instruments and tools revised on a regular basis? Is there a need to develop new instruments, e.g. private sector specific ones? Please explain • Are experiences from implementing PSE collaborations documented and shared/discussed? Please give examples • What can be done to further improve SDC's procedures related to PSE? • What can be done to further improve SDC's ways of collaboration in PSE? • To what extent has capacity strengthening for PSE implementation taken place by SDC? • Are you and SDC dedicating human and financial resources sufficiently and effectively to PSE? Please explain • Can you give examples of significant SDC achievements in PSE? What factors made these examples successful? What are factors that hinder the achievement of results through PSE? • Do you know examples of PSE collaborations being scaled up? What factors made this scaling up successful? Please describe • What are factors that support/enhance sustainability of results of PSE collaborations? What are factors that threaten sustainability of PSE collaborations?
Fellow donors		• To what extent does the PSE modality and "portfolio" align with your priorities, strategies and plans?

	• To what extent is SDC coordinating interventions in the field of PSE with you? • What do you consider to be SDC's comparative advantage when it comes to PSE? • What do you consider to be good practices when it comes to the implementation of PSE? (e.g. use of specific tools, instruments, etc.) • What are the main challenges regarding scaling up and sustainability of PSE? To what extent do you think SDC is well equipped to deal with these challenges?
Beneficiaries	• Have SDC's PSE projects improved your well-being in any way? Please explain how and to what extent • Are any of the changes long-lasting? Please explain how and to what extent • Are any of the changes unexpected? Please explain • In your view, are SDC's PSE projects taking into account your needs? Those of the poor? Indigenous People? Women? Youth? • In your view, what can be done to achieve more and more lasting results through PSE projects?

E-Survey

Sample questionnaire for e-survey among SDC staff

Sample questionnaire for e-survey among PS representatives

This survey is part of the evaluation of the Dispatches on Switzerland's International Co-operation Strategy(s) (2013-16, 2017-20 and for the forward-looking part 2021-2024). The evaluation shall cover those activities implemented during a period of seven years (2015-2021). It will concentrate on projects engaging with the private sector that SDC steers or co-steers. This includes SDC's PSE collaborations, comprising projects with PSE subcomponents and PSE partial actions as well as PSE initiatives of multilateral partners specifically supported by the SDC.

All projects' stakeholders are invited to complete the questionnaire. Your participation is optional, but your perspectives and experiences will make an important contribution to this process.

Your survey responses will be received on the Baastel online survey platform Qualtrics. Your responses will be confidential and used only in aggregate unless you give Baastel permission (in section 2 of the questionnaire) to use quotes or specific information from your responses in our reporting, with generic attribution that maintains anonymity.

If you have any questions about the survey or the evaluation, please contact alexantre.daoust@baastel.com. Any complaints or concerns about the process that you do not wish to address to Baastel may be addressed to the evaluation manager, beatrice.tschinkel@hotmail.com

The deadline for completing the questionnaire is March 2022.

Type of Question	Survey Question	Possible Answers
Section 1. Identification questions		
Open-ended	Please indicate your first and last name	
Open-ended	Please indicate the name of your organization	
Open-ended	Please indicate your role/title inside this organization	
Open-ended	Please provide your contact email and/or phone number	

Type of Question	Survey Question	Possible Answers
Open-ended	What is your role in that project?	CLP Implementer Advisor Donor
Open-ended	What is your country of duty?	
Multiple Choice	To what gender do you identify?	Male Female Do not wish to respond
Section 2. Confidentiality		
Your responses to this survey are confidential and will be used in aggregate. However, with your permission, we would like to have the option of using quotes or specific (non-identifying) information from your responses in evaluation reporting. In such cases, only generic attribution of the material would be included to maintain your anonymity.		
Multiple Choice	Do you give permission for non-identifying material from your responses to be used in evaluation reporting?	Yes No
Section 3 Relevance		
Multiple Choice	To what degree is your project aligned to the objectives set out by the Dispatch 2021-2024, cooperation programmes and regional guidelines?	(One response) Very well aligned Well aligned Partially aligned Not at all aligned I don't know
	To what degree is your project aligned with the Agenda 2030 and SDGs?	Very well aligned Well aligned Partially aligned Not at all aligned I don't know
	To what degree is your project aligned with the partner countries' priorities and the SDGs?	Very well aligned Well aligned Partially aligned Not at all aligned I don't know
	To what degree is your project aligned with activities of other donors, including Swiss agencies, in partner countries?	Very well aligned Well aligned Partially aligned Not at all aligned I don't know
Multiple Choice	To what extent does the PSE modality and "portfolio" complement partner objective and priorities?	To a large extent To some extent Not at all I don't know
Open-ended question	Please comment, if possible, on whether and to what extent the PSE modality and PSE "portfolio" are useful and adding value to reach the goals of the Dispatches on Switzerland's International Cooperation, partner countries' priorities and the SDGs?	
Section 4. Coherence		
Multiple Choice	To what extent are the PSE modality and the PSE "portfolio" coherent internally within SDC and Switzerland	To a large extent To some extent Not at all I don't know
	To what extent are the PSE modality and the PSE "portfolio" coherent externally across governmental and other donor activities?	To a large extent To some extent Not at all I don't know

Type of Question	Survey Question	Possible Answers
Section 5. Effectiveness		
Multiple Choice	To what extent is PSE integrated into SDC's project cycle management and contributes to more and better interventions?	To a large extent To some extent Not at all I don't know
Multiple Choice	To what extent is the PSE modality and PSE" portfolio" achieving the expected results at the output and outcome levels: ▪ Outcome 1: Increased implementation of policies and standards related responsible business conduct and promotion of "(economic) policy frameworks linked to the SDGs. Output 1.1.: Responsible business conduct practices are applied within SDC supported PSE interventions, and SDG coherent (economic) policy frameworks promoted, in collaboration with other donors and stakeholders. Output 1.2.: Knowledge products and best practices for PSE documented and shared to support the integration of RBC and SDG economic policies across SDC stakeholders. ▪ Outcome 2: Scale up funding for SDGs through leveraged resources, advocacy, outreach, shared costs and risks across SDC partners. Output 2.1.: Capacities of SDC and its are strengthened to support design, planning and implementation of PSE across SDC stakeholders. Output 2.2.: PSE interventions designed, planned, developed in SDC's partner countries, using the co-initiating, co-steering and co-funding principles and standards and best practice. ▪ Outcome 3: Improved livelihoods through the joint provision of goods, services, employment and income generation initiatives for SDC target groups. Output 3.1.: Public-private cooperation strengthened to leverage private sector resources and innovation for international cooperation on human rights (vocational) education and training and functional public services. Output 3.3.: Sustainable principles integrated into joint development endeavours to generate growth and sustainable investments.	(Please click 1 response per Outcome/Output) To a large extent To some extent Not at all I don't know
Open-ended question	Which factors contribute to or hinder the effective achievement Dispatch 2021-2024 objectives at the output and outcome levels?	
	Please comment on the limitations and constraints of PSE Modality and the Dispatch 2021-2024, cooperation for the achievement of results.	
Multiple Choice	To what extent is the PSE modality and PSE" portfolio" achieving the expected results at the impact level (Enhanced multi-stakeholder cooperation for poverty reduction, inclusion and the achievement of Agenda 2030 for Sustainable Development?)	To a large extent To some extent Not at all I don't know
Open-ended question	Which factors contribute to or hinder the effective achievement of their objectives at the impact level (Enhanced multi-stakeholder cooperation for poverty	

Type of Question	Survey Question	Possible Answers
	reduction, inclusion and the achievement of Agenda 2030 for Sustainable Development.)?	
Multiple Choice	To what extent does PSE: • lead to greater effectiveness of SDC interventions? • promote innovation? • constitute more value for money than other forms of collaboration?	(Please click 1 response per factor) To a large extent To some extent Not at all I don't know
Multiple Choice	<i>To PSE Portfolio beneficiaries</i> How satisfied are you about the benefits/results of the PSE portfolio projects?	Very satisfied Satisfied Somewhat satisfied Not satisfied I don't know
Open-ended question	Please provide examples positive and/or negative results generated by the project regarding.	
Multiple Choice	To what extent consideration has been given to the potential environmental impacts, both positive and negative, of the projects supported through CultIAF?	To a large extent To some extent Not at all I don't know
Multiple Choice	To what extent were you satisfied with the achievement of the medium-term axes of action in the area of PSE for the period 2021-2024? (Axes are: • increase PSE portfolio, • strengthen risk management, manage PSE in humanitarian contexts, and • scenarios of conflict, foster capacity building)	Very satisfied Satisfied Somewhat satisfied Not satisfied I don't know
Multiple Choice	To what extent has public perception of PSE influenced the implementation of PSE?	To a large extent To some extent Not at all I don't know
	To what extent is public perception of PSE favourable/positive?	To a large extent To some extent Not at all I don't know
Section 6. Efficiency		
Multiple Choice	To what extent is the SDC is using adequate financial resources effectively for implementing the PSE modality and the" portfolio"?	(Please click 1 response per factor) To a large extent To some extent Not at all I don't know To a large extent To some extent Not at all I don't know
	To what extent is SDC is using adequate human resources (skills) for effectively implementing the PSE modality and the" portfolio"?	
	To what extent are implementing partners using adequate financial resources effectively for implementing the PSE modality and the" portfolio"?	
	To what extent are SDC's implementing partners are using adequate human resources (skills) for effectively implementing the PSE modality and the" portfolio"?	
	Is there evidence of capacity building of SDC staff at different levels in implementation of PSE?	Yes No I don't know
Multiple Choice	Is there evidence of capacity building of implementing partners' staff at different levels in implementation of PSE?	Yes No I don't know

Type of Question	Survey Question	Possible Answers
Multiple Choice	How satisfied are you with the degree of efficiency of SDC's specific instruments to plan, implement, manage and steer the PSE modality and the "portfolio"?	Very satisfied Satisfied Somewhat satisfied Not satisfied I don't know
Section 7. Impact		
Multiple Choice	To what extent are the PSE modality and "portfolio" take on risks in pursuance of their objectives?	To some extent Not at all I don't know
	Do you think the PSE modality and the "portfolio" are coherent with the overall risk management approach of the SDC?	To a large extent To some extent Not at all I don't know
	Is there evidence of additional results (outcomes and/or impact) achieved due to the combination of assets and strengths of the SDC and the private sector?	Yes No I don't know
Open-ended question	What is the degree to which the public perception within Switzerland and in partner countries of the PSE modality and "portfolio" has changed over time (2015-2020)?	
	What is the value added of SDC's PSE modality and PSE "portfolio"?	
	What is the value added of SDC's PSE modality and PSE "portfolio"?	
Section 8. Sustainability		
Multiple Choice	To what extent is PSE integrated into SDC's project cycle management and contributes to more and better interventions?	To a large extent To some extent Not at all I don't know
Multiple Choice	To what extent is there coordination between the PSE modality and "portfolio" with governmental engagement in partner countries?	To a large extent To some extent Not at all I don't know
Open-ended	How can the SDC improve the overall performance for the remaining implementation time of the programme (or in a potential extension)?	
	What are the factors enhancing the sustainability of the PSE "portfolio"?	
Section 9. Cross-cutting issues		
Gender		
Multiple Choice	To what extent does your project contribute to reduce gender gap in (a) decision making? (b) income management; and? (c) improved household nutrition?	To a large extent To some extent Not at all I don't know
Open-ended	To what extent has the SDC and implementing partners recognized and addressed gender issues?	
Lessons		
Open-ended questions	What lessons can be borrowed from the Dispatches on Switzerland's International Co-operation Strategy(s) (2013-16, 2017-20 and for the forward-looking part 2021-2024)?	
Open-ended question	What are the strengths and challenges from existing Switzerland's International Co-operation Strategy(s) (2013-16, 2017-20 and for the forward-looking part 2021-2024).that can be used to influence future programming/the remainder of the programme?	

Type of Question	Survey Question	Possible Answers
Conclusion		
Open-ended question	How can SDC improve “PSE PORTFOLIO” overall performance for the remaining implementation time until 2024? Please provide an example of project adjustment.	

ANNEX IV: FIELD WORK

The evaluation mission in Bangladesh took place from May 28th to June 7th 2022. The mission team was composed of Ms Beatrice Tschinkel and Mr. Bhabatosh Nath. Many stakeholders were met, from the Switzerland Embassy in the country, from the public sector, from partner NGOs, from the private sector, and other donors, among others (see last annex of the report). In Bangladesh, the evaluation team studied and consulted representatives from the Bangladesh Agricultural and Disaster Insurance Programme (BADIP), the Scaling Social and Impact Enterprises in Bangladesh (SSIE-B).

The evaluation mission in Kenya and Tanzania took place from June 13th to July 3rd. The mission team was composed of Mr. Alexandre Daoust, Mr. Joseph Ghatii (Kenya) and Pantaleon Shoki (Tanzania). Similar types of respondents were met in both countries as were met in Bangladesh: representatives from the Switzerland Embassies in both countries, from the public sector, from partner NGOs, from the private sector, and other donors, among others (see last annex of the report). In Kenya, the evaluation team studied and consulted representatives from the Kakuma Kalobeye Challenge Fund (KKCF), Kenya Resilient Arid Lands Partnership for Integrated Development - RAPID (and RAPID +), Private Sector Partnership for Health (PSPHP), Livestock Strengthening Sector (LSS) projects

In Tanzania, the evaluation team studied and consulted representatives from the Opportunities for Youth and Employment (OYE), Ifakara Health Institute Innovation Lab project as well as a project in design phase called Innovation for Social Change.

ANNEX V: PORTFOLIO OVERVIEW

Background on PSE within SDC

SDC has a long history of partnering with private sector actors to further its development goals, at the targeted national, regional, and global levels. As early as the 1990s, private sector involvement in health and water SDC projects was common. Traditionally, Swiss private companies have played an important role in these partnerships.

In the Dispatch on Switzerland's International Cooperation 2013-16, the target to increase PSE was explicitly mentioned for the first time. At the time, PSE was integrated in the department Institutionelle Partnerschaften (IPE), with the aim of fostering institutional partnerships between SDC and (especially large Swiss) private companies. In 2015, the decision was taken to integrate PSE into the Employment and Income (E&I) department, in order to build on the work that had been carried out by the E&I focal point on financial sector and PSD. In 2016, a baseline assessment was conducted, which, among other elements, recommended the establishment of a dedicated PSE unit, as well as comprehensive capacity development within SDC on the subject.

The Dispatch 2017-2020 included the target of doubling the volume of PSE projects. In 2017, the CEP was created to support the SDC in its efforts to set up new and high-quality PSE collaborations. In 2018, SDC's senior management mandated the CEP to formulate a guidance document for PSE, triggering a series of learning processes that were completed with the publication of the *General Guidance on the Private Sector in the context of the International Cooperation Strategy 2021-24* in January 2021.⁶¹ Around the same time, the *SDC Handbook on Private Sector Engagement* was published, which provides comprehensive and hands-on/practical guidance for staff involved in designing, implementing and steering partnerships with the private sector.⁶² The expectation is that this handbook will provide the basis for engaging in PSE collaborations in a more systematic and effective manner.

The Dispatch 2021-2024 continues to define the cooperation with the private sector as a priority and establishes that it should be diversified and strengthened, especially through the use of innovative financial instruments to increase the volume of public-private cooperation, including in least developed countries (LDCs) and fragile contexts.

SDC is currently undergoing a restructuring process, with the new organisational structure becoming operational as of September 2022.⁶³ Based on information gathered during the inception period, PSE will become integrated into the Economy and Education unit to be set up as part of the new Thematic Cooperation division.

As of December 31, 2020, SDC had a portfolio of 125 active private sector collaborations, with about 8% of the total number of projects funded by the SDC implemented through partnerships with the private sector. Based on information provided in the approach paper to the evaluation, the annual expenditure for private sector partnerships amounted to around CHF 165 million in 2020.

According to SDC's PSE newsletter from 2022, SDC has 142 recorded PSE projects with a total of 162 partnerships (some projects have more than one PSE partnership) as of end of

⁶¹ Swiss Agency for Development and Cooperation. March 2021. General Guidance on the Private Sector in the context of the International Cooperation Strategy 2021–24. Bern: Federal Department of Foreign Affairs. https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/Leitbild_Privatsektor_2021-2024_EN.pdf

⁶² Swiss Agency for Development and Cooperation. January 2021. SDC Handbook on Private Sector Engagement. Bern: Federal Department of Foreign Affairs.

https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/Handbook_PSE_EN.pdf

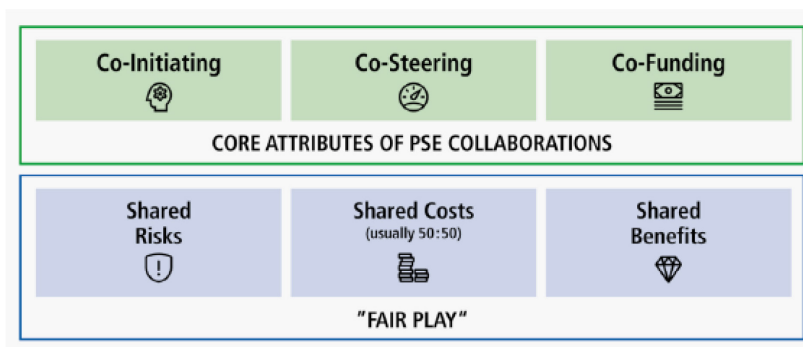
⁶³ SDC, new structure for modern development cooperation, available at: <https://www.eda.admin.ch/deza/en/home/sdc/aktuell/newsuebersicht/2021/07/reorganisation-deza.html>

2021. In terms of financial volume, projects that include a PSE partnership total an amount of CHF 900 million of SDC-committed funds, with many of the 142 projects only having a small PSE component.

PSE as evaluation object

PSE is a modality, a way of working, and has no geographic or thematic focus of its own, but supports the SDC's existing strategies and priorities.⁶⁴ "PSE refers to the SDC and one or several private sector partners joining forces on an equal footing for an impact-driven development intervention."⁶⁵ The core attributes of PSE collaborations are summarised in Figure 20:

Figure 20 - Characteristics of PSE collaborations



Source: PSE Handbook

Co-ownership and co-funding of the intervention—i.e., the fact that both the private and public sector have ownership of the joint project and act in a symmetrical relationship—is what differentiates PSE from other forms of interaction with the private sector, such as mandates to the private sector or PSD⁶⁶ interventions. Furthermore, private sector partners are expected to contribute in cash and/or in kind to a PSE collaboration (this is the co-funding element). Generally, SDC aims to fund no more than 50% of the collaboration costs, while recognising that this rule cannot be applied in all situations. For reasons of monitoring and quality assurance, every project that includes PSE subcomponents and PSE partial actions is considered a PSE collaboration. The PSE initiatives of multilateral partners specifically supported by the SDC also count as PSE collaborations.

PSE, both as 1) a modality that expresses a way of working and a methodology that can be applied to basically all sectors, and as 2) a portfolio of SDC PSE projects/programmes, has become an integral tool to achieve SDC's existing priorities through its bilateral operations and global programmes or through its contributions to multilateral institutions. The evaluation encompasses both the PSE *modality* and the *portfolio*.

⁶⁴ The four priorities in the Dispatch 2021-2024 include: contributing to sustainable economic growth, market development and the creation of decent jobs (economic development); addressing climate change and its effects and managing natural resources sustainably (environment); saving lives, ensuring quality basic services, especially in relation to education and healthcare, and reducing the causes of forced displacement and irregular migration (human development); promoting peace, the rule of law and gender equality (peacebuilding and governance).

⁶⁵ Swiss Agency for Development and Cooperation. January 2021. SDC Handbook on Private Sector Engagement. Bern: Federal Department of Foreign Affairs.

https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/Handbook_PSE_EN.pdf, page 7.

⁶⁶ Private sector development (PSD) aims at the development of a dynamic private sector in SDC's partner countries. This may include interventions at the macro-level, e.g., conducive framework conditions, and includes private sector companies as both direct and indirect beneficiaries of interventions. PSD usually contributes to SDGs that focus on the economy, namely SDGs 8, 9 and 12 (see SDC Handbook, page 9).

Conceptually, PSE is to be differentiated from three other forms of private sector involvement:

- Economic policy frameworks, i.e., favourable framework conditions needed for promoting a sustainable private sector. This includes the rule of law, as well as international standards and best practices in responsible business conduct and sustainable investment;
- Promotion of local private sector companies in the priority countries for Swiss International Cooperation, with a special focus on SMEs;
- Public procurement, through which the SDC may award contracts awarded to private sector actors.

Table 10 provides an overview of the various parameters defined by the SDC for PSE in its Handbook:

Table 10 - Criteria and modalities for PSE

Parameters	Description
Criteria for engagement with private sector partners	(1) Identification of common ground, consisting of: • A shared set of values such as respect for human rights and avoiding corruption as well as a shared vision towards sustainable development, including the principles of LNOB; the private sector partner must also adhere to relevant standards for responsible and sustainable business conduct. • The SDC and the private sector partner should be willing to exchange knowledge and experiences and to enter into a joint learning process. • Mutual responsibilities and the 'rules of the game' have to be reflected in a formal agreement in line with the three core attributes of effective PSE collaborations (co-initiating, co-steering and co-funding). (2) The risks related to the partnership must be acceptable and overcompensated by the opportunities opened by the partnership
Basic principles for engagement in a private sector collaboration	• Compatibility with SDC's objectives • Measurable development outcomes • Additionality • Complementarity • Subsidiarity • Avoiding the distortion of functioning markets and crowding-out effects • Transparency
Formats of private sector engagement	(1) Development project-oriented PSE formats that follow a traditional development project logic (2) Financial market-oriented PSE formats that follow an investment logic, divided into grants-based instruments and return-based instruments
Range of private sector partners	• Large companies and multinational enterprises are valuable partners regarding up-scaling, sectoral initiatives and development or implementation of standards due to their size. • Small- and medium-sized companies (SMEs) may add value due to their innovative niche products. • Social enterprises have business models that are largely congruent with SDC's goals. • Impact investors may mobilise substantial development-oriented investments with relatively limited SDC resources and may have a potentially long-term transformative effect on the financial sector. • Grant-making foundations are often anchor investors for blended finance initiatives.

PSE at the international level

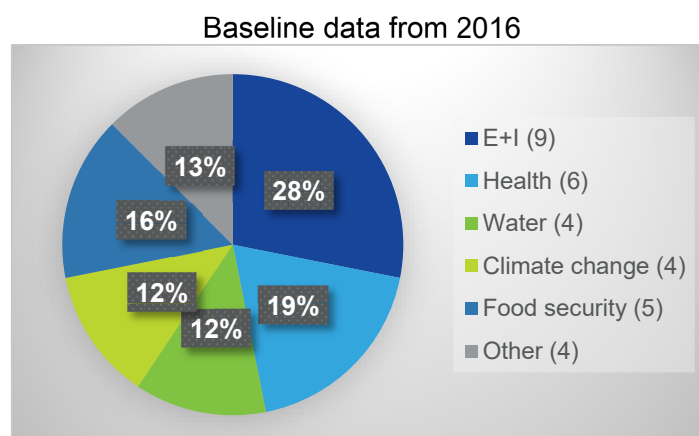
For many donors, private sector collaboration and engagement have been part of the toolkit for assisting countries achieve their sustainable development goals within the Agenda 2030 for Sustainable Development or their obligations as related to the Paris Agreement.

The SDC supports global, international, and national platforms that encourage the private sector to align itself more closely with the international and national standards, such as the UN Global Compact which calls on companies to assume responsibility in regard to human rights, working conditions, environmental protection, anti-corruption and disclosure of information.

The SDC co-founded a PSE-related donor coordination platform with the Austrian Development Agency (ADA) at the Donor Committee for Enterprise Development (DCED) in 2017, of which SDC is still a co-chair.⁶⁷ Like SDC, for most donors PSE is an instrument for leveraging finance, innovation and capabilities to contribute to Agenda 2030. Popular formats in PSE include challenge funds, multi-stakeholder platforms, blended finance, and results-based finance.⁶⁸ Based on preliminary information provided by SDC staff during the inception phase, donors that are well-aligned with SDC's approach to and understanding of PSE include ADA (Austria), BMZ (Germany), FCDO (UK), FMO (Netherlands), SIDA (Sweden), and USAID (USA).

Some statistics on SDC's PSE portfolio

In terms of thematic areas that the PPDP/PSE projects cover, the SDC "portfolio" has evolved in the following way since 2016:

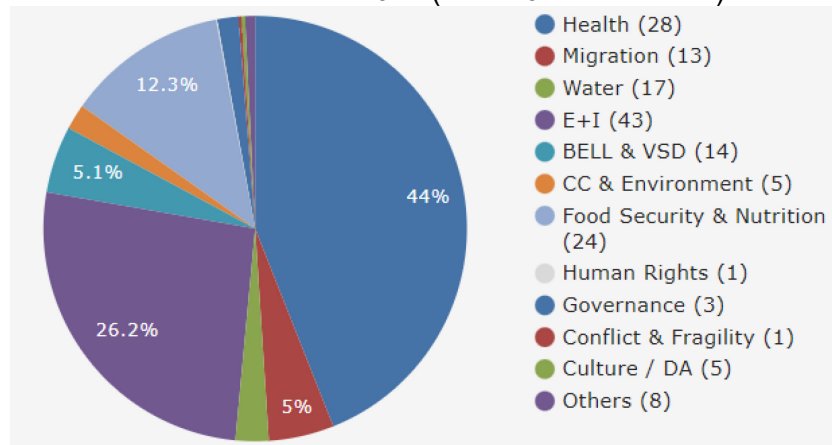


Source: SDC 2016 PPDP baseline report

⁶⁷ DCED, overview of the Private Sector Engagement Working Group, available at: <https://www.enterprise-development.org/organisational-structure/working-groups/overview-private-sector-engagement-working-group/>

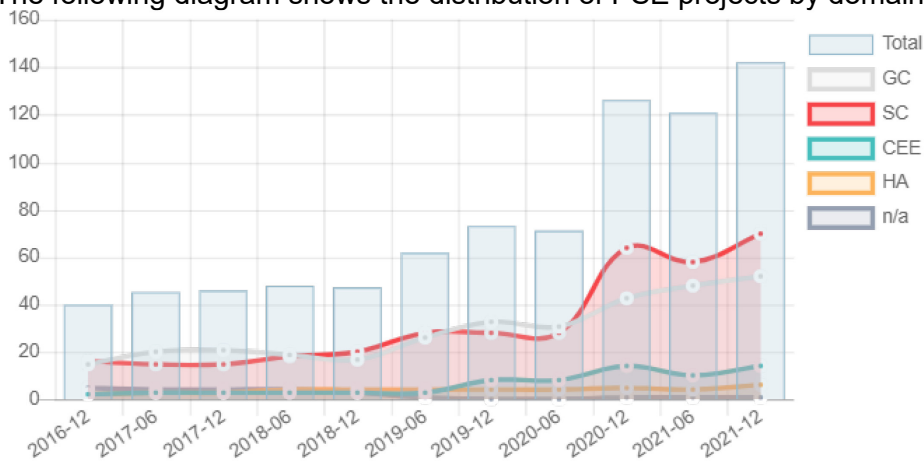
⁶⁸ DCED. April 2022. Private Sector Engagement, Synthesis Note. <https://www.enterprise-development.org/wp-content/uploads/DCED-Private-Sector-Engagement-Synthesis-Note.pdf>

Data from end of 2021 (PSE 2022 newsletter)



Source: SDC 2022 PSE newsletter

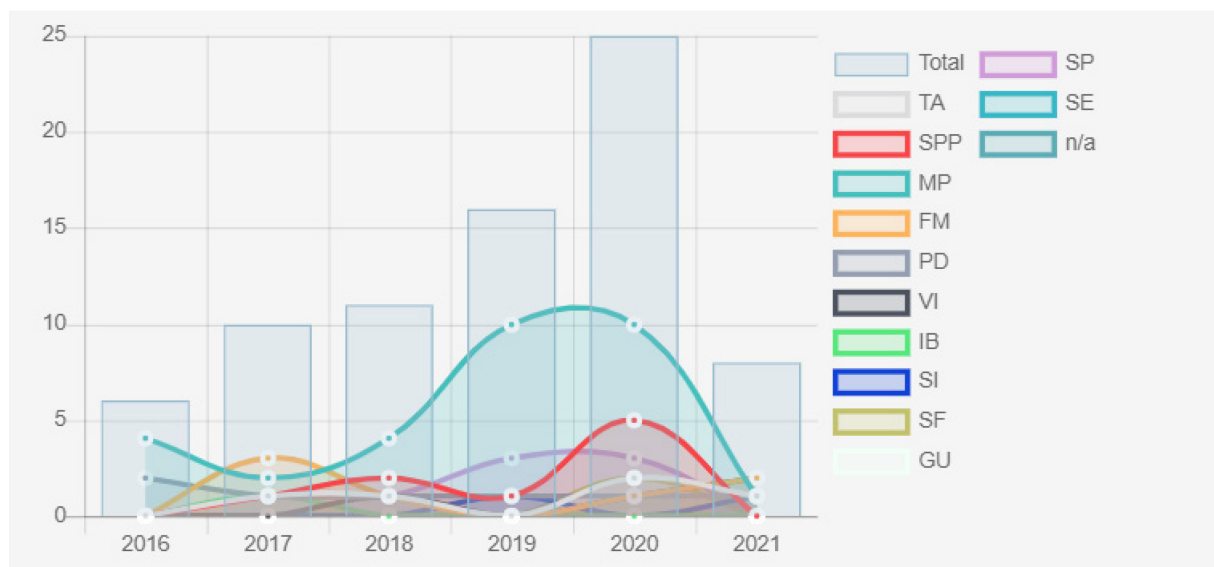
The following diagram shows the distribution of PSE projects by domains:



Source: SDC 2022 PSE newsletter

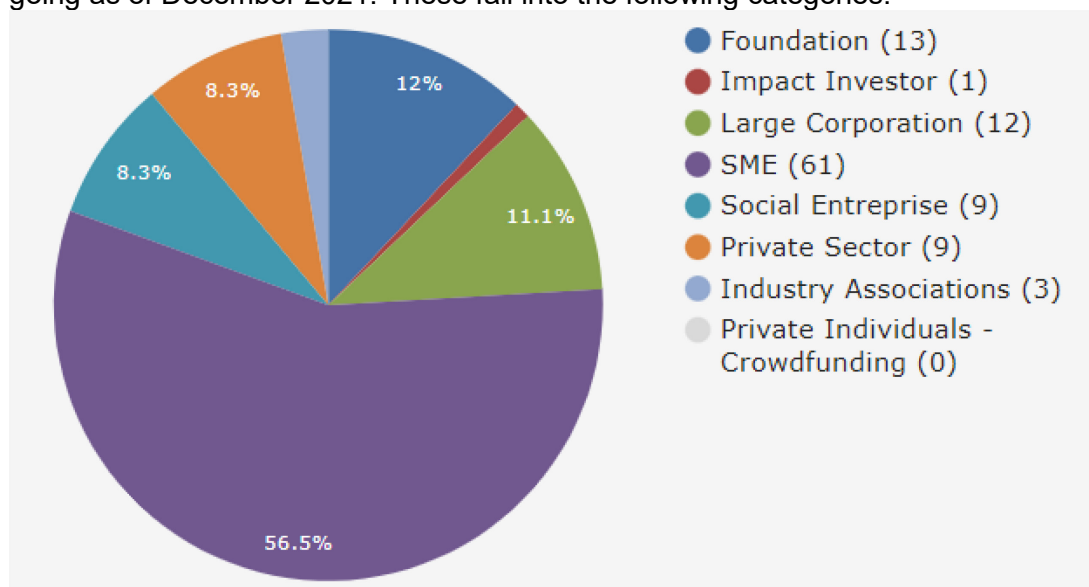
The following graph shows the number of PSE projects started each year (by PSE format):

Legend: TA - Technical Assistance | SPP - Single Partner Project | MP - Multistakeholder Project | FM - Formalized Multistakeholder Project | PD - Political Discourse Alliance | VI - Venture Investment | IB - Impact Bond | SI - Social Impact Incentive SIINC | SF - Structured Fund | Gu - Guarantee | SP - Support Programme - Facility | SE - Secondment | n/a - other



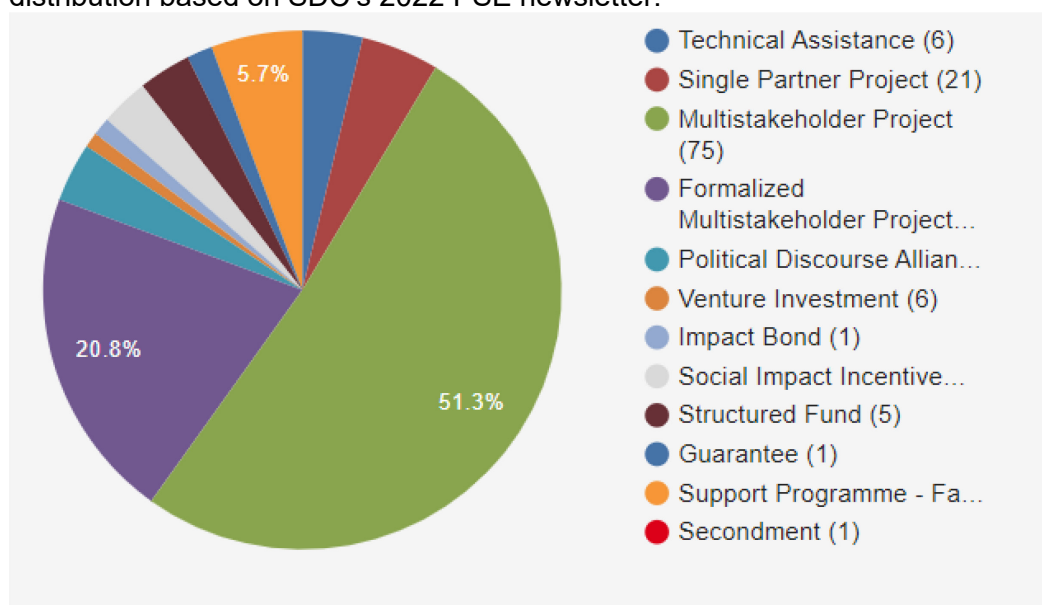
Source: SDC 2022 PSE newsletter

According to SDC's 2022 PSE newsletter, collaboration with 108 private sector partners is ongoing as of December 2021. These fall into the following categories:



Source: SDC 2022 PSE newsletter

In terms of types of PSE formats being implemented as of December 2021, the following is the distribution based on SDC's 2022 PSE newsletter:



Source: SDC 2022 PSE newsletter

ANNEX VI: ADDITIONAL DATA AND FIGURES

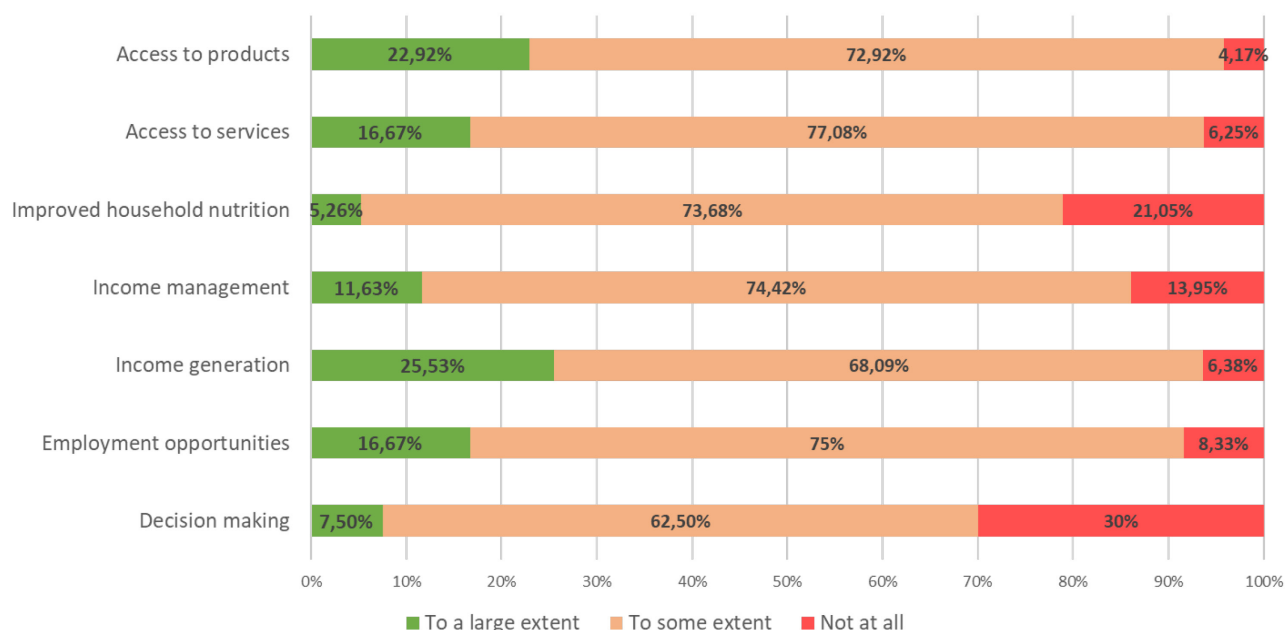
The information provided below is supporting evidence that supports and is referred to in the text above in the report.

Table 11 - Tier 1 projects (analysed through field missions in Bangladesh, Kenya, Switzerland and Tanzania) linked to 2021-2024 Strategy objectives

Project (Tier 1)		O1: Sustainable economic growth, market development, creation of decent jobs	O2: Climate change, managing natural resources sustainably	O3: Saving lives, ensuring quality basic services, reducing causes of forced displacement and irregular migration	O4: Peace, rule of law, and gender equality
ACELI	East Africa	✓	✓	✓	✓
RAPID/RAPID+	Kenya	✓	✓	✓	
IFC Private Sector Engagement Kakuma	Kenya	✓		✓	
LSS	Kenya	✓			
Ifakara Health Institute	Tanzania			✓	
OYE	Tanzania	✓	✓		✓
BADIP	Bangladesh	✓	✓		✓
SSIE-B	Bangladesh	✓			✓
REPIC	Global		✓		
ABC Fund	Global		✓	✓	
Water Stewardship	Global	✓	✓	✓	✓
Innovative financial solutions to enhance the development impact of remittances	Tanzania			✓	

Source: Table created by ET based on project documentation

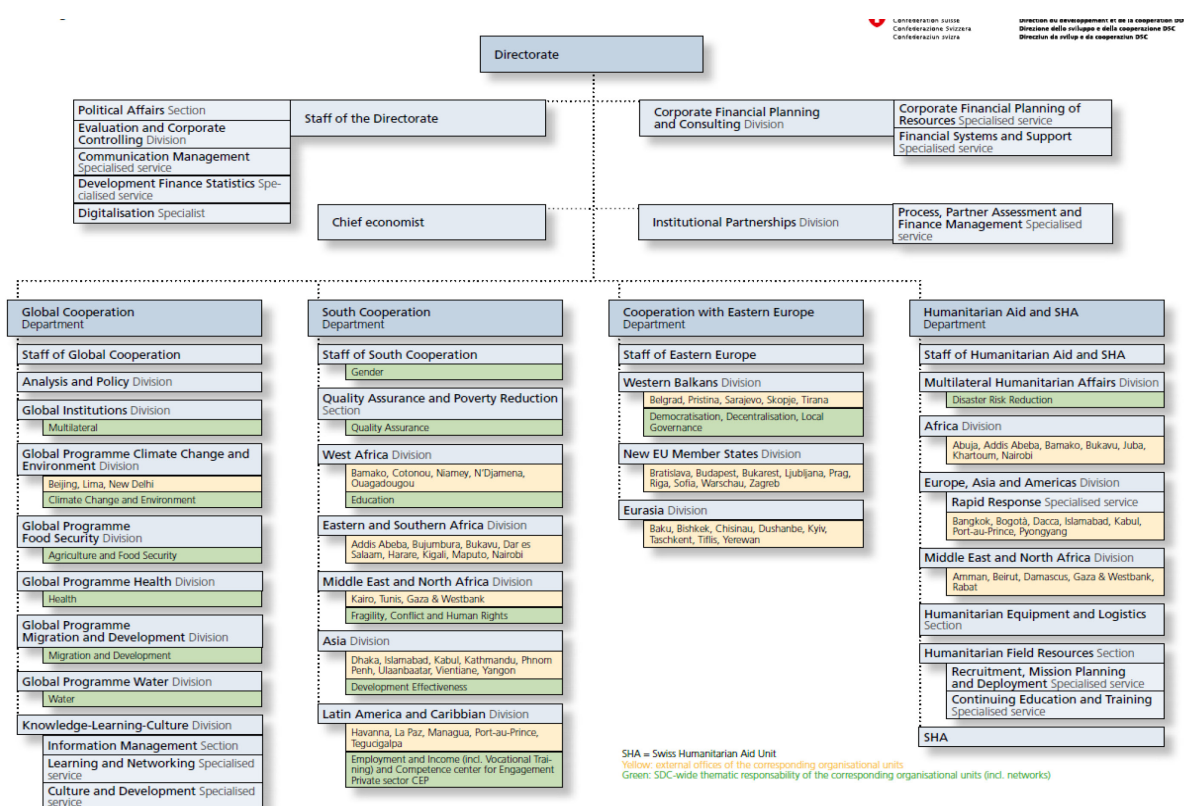
Figure 21 - To what extent do PSE projects contribute to reduce gender gap in:



Source: Survey data collected by the ET // # Respondents: between 38 and 48

The two following charts are visual information that help understand the changes that occurred recently at SDC through the “Fit for Purpose” process.

Previous Organisational chart (before Fit for Purpose)



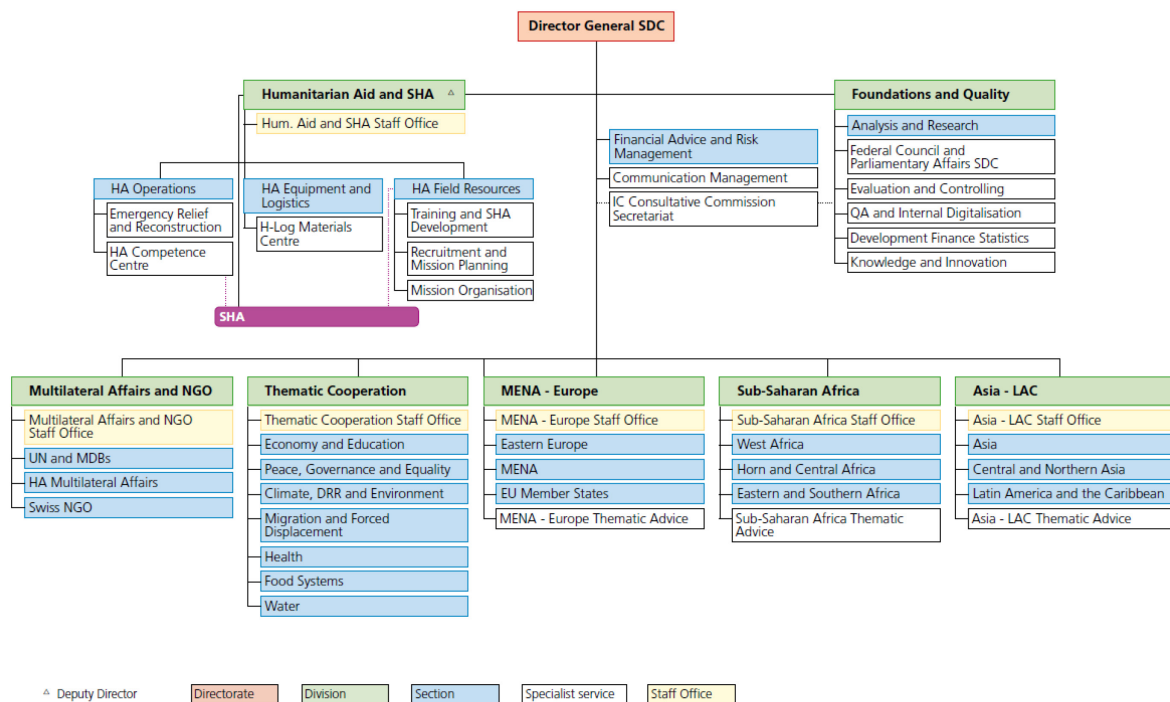
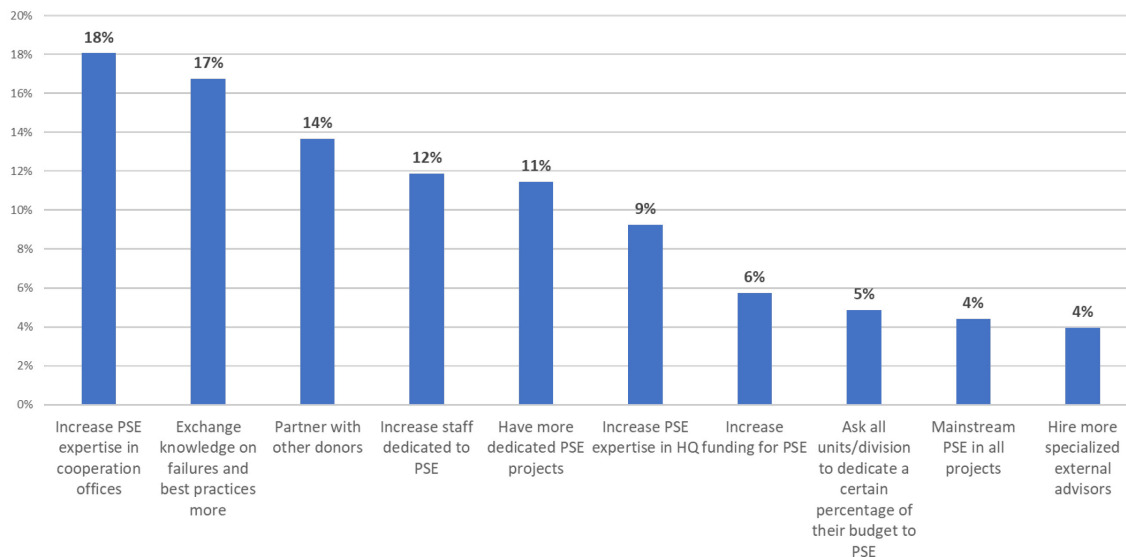
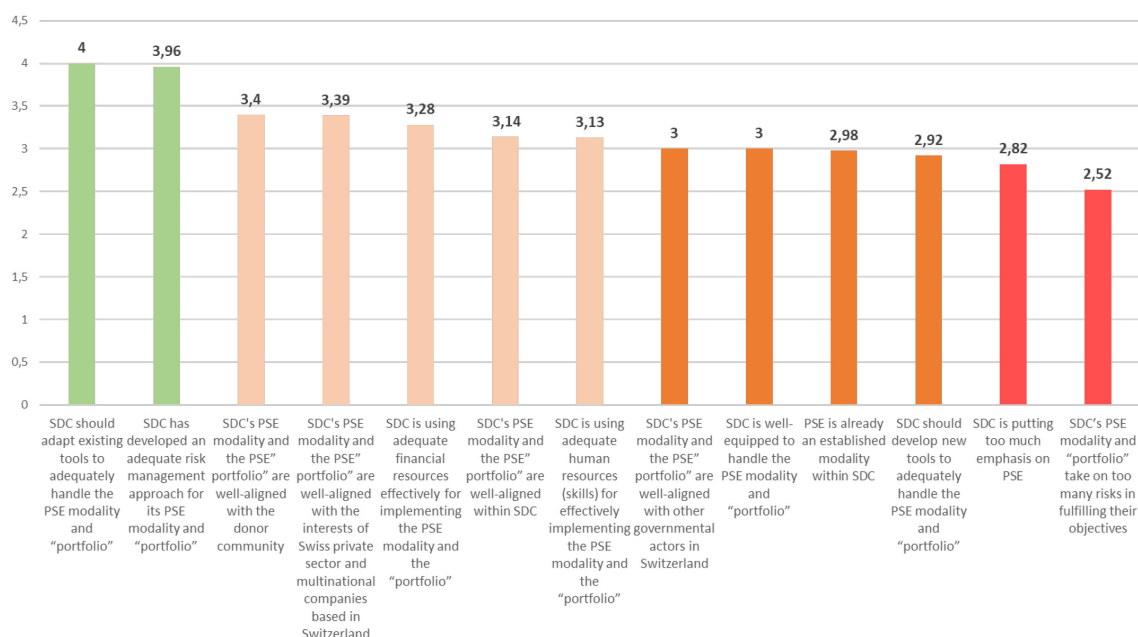


Figure 22 - How can SDC increase its PSE portfolio?



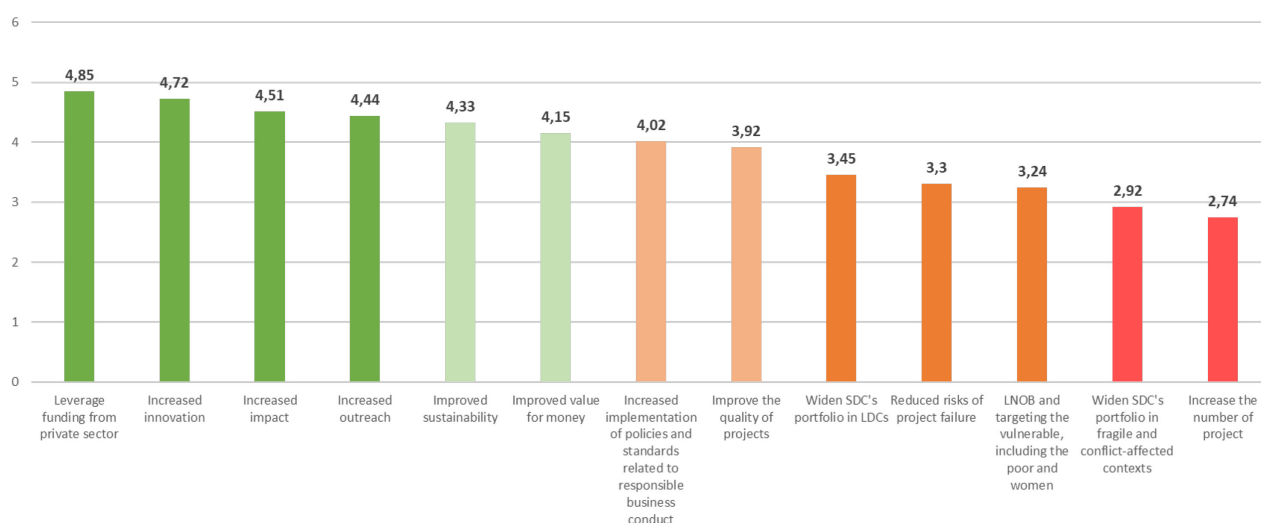
Source: Survey data collected by the ET // # responses: 227

Figure 23 - On a scale from 1 to 6, please indicate to what extent you agree with the following statements?



Source: Survey data collected by the ET // # Respondents: between 46 and 55

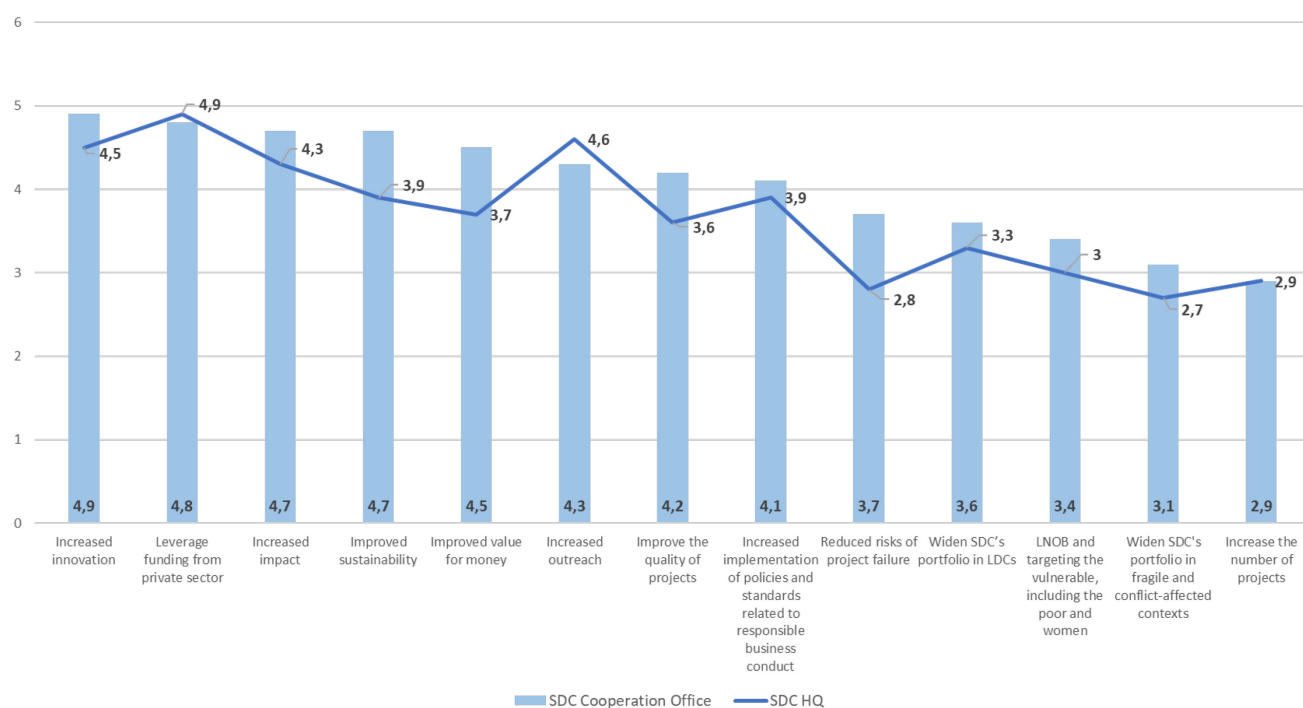
Figure 24 - On a scale from 1 (the lowest) to 6 (the highest): what do you consider to be the biggest potential for SDC linked to PSE?



Source: Survey data collected by the ET // # Respondents: between 80 and 86

Figure 25 and Table 4 show the differences in expectations among SDC staff based in Bern and those based in partner countries. The biggest discrepancies are related to "improved sustainability", "improved value for money" and "reduced risks of project failure", which are all considered less of a potential in headquarters compared with the field offices.

Figure 25 - On a scale from 1 (the lowest) to 6 (the highest): what do you consider to be the biggest potential for SDC linked to PSE?



Source: Survey data collected by the ET // # Respondents: between 80 and 86

Voices from the private sector

This annex presents quotes from KIs with private sector representatives in an anonymised manner. As can be seen from annex XI, a wide range of private sector representatives was covered during the evaluation, among them: foundations; SMEs; corporates; associations/chambers; local and international (impact) investors; local and international companies providing BDS support to start-ups and SMEs, including social enterprises. Almost all private sector representatives the ET talked to are involved in the implementation of PSE projects funded by SDC, some as backstoppers.

In the following, the voices from the private sector are grouped according to the core topics that emerged in the conversations.

Role of the private sector in PSE

“We, as private sector, can really make a difference to the development of the country. In general, private sector is being perceived as growth agent, never has been perceived as development partner.” (Group interview with corporates)

“Private sector comes with all shapes and sizes, there is a very large spectrum. Donors are looking at how to harness resources and power of innovation from them. From the side of private sector, there is pressure for companies to do more and be more responsible – the time is right for PSE now.” (Foundation)

“We as MNCs can bring good practices from other countries; others can learn from us, e.g. on what we do around ESG which is a hot topic now.” (Group interview with corporates)

“We as Swiss MNCs cannot segregate ourselves from local players. The Chamber is a neutral body that can work together with SDC; it is not about promoting our own individual businesses, but we want to impact on policy level and we want to create an enabling environment for all businesses; we are willing to come together as group, even across sectors.” (Group interview with corporates)

“The Agenda 2030 puts private sector at the real centre, especially for ESG. There is a growing realisation that there can be common objectives between development agencies and private sector.

The other reason is leveraging funding – there has been a realisation that the funding provided by development agencies and partners will never be enough.

Also from a sustainability perspective: for any meaningful work that is also sustainable, private sector has to become co-investor.” (Foundation)

Role of development agencies in PSE

“What we need is a trusting catalyst in between. The Government needs to know that we are a partner; we need to have facilitation in links with Government. A catalyst is needed to shift the mind-set – a neutral facilitator such as SDC is needed to mediate and shift the perception/understanding of Government of what private sector can do or what role we can play.” (Group interview with corporates)

“I have seen development agencies playing the role of bringing the different stakeholders together. It is difficult work to do and I understand that it is difficult to justify why tax money should be spent on that, but it is something they are uniquely placed to do. Having development agencies backing initiatives gives more credibility to it, opens doors and legitimises some of the very experimental work that you may be doing.” (Impact and innovation company; foundation)

"In LDCs and more fragile markets, you need to look at what the nature of capital is. You would have to address the risks in some way, shape or form and that poses an interesting challenge for development agencies – the onus is on them. It would be an interesting question to engage a set of investors with." (Impact and innovation company; foundation)

Who to work with in PSE

"SDGs, social innovation ... we cannot solve the problems of the future without private sector and civil society, we absolutely need all stakeholders on board." (Backstopper)

"In the case of foundations, you always have to look at: who represents the private sector? Is it the business line or is it a philanthropic organisation?

If we work directly with the business line, then it is clear that they solve problems within their supply chains with co-financing - they may think that there is a benefit in working with SDC or other donors.

In the case of philanthropic organisations it is mixed: on the one hand these organisations often have a clear mission and certain goals that they want to achieve. But sometimes it is also mixed with business interests and the foundation is relatively strongly steered by business interests – in this case, it is difficult to work with them." (Foundation)

"If you work with foundations, it will make a big difference whether the money comes from a PRI (programme-related investment) or MRI (mission-related investment) pot." (Impact investor)

Different "cultures" meet in PSE projects

"For me, operating in social business sector, there are a lot of things that you have to do with a business mind-set. Responding to market needs requires agile responses, being fast. That KPIs get affected is very natural in a business environment, but it is different for development agencies, e.g. the way they look at logframes to manage a project. How can we mediate that natural tension?" (Catalytic capital manager)

"Early-stage start-ups can easily fail. In the start-up world, it is basically a given that you fail. But through that, you find out what works, you change and adapt and then go again, you have a pivot moment. This is very difficult for development sector workers to understand, but it is natural in the private sector or start-up world. How can you be flexible enough to accommodate that? This keeps coming up in our conversations with SDC. SMEs and corporates are more stable, but start-ups are riskier." (Impact investor)

"Balancing between quick results and development work: private sector is much more interested in quick results. SDC has to adapt to pace of private sector as well and look into their processes and how they work." (Foundation)

"For some SDC staff it is very hard to understand how it is different from us putting money into businesses and giving money to investors who will then invest in businesses. Additionality can be looked at in two ways: financial additionality and impact additionality. Financial additionality means: if SIINC did not put money in a particular company that would create impact, the investors may be less interested in the company." (Catalytic capital manager)

"Private sector investment risk is higher than for other players. We try to advocate for risk-taking with SDC: it is normal for start-ups to fail. How SDC would normally evaluate risk is already different from how private sector defines risk. Our project provides a tool and brings the two a bit more closely together. We have an investment committee and a technical

assistance committee deciding which companies to invest in: risk and benefits are being debated, this is a learning process for both SDC and us.” (Catalytic capital manager)

“It is variable how comfortable they are in interacting with the private sector. People have to be generalists at SDC and interaction with private sector is outside of people’s comfort zone so you have to explain why you do certain things and how you can do it. More clarity and comfort at the regional level in terms of what PSE is, how can we do it is often a question mark.” (Investor)

Incentives for private sector to get engaged in PSE projects

“There must be a business opportunity if you want to do PSE.” (SME)

“Government is interested in getting private sector on board for the SDGs. Now the Government is very different from 10 years ago, they are very interested in technical assistance, in how to bring about reforms and so on. PSE has big role to play in graduation discussion.” (Group interview with corporates)

“The challenge is to find out with the private sector where their incentives are and how can we best use them to achieve the common goals? We have certainly also made a learning journey here. It is important to bring in the experience of players like us, which can support in defining what is the role of whom and what can we achieve when a public donor comes in, how can we improve the lives of the beneficiaries, which is the mandate of SDC but not necessarily the mandate of the company, how can we create a win-win situation? How can we streamline the different interests?

The incentives are not yet clear - How exactly does the SDC want to bring more PS into it now?” (Foundation)

“For private sector, working with SDC is a reputation thing: it’s like an endorsement of quality. It’s perceived like that at least.” (Catalytic capital manager)

“We have to bridge the gap in accessing Government. We also have to bridge the gap of the negative perception of each other: there is reluctance from development agencies to work with us (MNCs) as well. We have to start with something and then once you see results on the ground, trust will be there and more things can happen.” (Group interview with corporates)

“PSE is possible in all contexts, but you need to have a nuanced view. Opportunities in terms of sectors are endless. Contexts in which PSE can work is where the private sector is very vibrant; where you have a presence of MNCs and large local companies; where you have a relevant market, i.e. population size; where government is eager to bring in private sector and FDI, environment is more conducive.” (Foundation)

“For fragile states, the time frame of projects is way too short. In 4 years it’s not realistic that you will develop an ecosystem, if there are no investors, no incubators that can continue the work. Our recommendation in contexts like that is to partner with other agencies. In fragile states you have to develop private sector first, whether in countries where private sector is already developed, even if it’s only in particular sectors, you have an entry point.” (Backstopper)

“What we have seen is that where there is an abundance of non-profits and grant financing, it is really hard to get anything that is catalytic finance set up. If you have that abundance of free funding available, you cannot compete with that. There is a really important opportunity of looking at that kind of grant financing and the way development agencies can bring those organisations offering that kind of grant financing into some line of agreement of where that

funding should be deployed and how it should be deployed so that it doesn't interfere with market mechanisms you are trying to build." (Impact and innovation company; foundation)

"Nationalism is coming up in the country, so there is a tendency to say that they don't want to work with MNCs because they are foreign companies and they only have profit in mind. Government should make inclusive decisions, not only look at local companies, but also MNCs that are in the country." (Group interview with corporates)

"The rating of the country is perpetually bad, also in comparison to countries that don't receive any FDI or less FDI than us in the region. More needs to be done on perception as a country; it is tough to break barrier on business friendliness." (BDS provider)

"The enabling environment is very important for private sector. It is simply becoming more difficult to identify win-win situations in countries that are even further away from enabling environment than others. It also depends on the sectors - especially in LDCs it might be oil companies or mines and then the question is: does SDC work with such companies? SDC has a very long list of excluded sectors. We are more flexible, but we also have some sectors that are excluded, e.g. everything related to arms production and what is considered illegal in the country." (Foundation)

"Our main motivation to work with SDC is scale: we cannot do it on our own, so SDC funding provides an opportunity to reach larger number of farmers; we have innovated before and tried innovative things, but would only have been able to do it on very small scale. We would not have tried this new service without SDC funding." (Corporate Foundation)

"Insurance for farmers never existed at this scale, agricultural insurance never existed in the country. Up to now only models backed by development finance and without private sector participation existed: they died when development funding ended and distorted the market heavily. Without funding from SDC and the pilot, partners would never have ventured into such a risky business: SDC alone would probably not be able to meet scale of results. Private sector would not have taken risk; would want to see results first before they invest in it on a larger scale; SDC buys down the risk for private sector partner. Access to know-how through facilitation of linkages between stakeholders: we facilitate linkages and broker relationships." (Foundation)

"SDC has to give technical assistance, has to bear the initial risk; private sector is usually not interested in coming in if development partners don't bear part of the risk." (Group interview with corporates)

Feedback to SDC's PSE approach/strategy

"What is the strategy and the goal of PSE within or for SDC is not clear." (Investor)

"SDC needs to become capable/ready for partnerships. The private sector are not the bad ones." (Backstopper)

"Implementing a strategy also requires a certain professionalism, which is currently lacking." (Backstopper)

"We have not really seen any proposals where PS interests of market development play a role. SDC is a relatively small player, so it may make sense that it defines core areas they want to get involved in. If you want to get attraction from big players, you need to say what you want to spend time on." (Backstopper)

"A strategic review of the portfolio is needed. It is simply not good when the policy makes specifications and has no idea what it is all about. I am only talking about the financial market oriented formats, not about all other things, I am only talking about the new formats. It's not easy to turn one company into another, to go into a completely different business field; I have developed many markets, I know what it takes, it takes strategic leadership, sustainable investment and energy and I just don't see that at SDC, I would never invest in a company that goes into a new business field the way SDC does." (Backstopper)

"If they want to become big in this area, the organisation needs to become enabled in this area. They don't just need the papers to be written, but they need someone to help them do continuous learning, especially in the context of rotation. We have rotations everywhere, but if we want to have long-term engagement, if we want to have impact, if we want to have complex instruments across the financial market and with investors, then it needs professionals. I wouldn't change the organisation - it is what it is. But if they want to have PSE, especially in the more complex formats, they have to look at what do we have, as it is? And what do we need?" (Backstopper)

"PSE is a buzz word: they can fund a bank in Mozambique, an SME in Tanzania, or partner with Nestlé - and these are all very different settings. We can do a deal with Nestlé in 20 countries. Or take the Global Compact, which is wonderful: one partner and we do something on health promotion in 50 countries. Instead, we do impact-based bonds, which is causing accounting problems. Looking at innovative business models: what assets do we have, meaning what resources? And what models do we have to have the greatest possible impact with the least transaction costs? And for that we need the architecture of the business model. The development of the PSE portfolio has to be done within the existing structures and opportunities - that's the key for me. Maybe they have done all this too, I just haven't seen or heard it yet." (Backstopper)

"If SDC want to be cutting-edge, there's an opportunity to split your funding: one that signals security; another one where you are more risk-tolerant – separate those things so that you are not compromising expectations. You cannot do both at the same time. I have not heard anyone talking about it in that way yet, so that could be something innovative." (University)

"Funds are often associated with easy claims to additionality. However, I think you should find a way to invest more in enterprises that are doing good work rather than just putting the money into funds. Innovative risk-taking is not happening in funds. We need to find way to facilitate that – that will in turn bring in more private capital." (Impact investor)

"It is important to think more sector-wise. The companies are in a competitive relationship and tend to see their own interests. It does not help us if Mars increases its market share compared to Nestle in the cocoa sector, but we have to look at what are the needs within the private sector, including smallholder farmers, and what is the benefit if the sector as a whole develops and not only one company at the expense of another. The goal must be to bring the different companies together, but you can also start with one company and then bring other companies on board.

A sector can also be vocational education and training or health, for example.

It doesn't always have to be a sector approach right from the start, but you always have to keep an eye on the sector as a whole, especially if you are funding more than one phase." (Foundation)

"Additionality should be put more at the centre of decision-making: this conversation has started at our level with the country office, but I don't know to what extent this has gone beyond SDC X office." (Catalytic capital manager)

Feedback to SDC's way of working

General feedback

"SDC's PSE team is small compared to global portfolio." (Investor)

"SDC team does a nice job of scoping and identifying what is needed and how private sector can complement what SDC is doing." (Impact investor)

"Difficulty we see, or where we encounter closed doors: we don't see where the entry point is. Everyone talks about PSE and let's do something. We have ideas and proposals and then they say that it doesn't go through Berne, there is no budget, it goes through the field offices and they don't know about it and the incentives are not that big there either. I can imagine that other NGOs and foundations feel the same way: the awareness is there and we are happy to help the SDC to move forward with PSE, but we don't see exactly how." (Foundation)

"In terms of communication: SDC can be more active. Reaching out to different partners has to happen. SDC is very focused on its own point of view, without looking at how we can other partners bring in?" (Foundation)

"It is not always easy for the private sector to accept they will be audited as part of the due diligence process." (SME)

"Nature of SDC with 2-4 year rotations: people are turning over faster than duration of some of these projects. What does this mean for continuity? Especially with longer time horizons you have to think about how it syncs with the rotation. It affected us as backstoppers in relatively short assignments, it will surely affect those who are into implementing projects. Because of the rotation there is loss in information and loss in contacts, sometimes we are not even sure who we are dealing with." (Backstopper)

"Risk appetite of SDC needs to change. Let's just try something, but they are very cautious about that." (Foundation)

"There may be some over-expectation of results that can be achieved. Maybe over-emphasizing on different modalities and approaches. Multiplicity of impact that is being pursued is a challenge, SDGs, youth employment, sometimes it is blurry what the real aim is. They want to have a nice story on how it can be sold to the public, but multiplicity of impact makes it difficult. They understand PSE is part of the solution, not the only solution, they understand that it's about engaging the ecosystem as a whole. At design phase want to solve too many things at the same time, which makes it more difficult." (Backstopper)

Processes and tools for PSE implementation

"It took 2 years to get the project started. Our CEO started the idea with a visit to the country in 2018. Beginning of 2019, they did a scoping mission for design phase; product finalised in August; only got feedback in December 2019 that it's approved and that we were supposed to start delivering in 2020. For us as a business we put a lot of resources into it. It is very difficult to have such a long time where you don't know what will happen. If you finally get the contract signed, you need preparation time: how can we plan better? Time to hire good staff is needed – especially for company like us that is quite small. But on a results-based contract, you don't get paid by month or for your time. The lesson learnt for us is that we include preparation time before delivery now in new projects." (Catalytic capital manager)

"I am curious to know what is standardised for SDC and what is Country Office specific, project implementation wise. What are things where Country Office has a say and what is standardised? For example budgeting templates. That makes it easier also for us to deal with

different offices; it is a lot of work to deal with different requirements or requests from different offices, you have to put in a lot of resources. How can we manage to survive all these different requirements? Especially as a small company like us.” (Impact investor)

“There are no common standards among backstoppers or implementers.” (Investor)

“More co-creation would be important. We have tested a lot in the area of finance-based instruments in recent years.” (Foundation)

“Operational readiness is not there at SDC. If the goal is to implement finance-based tools, then it needs an organisation that can do that.” (Backstopper)

“There are limitations on what SDC is currently using. Giving grants to companies to do a pilot at very early stage is not very efficient, e.g. in water & sanitation or waste management. The recommendation we have given: set up a large fund, support ecosystem by attracting additional investors, e.g. as it is being done through the impact-linked financing. Some of the current instruments are too limited. Being a bit bolder could be good for SDC.” (Backstopper)

Role of field offices and embassies

“According to our CEO, SDC in X do things a little differently than other offices. Some things that they request are not requested from other offices, so sometimes it is additional work that we did not foresee, e.g. how we report on the budget, at the beginning took quite a long time to agree on what should be included or not. For established organisations it may be easier, but our team is still below 20 people. For us it is very helpful if certain reporting requirements can be streamlined so that we can focus on implementation and focus our resources there.” (Catalytic capital manager)

“We get a lot of help from SDC counterparts (field offices): be ready to make adjustments; try to understand why we can or cannot do some things. But we have the impression it is more piecemeal adjustments and flexibility from individuals, it depends on the goodwill of counterparts. How can we systematically be more flexible and fluid? How can we move away from very established framework? Can we move to something more systemic where you don’t depend on goodwill from individuals?” (Catalytic capital manager)

“The involvement of embassies is mixed. Some projects originate from HQ and the proposal just mentions the embassy and then you sometimes wonder whether they had been consulted on the role they are supposed to play in implementation. In other cases the proposal actually originates from the country.

We see inconsistencies between some of the projects. What should or will the role of the embassy been in PSE project? One proposal we were evaluating had a big section on what the embassy would do, but no connections to political partnerships the embassy had was mentioned. It would have been more efficient if it would have been clearer what the embassy would be doing and therefore what the implementer would be doing.” (Backstopper)

“Overall SDC is quite supportive, SDC staff in the country office is open and very willing/eager to learn about the subject which I really appreciate. We have built a very trusting relationship where we can really openly discuss things, e.g. when something needs to change and you cannot stick to what is in the logframe. There is a lot of learning generated from the project which can be used for other programmes, so that there is less resistance in future. The project officer has learnt a lot, but what about other staff in the office, including the financial people? All of them have an influence on our budget approval for example, so how can they also be part of the learning process?” (Catalytic capital manager)

Results-based financing models

"In the case of SIINC: if a company does not deliver impact we agreed on, they get no money or less money. This is no risk for SDC, it can only be a bit of reputational risk, but it takes longer to set up because of background checks that are needed." (Catalytic capital manager)

"A milestone-based contract is new way of working for us: the funding based on results that you achieve; we also use milestone-based arrangement with partner organisations on the ground - we pass on arrangement in our own contract to our partners on the ground. Milestone-budget is more challenging, especially in term of cash flow management: because of this arrangement, sometimes we cannot provide funds on time. There is little advance payment, so as small foundation we have limitations in continuing activities because we don't have too much financial capacity to pay for activities upfront." (Corporate Foundation)

"The project is mostly paid by deliverables, not being paid by hours – this means we really want to focus on implementation.

Financial reporting: we changed last year after the first audit: it was way too complex. At some point we got a template from the country office that was so complicated; we tried to use it, but after the audit we decided to change it. Had to explain to audit how we don't have time-sheets because we are paid by deliverables, how a PPP project is different. This year we organised the budget in a different way, more streamlined, which was also a recommendation from the auditors.

Change per budget line can only be certain %, so if your budget is defined in a very detailed way right from the beginning, you almost have no room or flexibility. If you have not spent certain %, you cannot release the next tranche: COVID affected payment schedule because companies were not able to reach deliverables as expected and not raise additional capital, but they still needed money to continue." (Catalytic capital manager)

"We work on cost-sharing basis in all our projects because of sustainability; want to have clear exit mechanism. We pass on the cost-sharing agreement we have to our partner organisations: we allow for both cash and in-kind contribution from partner organisations." (Foundation)

Is a neutral facilitator/contractor needed for implementation of PSE projects?

"The approach that we have always taken is avoiding having large contractors involved and working with local organisations. Our thesis has always been local capacity building, we need to strengthen the local infrastructure for entrepreneurship in these countries that is the only way we can realise the impact and having sustainable support structures. For us, the approach has always been to work with local organisations and then getting funding to do that experimentation. We always played an intermediary role in managing a programme and managing the risk related to the experimentation, but not mobilising funds and passing them through the organisation to enable them to build on their insight but also to connect with one another.

The precarious and stretched nature of these organisations – they don't have the capacity to zoom out a bit and check what is happening in other countries around the region, what are innovations that they can draw on, the collaborations they could get involved in, the knowledge sharing in the region – so we try to manage that and have always taken a network-centred approach, focusing on local organisations and how we can support them in the process, but then at the same time how we connect them to a network of peers across the region." (Impact and innovation company; foundation)

"It is important to have a neutral partner in such an interaction (PSE project).

Neutral to ensure a certain quality control that the goals that have been agreed upon are actually implemented, because there are certainly constellations where the business interest then steers things in a different direction and then it is important to question this and to see if there are no other ways.

Neutral also in the engagement with the public sector: private and public sector are often like cats and dogs, they don't talk to each other, so it is important to have neutral partners to initiate certain change processes, to make sure that they are secured by a suitable policy environment that is especially important with regard to sustainability.

We can also contribute to mitigating the risks. I have seen time and again how difficult it is for the private sector to work with public institutions: the whole administrative and reporting process, these are things that do not suit the private sector. A mediating role by a neutral partner is also important here.” (Foundation)

“Have seen very different strategies and approaches at the country level: are we a direct implementer or are we trying to catalyse investment? May be deliberate, but it would be beneficial for us as advisors to have more clarity on how PSE fits into the broader strategy. No partners are the same, so you can do PSE in many different ways and through many different arrangements, so you need to be clear on what goals you want to reach in order to be able to design an appropriate strategy.” (Impact investor)

“Example migration: we developed concept note, finance strategy, but can now not bid for implementation. Example Tanzania: we developed strategy, did assessment of fund managers, but cannot be part of the implementation.

At meeting with backstoppers in Bern, this issue was a big point of discussion. Being in charge of implementation means taking strategy that you developed to fruition, so it can be more rewarding than just developing or reviewing a concept note, strategy or proposal. SDC team said that it may be possible to engage in both, so we will see how it will play out, but now we sometimes have to say no to the proposal or strategy development because we may be interested in the implementation work.” (Backstopper)

“Our project is a Public-Private Partnership project and not a mandate. However, we as the ones managing the project, are also private sector. In our project, there are many levels of PSE.” (Catalytic capital manager)

Comparison to other donors

“Many private organisations, USAID have done a good job in PSE; EU in infrastructure, IFC, some UN agencies; DFAT merged development agency and trade organisation; FCDO remains to be seen, used to be important in the past; few of Chinese state organisations do a lot around PSE; GIZ as well ...

For Switzerland, banking and financing could be a niche because that's where they have a competitive edge. An analysis of what exists in Switzerland and what can be leveraged could be interesting.” (Investor)

“SDC is far more nimble and responsive, far more open to listening and adapting. This is especially important with private sector, which will change its opinion along the way. Others may just be less flexible and say: it's already been procured and decided, so we cannot do it, even if private sector says they don't want to do it anymore in a certain way.

SDC has shown openness to get our opinion as specialists – we came back with some tough to swallow recommendations in some cases and they have been taken on much better than other agencies would have done. We appreciate that you can have these real conversations with SDC; with other bigger agencies you may not even be able to talk to anyone.

Other agencies probably have a better sense of where their strengths are and that's where they invest in. Others may have a clearer strategy.” (Backstopper)

“SDC is much more flexible than the World Bank and ADB, for example, which is essential for smooth operation of project: we've had the possibility to change activities if original plan is no longer relevant and adaptations are required; or it was possible to make changes to the budget as need arises. We always get quick response on operational issues: whenever we ask a

question or want approval on something happening in the field, we get response within a few days.” (Foundation)

“SDC is willing to fund longer-term engagement. SDC has experience in MSD and they know it takes time, they are willing to give it time, unlike many other donors who fund one phase and then close the project and then it usually dies down because avenues for sustainability have not yet been built.

SDC has very systematic approach in reaching the goal: they really look at all the steps that are needed to reach the overall goal. SDC is a real change-maker.” (Corporate foundation)

“SDC is less interfering compared to other donors. FCDO has more invasive way of handling projects, for example - they would probably tell you who to work with, while SDC leaves it up to you.

What SDC is really great at is that they do not just work on white papers, as many other donors do. They really work on the ground, and use the evidence generated from that work on the ground to inform policies and policy discussions.” (Foundation)

“A lot of donors are not yet aware of catalytic funding. In that sense, SDC is quite innovative. Impact investment is nascent globally.” (Group interview with incubators and accelerators)

SDC is very focused on engaging private sector in a way that private sector understands the benefit of the interventions they are going ahead with: Swiss stuck to model where PS understand the benefits of the development interventions. They are not rushing it, have long project durations which is important because 5 years of work for private sector is nothing.” (Group interview with corporates)

“It is difficult to convince donors to introduce new services and to scale. SDC staff understood our need. They came to visit and also brought experience from other countries.” (Foundation)

“SDC wants to know commercial viability of project, they wanted to see market response on extension services and proposed to test 3 models.” (Foundation)

Leveraging of funds from the private sector

“Government does not have too many resources, so they have understood that private sector can provide the resources.” (Foundation)

“If catalytic capital ends up in a fund it is easy to claim for each 1USD x USD are additionally raised. From an efficiency standpoint, a fund is better, e.g. you can do due diligence easier.” (University)

“Some investors say they are proving the market and that in itself is additional. Angel investors have come in after us and we think we can claimed that they wouldn't have come in if we had not been there.” (Impact investor)

“Other agencies say: this is the leverage ratio we want to have, this is where we want to be additional. This is important because private sector can do a lot of the heavy lifting, while your role is to get it going, but then you have to be clear on the goals you want to reach. The leverage ratio can be defined on project to project basis; can set guidance for private sector and what is expected. In the design phase you can publish the leverage ratio in your request for proposals, e.g. USAID will explicitly mention leverage ratio that they are looking for. This allows you to make sure you are additional. It doesn't have to be a universal ratio, but define it based on the sector or region you are looking at. You monitor it and if you have to adapt it; you justify why or why the previous one was not attainable.

For example, USAID INVEST publishes all ratios. In the riskiest case, it would be 1:1 – more in line with things that would not have happened otherwise and are riskier; the largest ratio would be 1:20 – in that case a large part of the investment would probably have been happened anyway, but it is done in a more impactful manner and probably more was mobilised, in this case you are also talking about leveraging investments, while in the 1:1 case it's more about leveraging private sector funding.” (Impact investor)

“The challenge is that half of the deals remain undisclosed. So we actually don't know how much of investment is being raised and is happening. That is something we want to work on because if deals remain undisclosed it looks like not much is happening in the ecosystem - making that more transparent can attract investors” (Group interview with incubators and accelerators)

Impact investment

“There is a huge potential for impact investment: the country's graduation means that you have to bridge a vacuum in funding – impact investment can bridge that vacuum because the whole graduation process is linked to the SDGs. The SDG funding that the country needs is huge and has to come from private sector; catalysing that is key.” (Management consulting, ecosystem and investment promotion)

“Generally, investors think it's interesting to invest in individual businesses when it's really early stage and when the businesses not using it for their core business, but use it for innovating, i.e. when they will not be dependent on it for the next 5 years.” (University)

“Due diligence very difficult to do for these early-stage enterprises; the time horizon way too long and the businesses at this stage need capital fast otherwise they die; the size of the deals are too large for a lot of these enterprises to absorb. Investment in these companies is very relationship-centric: investors are interested in coming into that relationship.” (Impact investor)

“The general thought of investors is that the extent to which catalytic capital is present in enterprises doesn't reflect investor's risk. Some investors suggested that doing a payment upfront or providing a guarantee in a more blended arrangement would make catalytic capital more investor-attractive – it gives a feeling of being in it together, having a partnership, even if the amount is not large. The partnership should address both their risk and also reflect some commitment.” (University)

“It is necessary to negotiate a meaningful % of total that makes investors feel enticed to come in with investors. If impact investment is its own market, you cannot use the standards from a non-socially, purely impact-driven market as benchmark.” (University)

“The roles of different stakeholders has yet to be clarified. Definitions are not clear yet or standardised, e.g. impact investment, catalytic finance.” (Impact investor)

“There is a need to differentiate between investment risk vs. impact risk. Some investors were more well-versed in meaningful social and environmental impact; others did not bring up impact much and how they operationalise social impact.

That could be an advantage of funds: they define well what impact they want to reach.

A lot of investors acknowledged the challenge of marrying complexity around impact with reality of what it means to manage some of these enterprises.” (University)

“Because of the technical assistance provided, entrepreneurs now vision their companies better; they write better business plans; it helps them to perform better in other rounds where they meet investors. There is not one method to measure impact: a lot of stakeholders have

different understanding of impact and there is no standardised definition yet.” (Management consulting, ecosystem and investment promotion)

“Some social impact cannot be addressed by business, e.g. sexual abuse of girls. We see a risk of impact-washing: because of the scale that it is happening from the get-go, there tends to be focus on outputs and not outcomes or meaningful change in the society.” (Impact investor)

“A DFI I talked to was very conscious of the signalling effect because of the “stamp of approval” that it provides. Catalytic capital should promote innovation. If they coming in is a signal of legitimacy in the market – that is a deep tension that is unacknowledged: how do we ask catalytic capital to be risk-tolerant and signalling legitimacy at the same time?” (University)

“There’s not a generally accepted definition for catalytic capital. Investors are not categorised into clear segments (yet) – may be because the market is still developing.” (University)

How does PSE fit into the bigger picture?

PSE vs. PSD/MSD

“There is a lot of scepticism in the role of incubators and accelerators and to some extent that is fair. The narrative needs to be re-shaped around non-financial support and financial support being siloed and non-financial support being ineffective. We need to look at what is actually working in non-financial entrepreneur support and how can we best combine that with financial entrepreneur support to get the best outcomes.” (Impact and innovation company; foundation)

“I find the distinction between PSD and PSE very confusing, but probably needed.” (Catalytic capital manager)

“I like the difference that SDC is making now, that PSE is a modality.

PSD and MSD are about how the project is implemented. The assumption is that the project cannot be implemented without private sector partners. It is then rather in the course of the project, in the design of the interventions, that the cooperation with private sector comes together.

There is a subtle difference to PSE, where you try to initiate something together with the PS from the very beginning. This can be combined very well.

We actually always work in this MSD or ISD logic, that this is the only way to achieve impact. It also has to do with funding: that a project is co-financed by the PS from the very beginning. A lot of what is done in MSD projects can be used as experience when setting up projects with the PS from the beginning.” (Foundation)

“PSD can be the initial part. PSE comes in afterwards: we engage service providers, they engage start-ups, start-ups engage investors ... but for that to happen, you need to develop the private sector in the first place. Most agencies look at it in terms of developing entrepreneurs, you should take capacity building approach and ecosystem building approach:” (Management consulting, ecosystem and investment promotion)

“If you want market development, you need more players to come in and more services/products to be available. That is where you have to move beyond the current two implementing partners we have.” (Foundation)

“What we want is to scale the knowledge in the ecosystem, we don’t want to hold it for ourselves, we want more professionals out there – with that, quality of start-ups will improve –

if there is more impact investment, also more investors will be attracted.” (Management consulting, ecosystem and investment promotion)

Potential impact of PSE

“Working with private sector can distort the market in the sense of giving advantages to the early adopters. If it fuels innovation that wasn’t there before it is not necessarily a bad thing. The important thing is that many others should benefit from that innovation as well – and that is where private sector usually is reluctant because they would not be willing to invest resources into something that will then be a common good. Working with multiple stakeholders instead is the alternative.” (Foundation)

“There are big opportunities around PSE, also in LDCs where you may have a developed private sector in a specific sector and then you can think about how it can be expanded. Agriculture is an interesting sector where you have private sector already, but maybe they’re not in certain regions or not focused on smallholder farmers. Energy is another example – usually focused on urban areas and wealthier customers, but how can you take it to more remote areas and serve poorer customers? Health and education are priorities for SDC, which is interesting – there’s a split in the donor community on whether private sector should be involved in that space; think about how you can get further down the pyramid, transforming an educational system in a country can take decades, so involving private sector can make it a bit faster.” (Impact investor)

Other topics

“Harmonisation between agencies is needed: if a programme is running well, you don’t need to duplicate it, but better come together. A lot of agencies have their own BDS support or entrepreneurship support models and/or they are all hitting at specific needs. We observe a lot of short-sightedness of various players. PSE can help to reduce this.” (Group interview with incubators and accelerators)

“An enabling environment can only be created collectively: between incubators, accelerators, donors, Government – all need to work together” (Group interview with incubators and accelerators)

“The frameworks being used in our project are quite good - we can use them as benchmark for the entire ecosystem.” (Group interview with incubators and accelerators)

“Entrepreneurship plays such a significant role in rebuilding and in inclusivity of development and there are these untapped mechanisms of diaspora networks as well to consider. Looking at entrepreneurship as a means of addressing what makes a place fragile would be an interesting concept to consider.” (Impact and innovation company; foundation)

ANNEX VII: CASE STUDIES

The case studies are based linked to the three countries visited by the evaluation team. The case studies depict the PSE projects within each country and provide some insight into the key analysed data.

Case study 1 – Tanzania

1.1 Project description, objectives, and results

The Opportunities for Youth and Employment (OYE) project has been implemented by SNV since September 2013 in partnership with the Mastercard Foundation (MCF). Later on, from 2016 to 2019, SDC co-funded the first phase of the project with MCF in Tanzania. Apart from the government authorities involved in the project, six local service providers (MWAYODEO, MJUMITA, E-MAC, TACDECO, SEMA, HAPA) partnered with SNV in implementing OYE.

The main objective of the project is to increase youth (self-) employment and income by developing skills and competencies through tailored technical, vocational and life skills trainings, apprenticeships, and post-training support (push factors). Much of the project's support to the participants is provided in partnership with the company SDC and SNV has partnered with. As a results, youth are prepared for pre-assessed local market opportunities for employment and enterprise development (match factor) in growth sectors that have concrete potential for employment creation (pull factor).

In Tanzania, the overall goal of OYE is to improve the livelihoods and future prospects for out-of-school youth through access to wage and self-employment opportunities in agriculture and renewable energy.

The project is currently in its second phase (2020 – 2024) and is expected to directly impact 4,250 out-of-school youth (18 to 30 years old) in Morogoro and Singida, and 15,300 indirectly (50:50 female-male)⁶⁹. More broadly, phase 2 of the project is expected to (1) equip youth with soft, technical, and business skills in agriculture and renewable energy, (2) develop youth-led enterprises, (3) Encourage and capacitate young women to take up leadership roles and positions, (4) develop collaboration between private actors and youth enterprises, (5) document learnings to be used for evidence-based advocacy⁷⁰. The first phase of the project showed promising results in Tanzania with 15,677 young people enrolled in the programme, 7,841 young people accessed (self-) employment and 649 youth enterprises established⁷¹.

1.2 Challenges faced

Interviews with the different stakeholders (local service providers, partner country government, private sector organizations, OYE champions) helped to identify seven main challenges:

(1) Challenges specific to youths and their families:

- Youths involved in the programme have a desire for quick returns on investments (especially programmes with SEMA). Some sub-projects experienced high dropouts among the youths that realize that there are no immediate results.
- Youths are considered “lazy” and do not have any interest in engaging in agricultural-related investments.

⁶⁹ The Citizen – OYE strives to address youth unemployment in Tanzania, available at: <https://www.thecitizen.co.tz/tanzania/supplement/oye-strives-to-address-youth-unemployment-in-tanzania-3895946>

⁷⁰ SDC – Opportunities for Youth Employment (OYE), available at: <https://www.eda.admin.ch/deza/en/home/countries/tanzania.html/content/dezaprojects/SDC/en/2015/7F09348/ph ase2?oldPagePath=/content/deza/en/home/laender/tansania.html>

⁷¹ SNV – OYE in Mozambique, Rwanda, and Tanzania, available at: <https://snv.org/project/opportunities-youth-employment-oye-mozambique-rwanda-and-tanzania>

- Some families were not ready to allow their children to attend such training, especially among villages where leadership was not involved in the recruitment process.
- (2) Challenges specific to the project design and the involvement of the private sector in the project:
- Failure to appropriately allocate youths to a specific sub-sector of interest, which contribute to the lack of motivation to take part in the project.
 - Duration of the technical training is considered too short (between 7 and 10 days) for interns to grasp adequate practical knowledge. The practical part should be longer (between 1 and 3 months) than the theory part.
 - SEMA managed to have a lot of youths on board with the OYE project, but only few still have a sustainable business. There is a need to re-examine the project design to address the durability of the outcomes.
- (3) Challenges specific to financial institutions
- Difficulties for youths to access governmental loans, the main challenges come from the bureaucratic burden and the complex requirements for the youths to access loans.
 - Once the youths manage to get a loan, financial institutions often ask for payments to be made every months which is difficult for some farming activities (e.g. tomatoes which have a 3 months period before harvesting).
- (4) Challenges specific to the private sector organizations
- Private sector organizations are asking for training fee when approached by OYE project participants.
- (5) Challenges specific to the partner country's government
- Inadequate involvement of Government's extension officers (fisheries, agriculture, beekeeping, trade) and Tanzania Revenue Authority in the OYE project.
 - Private sector organizations' low capital to reach more youths at the community level.
- (6) Challenges specific to SNV
- There are no formal contracts between the Local service providers (LSPs) and the Private Sector Organizations (PSOs) such as East-West Seeds and Silverland companies for OYE programme implementation. The lack of formal agreement is detrimental to the PSE model. Availability of the formal agreement is therefore imperative for strengthening the sustainability of the PSE model. Informal agreements exist between LSP and SNV to provide services and training.
- (7) Challenges specific to PSE implementation
- PSOs have too little capital to reach the broader community-level producers.
 - Shortage of workforce who can meet the market demand.
 - Inability to meet market's requirements in terms of product quantity and quality, mainly due to inadequate technical capacity.
 - Most government extension officers are neither included nor engaged in monitoring visits.

1.3 Significant changes or absence of change

The most significant change achieved with the OYE project in Tanzania is the capacity-building of the youths engaged in the different sub-activities. Youths were provided with opportunities to practice the knowledge gained during the training and to develop their entrepreneurial skills with the PSOs. Engagements with the Tanzania Chamber of Commerce and Industries (TCCIA) which also contributed to the youth's training on their rights to know the quality of their products, the price per standard measurements, marketing data, and packaging standards ("lumbesa"⁷²). Youths also had access to free training on official banking procedures from financial institutions such as Tanzania Commercial Bank (TCB) and National Microfinance Bank (NMB). To further enhance their capacities, youths also created WhatsApp groups to have regular communication, exchange ideas and seek solutions with their peers.

At the local providers' level, the following evidence of change have been identified:

1.3.1 SEMA

- **Enhancement of value:** Youths gained skills in Good Agricultural Practices (GAP) which are a set of standards for safe and sustainable production of crops and livestock.
- **Access to quality seeds:** Youths have been linked to East-West Seeds Company to get quality, improved, s seeds to have higher production.
- **Income diversification:** Linkage to East-West Seeds has transformed youths' productivity enabling their incomes to triple. This transformation has helped them improve their livelihoods due to income diversification.
- **Trickle-down effect:** One of the trained youths by the OYE programme has taught his wife vocation skills (tailoring, bites making, and liquid soap making) and has opened an M-pesa account as a mobile money business account.
- **Linkage with Tanzania Forestry Service (TFS):** TFS is the national forestry oversight and management agency. Through the outreach programme, TFS has provided training opportunities on forestry management and modern beekeeping to youths under the OYE programme. Additionally, TFS provided more training on conservation knowledge and legal issues in forestry product management to OYE youth beneficiaries, which further enlightened their knowledge on crosscutting matters, especially beekeeping and conservation.
- **Technical, mentorship, and marketing support:** TFS continues to monitor and provide technical and mentorship support to the youths under the OYE programme. Such a supportive opportunity has reached a stage where TFS buys beekeeping products produced by the OYE interns. For sustainability, this is vital for future markets for the youths after gaining adequate skills and knowledge on how to handle forestry products such as beekeeping.

1.3.2 HAPA

1.3.2.1 Technical support at Silverland Company, Malongo Poultry Farm, and Taishi Farm about poultry farming amongst youths

- **Technical knowledge on poultry farming:** 34 youths participated in an internship and learned about chicken cage and poultry farm management.
- **Technical knowledge on feed formulation:** Silverland Company provided technical support to the youths to understand common feed ingredients to be profitable.
- **Technical knowledge on hatching:** Youths participated in technical training on hatching techniques.

⁷² Lumbesa is a commonly known packaging style that does not abide by the standard size of kilograms per sack.

- **Knowledge on disease prevention and vaccination:** Youths were trained on all types of poultry diseases and how to administer chicken vaccine.
- **Market opportunities:** Youths visited different shops to gain knowledge on products, prices, and packaging.
- **Benefits for the private sector:** OYE project enabled Malongo Poultry Farm to meet the market demand for poultry products in Singida Region.

1.3.2.2 Horticulture technical support by East-West Seeds and NINAYO

- **Knowledge on modern farming practices:** Helped youths to use quality seeds resulting in more quality products, to understand the type and quality of land, to identify and select seeds based on the type of soil they have.
- **Increase in incomes and harvest⁷³:** One youth have been able to raise a total of US\$2,578.98 in comparison to between US\$343.86 and US\$426.83 per season before engagement with the private sector.
- **Access to farming products:** Enabled youths to get fertilizers at subsidized prices.
- **Cultural change:** Youths now consider the farming potential for their livelihoods, job security, and source of income.

1.3.3 MWAYODEO

- **Engagement of youths in various activities:** Private sector organizations engaged youths in various practical activities in the different stage of the farming processes.
- **Link with relevant partners:** Once youths have acquired business capital (through savings and lending), they will need the private sector like East-West Seeds Company for seed supplies, etc.
- **Provision of complementary skills:** MWAYODEO provides soft skills to the youths by linking them to the PSOs for technical support.
- **Utilization of mobile financial applications (M-KOBA/CHOMOKA):** TCB has developed an application, to facilitate mobile financial transactions.

Despite the achievements in capacity-building, there seem to be some potential risks for the long-term sustainability of the results. During the interview with the stakeholders, it was noted that government's regulations might impact the durability of the project. Youths are struggling to request land from their communities to establish farming projects based on the knowledge acquired during OYE. In addition to that, there is a lack of consultative assessments and workshops with relevant people to develop more opportunities for the youths (i.e. opportunity mapping to identify more options for field placements). Lastly, it appeared during the discussions that some people in business have used the "lumbesa technique" to exploit farmers, including the youths involved in horticulture activities through the OYE project. This aspect might jeopardize the trust and involvement of youths in the OYE project in the future.

1.4 Contributing factors

The main contributing factor is the participatory approach used in the OYE project. Different stakeholders have been involved at different stage of the project which helped to reach the outcomes. Private sector organizations have been involved in training and field attachment while local government like Tanzania Chamber of Commerce, Industry, and Agriculture have been engaged from the regional to the district level and helped to share the information amongst their members regarding the OYE project. Additionally, monthly cluster meetings are organized with government officials and the PSOs to meet and discuss with the youths. Each

⁷³ TZS 6,000,000/=, equivalent to US\$2,578.98; TZS 800,000/= and TZS 1,000,000/=, which is equal to between US\$343.86 and US\$426.83.

cluster comprises 36 youths from different villages coming together to discuss and exchange ideas on their projects.

The partnership with SDC and SVN is perceived as an ambassador programme for the PSE model to other donors in Tanzania.

1.5 Influence of SDC support

The SDC sponsored project understood the needs for better capacity building of the youths to integrate the local job market. The project developed a Push-Match-Pull model that was successful in attracting and keeping the youths focused and by supporting them in generating money and building resilience without creating dependency⁷⁴. The project initiated practical trainings for the youths through collaboration with local governments such as Tanzania Chamber of Commerce, Industry, and Agriculture and help them develop technical skills by establishing linkages between local private sector organizations and local providers. These partnerships were beneficial for both stakeholders as it helped private sector organizations to respond to the market demand by developing the technical skills of the youths. Overall, the project improved the capacities and collaboration between the different actors by connecting them and creating synergies.

1.6 Lessons learnt

- Participatory approach is crucial for the success of such project including local governments.
- There is a need to involve even more local government in the process.
- Need for opportunity mapping.
- Need to trigger interest by better targeting the placement with the interest of the youths in tailored placement.

1.7 Beneficiary stories

Halima Rashid is a 33 years old mother of two. Halima lives in Merera Kololo village and has been an OYE Champion since 2014. Thanks to OYE, Halima has been introduced to companies such as Sun King Solar which she is now working for as a solar agent. Through this job her well-being has improved and she now have enough income to take care of her basic needs (i.e. taking care of her family and paying for rent). In addition to this, Halima has managed to buy a plot of land to build a house. The OYE project has enabled Halima to meet her basic needs, to buy a house, but also to join the Project Advisory Committee (PAC) as a member.

"I thank God, in the first place, OYE has introduced me to and made me known by many companies such as Sun King solar company." Halima Rashid.

⁷⁴ SNV. June 2018. Final Evaluation of the SNV OYE project in Tanzania, Rwanda, and Mozambique
https://snv.org/cms/sites/default/files/explore/download/final_evaluation_report.pdf

Case study 2 – Kenya

2.1 Project description, objectives, and results

Project 1: Kenya Resilient Arid Lands Partnership for Integrated Development (RAPID) and RAPID+

The Kenya RAPID programme (2015-2021) bring together public and private institutions and communities. It uses a public-private partnership platform to combine the assets and experience of development actors, and private and public institutions to address the complex problems created by inadequate water access and poor governance of natural resources in ASALs. In total, the programme works with 21 partners including the main programme donors: SDC and USAID.

The primary goal of this programme is to contribute to sustainable and resilient livelihoods for ASAL communities. The programme aims to reach this goal by increasing access to water and sanitation for people and water for livestock as well as rebuilding a healthy rangeland-management ecosystem. The first phase of the programme achieved the following results⁷⁵ (1) set the foundation necessary to improve community resilience in the locations where it rolled out the interventions, (2) access to sustainable WASH and improved rangeland management services has improved, (3) households have taken up agro-pastoralism and are employing the use of innovative irrigation techniques, (4) tangible impact on nutrition with overall increases registered in dietary diversity and decreases in malnutrition.

The next phase of the programme is RAPID + (2021-2026) which build on the foundation put in place by Kenya RAPID programme. The structure of Kenya RAPID+ has been adjusted to strengthen the internal coherence of the project⁷⁶. This follow-up programme is designed to increase the access to safe drinking water and rangeland services for more than 200,000 people in the counties of Turkana, Garissa, Isolo, Marsabit, and Wajir. The project is funded by SDC.

Project 2: Livestock Strengthening Sector (LSS)

The objective of the LSS project is to contribute to enhanced pastoralist community resilience which will result in improved livestock-based livelihoods and sustainable socio-economic development⁷⁷. The project supports FDCD counties to enhance livestock production by creating a favourable environment for the delivery of livestock services⁷⁸. LSS works in partnership with private sector to deliver the services (e.g. SOLARGEN, Water Kiosk/Boreal Light). These private sector entities co-initiated and co-founded the interventions. In Wajir, Water Kiosk/Boreal Light entered into an 8-year contract with the community to co-steer the intervention and share the profits from the sales of desalinated water.

The first phase of the project ended in 2022 and achieved the following results⁷⁹, (1) over 1660 farmers have benefitted from improved skills, new technologies and modernized livestock

⁷⁵ USAID, SDC. October 2020. End-term performance evaluation of the Kenya Resilient Arid Lands Partnership for Integrated Development Activity. <http://mwawater.org/wp-content/uploads/2021/01/Kenya-RAPID-Final-Performance-Evaluation-Report.pdf>

⁷⁶ SDC – RAPID +, available at : <https://www.eda.admin.ch/deza/fr/home/projets-vue-ensemble/projekte.html/content/dezaproyects/SDC/en/2015/7F09418/phase2.html?oldPagePath=>

⁷⁷ SDC – Kenya RAPID, available at: <https://www.eda.admin.ch/deza/fr/home/projets-vue-ensemble/projekte.html/content/dezaproyects/SDC/en/2015/7F09418/phase1>

⁷⁸ SDC – Kenya – Strengthening Livestock Sector in Arid and Semi-Arid Lands (ASAL) Counties, available at: <https://www.eda.admin.ch/deza/fr/home/pays/grande-corne-afrique.html/content/dezaproyects/SDC/en/2017/7F09800/phase2?oldPagePath=/content/deza/fr/home/laender/horn-von-afrika.html>

⁷⁹ SDC – Kenya – Strengthening Livestock Sector in Arid and Semi-Arid Lands (ASAL) Counties, available at: <https://www.eda.admin.ch/deza/fr/home/pays/grande-corne-afrique.html>

systems and increased their production, (2) capacities of five research and training institutions and laboratories were enhanced for improved livestock services delivery and for peaceful coexistence of communities, (3) 19 sector plans, rangelands management bills, spatial plans and disease control frameworks were developed and operationalized to support the larger population, (4) an estimated 1.5 million people reached through the radio broadcasts across four counties to provide livestock production and livestock marketing information.

Building on the successes and lessons learnt from the first phase (2018-2022), the second four-year phase (2022-2026) is planned to advance on the gains made.

Project 3: Kakuma Kalobeye Challenge Fund (KKCF)

The KKCF (2018-2024) is a \$25 million project designed by IFC⁸⁰. This project seeks to attract private sector solutions for refugees and host communities through catalysing private investments. The overall goal is to enhance economic opportunities and capacities, self-esteem, dignity, and empowerment. SDC supported a nine-month inception phase to set the context and understand the needs. The project expects to reach the following goals (1) facilitate the entry of 10 companies into the Kakuma area, (2) support the expansion of five companies already present in the area, (3) provide grants to 50 local micros, small, and medium enterprises and offer capacity building and business model technical support to 70 local micro, small, and medium enterprises, (4) support 1,500 jobs and improve access to essential goods and services for 50,000 people.

Project 4: Private Sector Partnership for Health (PSPHP)

The PPSH for Health is a 5-year project (2019-2024) that aims to contribute to overall health systems strengthening in Somalia. The project supports sustainable private sector healthcare financing and service delivery through networks and associations of private providers to provide Somali citizens with better access to quality and affordable health services. To do so, SDC seeks the services of competent organizations that will be mandated to strengthen private health sector models across Somalia to improve the availability, quality, and affordability of healthcare of the poor⁸¹.

2.2 Challenges faced

Field work and interviews with the different stakeholders (SDC staff and partners) helped to identify the following challenges:

(1) Challenges specific to SDC:

- Absence of specific goals set for PSE.
- Disconnection between the HQ and the field, PSE guidelines need to be more context-specific.
- SDC staff lack the skills to increase the use of PSE modality and the portfolio due to low experience in engaging and contacting private sector.
- SDC is considered too risk averse which can hinder the achievement of the objectives of the PSE modality.

afrique.html/content/dezaprojects/SDC/en/2017/7F09800/phase2?oldPagePath=/content/deza/fr/home/laender/horn-von-afrika.html

⁸⁰ Kakuma Kalobeyei Challenge Fund' objectives, available at: <https://kkcfke.org/our-objective/>

⁸¹ Private Sector Partnerships in Health (PSPH), available at: <https://beamexchange.org/community/jobs/details/1294/>

(2) Challenges specific to project design

- Project design processes take too much staff and client time.
- Conducting due diligence and approve projects can be time-consuming.
- Compliance with Swiss Regulations is also considered to be too long and time-consuming.

(3) Challenge specific to the overlap with existing initiatives

- A high number of NGOs, international organizations, and humanitarian agencies are providing “free” or heavily subsidized services which can interfere with the expected outcomes of the SDC supported projects.

2.3 Significant changes or absence of change

While it is hard to identify significant changes due to the fact that most of the interventions have only recently started being implemented some significant changes have been identified. Overall, the different projects have helped to develop technologies. The uptake of these new technologies is expected to increase which will boost economic activities and incomes.

However, so far the expectation of leveraging significant private sector resources has yet to be fully met.

At the project level the following evidence of change have been identified:

2.3.1 Kakuma Kalobeye Challenge Fund

- **Increase in economic activities:** The project has supported the establishment of new investments in the Kakuma Refugee Camp, mainly in desalination of water, use of solar energy and irrigation systems. These investments have spurred new economic activities around processing, agriculture, and water supply. The KKCF project has created 40 new enterprises in renewable energy, health, education, agriculture, water and sanitation, and banking which generated over 300 jobs creation.

2.3.2 Livestock Strengthening Sector

- **Increase demand for water, energy, and irrigation products:** The demand for SOLARGEN products has increased, especially solar systems. The provider opened an office in Wajir Town to match the increasing demand and developed a cheaper floating water pump for those who cannot afford the cost of the normal one.
- **Income Diversification:** There is an increase in the number of water service providers, four new providers entered the Wajir Town Market. This increase in new competitors reduced the profit margins of Water Kiosk/Boreal Light. Yet, the provider in response to this has invested in other technologies for Water Desalination and diversified into other areas in Kenya and Africa.

Despite some of the achievements, there seem to be some potential risks for the long-term sustainability of the project's outcomes. During the field work and interviews with the stakeholders, it was noted that the technologies installed by the projects (smart meters, generators) are not fully functioning due to some poor maintenance. Poor maintenance is largely due to a lack of trained staff and scarcity of equipment which might hinder the expected outcomes of the projects.

2.4 Contributing factors

The projects from the SDC portfolio in Kenya have one common denominator which is the willingness of the stakeholders at all levels. Stakeholders are willing to take risks and embrace new ideas, mainly the use of new technologies, which contribute highly to the achievement of some of the outcomes. For example, for LSS the willingness of the management helped SOLARGEN technologies and Water Kiosk to set up shops in the Frontier Counties. Additionally, one other contributing factor is the participatory approach used by the project partners to involve all relevant stakeholders. This approach allowed the relevant actors to feel involved in the projects.

2.5 Influence of SDC support

SDC support through the PSE modality in Kenya and Somalia enabled the private sector to engage and invest in sector and/or locations they would otherwise not venture into. For instance, there is little incentive for private businesses to invest in the northern counties of Kenya, despite that it contains 75% of the livestock population in the country. Yet, thanks to the PSE modality of SDC, private sector stakeholders have invested in these locations and showed that profits can be made in the medium/long-term. Additionally, actors on the ground are well-aware that the development and installation of products such as sensors would not have been possible without the influence of SDC. The PSE modality also created an environment for innovative approaches. There is considerable innovation across the PSE portfolio in Kenya (and its region), project's partners such as Boreal Light, Sweetsense and SOLARGEN have developed tools like desalination systems, water meters, and energy technologies.

2.6 Lessons learnt

- It is important to use broad and long lists of potential companies to work with initially to avoid (the perception of) market distortion, and
- Ensure technical language is defined for partners and stakeholders to avoid confusion.

2.7 Beneficiary stories

Fatuma Osman, "I have been selling milk for more than 10 years now. I buy camel milk and distribute it to hotels and restaurants in the town. I started this business by buying a freezer where I could store my milk before doing the distribution. But because of erratic electricity supply, my milk was always going bad. This forced me to collect less milk and supply to fewer people. My income became less than anticipated. I bought a generator but it was expensive to run and it was not sufficient to cool all the amount of milk I was able to buy. It is then that I heard about the Livestock Strengthening Project. I looked for them and enquired how they could support my kind of project. After interviewing me, they decided to support me with a Solar System. Solargen was contracted to install a Solar system in my cold room just outside the town. Now I can store all the milk I buy. And my milk does not go bad Now. Later I dug a borehole for water. I am using the solar to pump water which I am using for small scale horticulture activities as well. Because of the solar energy I can now cool as much milk as I have and sell it later. I now sell more milk and make more money. My challenge now is not how to maintain the freshness of the milk; rather it is where to get more milk as current supply is low due to drought. Without the solar installation I would not be operating at the scale I am operating. I would probably have closed the business."

Case study 3 – Bangladesh

3.1 Context for PSE in Bangladesh

Bangladesh has a vibrant private sector, which is very strong when it comes to policy and advocacy; business associations and chambers are active, especially compared to other countries in the sub-region; the private sector has proved to be resilient and able to solve many problems on their own.

In the context of Bangladesh's graduation to the status of middle-income country, the trade sections are becoming more important than the cooperation sections for many development partners. Especially the Nordic countries (Denmark, Sweden, Norway) have shifted to an "aid for trade" approach and have much more collaboration between the two sections in the embassies, also when it comes to engaging and promoting the private sector from their own countries. Switzerland has surpassed the 1 billion USD threshold for the first time in its bilateral trade with Bangladesh in 2021. The Team Europe initiative, of which Switzerland is also part, highlights the importance of ESG standards for trade relations.

Bangladesh has identified seven SDGs as the highest priority areas: SDG 1 (eradication of poverty), SDG 3 (good health and well-being), SDG 4 (quality education), SDG 6 (clean water and sanitation), SDG 8 (decent work and economic growth), SDG 13 (climate change) and SDG 16 (peace, justice and strong institutions). The government prides itself in having adopted a "whole of society approach" for implementation, holding consultations with civil society organisations, women's networks, labour associations, and the private sector. In its two most recent development plans, the Government highlights the importance of mobilising resources from the private sector, as well as stimulating both local and international investment.⁸² So far, the Government uses Public Private Partnerships (PPPs) as vehicle to engage with the private sector, especially in large-scale infrastructure projects, but lacks a vision or strategy as to how to engage the private in more development-oriented projects and interventions.

Switzerland defined the following topics as priorities in their last two cooperation strategies:

Swiss Cooperation Strategy for Bangladesh (2018 – 2021) ⁸³	Swiss Cooperation Strategy for Bangladesh (2022 – 2025) ⁸⁴
• democratic governance • income and economic development • safe migration	• sustainable and more inclusive economic development • improved social well-being for all • transversal themes: GESI, governance, climate change and environment

It is notable that neither of the last two cooperation strategies mention PSE as a modality or tool, but do acknowledge the importance of the private sector as development actor, also in line with the respective Dispatches. SDC has a long history of having supported successful MSD projects in Bangladesh, such as the flagship Katalyst project.⁸⁵ The current strategy acknowledges that "private sector is in the best position to advance prototypes from ideas to

⁸² Government of the People's Republic of Bangladesh. December 2015. Seventh Five Year Plan FY2016-2020, Accelerating Growth, Empowering Citizens.

https://www.unicef.org/bangladesh/sites/unicef.org.bangladesh/files/2018-10/7th_FYP_18_02_2016.pdf

Government of the People's Republic of Bangladesh. December 2015. Eight Five Year Plan July 2020 - June 2025, Promoting Prosperity and Fostering Inclusiveness.

<https://policy.asiapacificenergy.org/sites/default/files/Eighth%20Five%20Year%20Plan%20%28EN%29.pdf>

⁸³ Swiss Agency for Development and Cooperation. 2018. Swiss Cooperation Strategy Bangladesh 2018-2021.

<https://www.eda.admin.ch/deza/en/home/sdc/publications/alle-deza-publikationen.html/content/publikationen/en/deza/cooperationstrategies/cooperation-strategy-bangladesh>

⁸⁴ Swiss Cooperation Strategy for Bangladesh (2022-2025), available at:

<https://www.eda.admin.ch/countries/bangladesh/en/home/international-cooperation/strategy.html>

⁸⁵ The Story of Katalyst, available at: <https://beamexchange.org/resources/1187/>

scale, thanks to companies' facilities, expertise, and resources" and that "private sector engagement offers significant potential for catalysing capital and innovations for development and strengthening corporate social responsibility".

Despite Bangladesh not being one of the priority countries for SECO, there is a strong collaboration with SECO. Through the initiative of SDC staff, a concept note was prepared to outline the potential for SECO interventions in the country. SECO has also participated in the development of the most recent cooperation strategy.

A PSE 100 workshop was held for SDC staff in 2020. It was held online due to the COVID-19 pandemic. In terms of exposure of working with the private sector, it is to be noted that several of the current National Project Officers working at the Embassy had previously worked in the Katalyst project.

Bangladesh has an important presence of Swiss private companies (Nestlé, SGS, Novartis, Roche, Incepta, Lafarge/Holcim) as well as of other large multinationals, especially in the ready-made garments sector. The Swiss Ambassador is the patron of the Swiss-Bangladeshi Chamber (SBCCI); quarterly meetings are held by the SBCCI, in which the Embassy's trade section participates.

3.2 SDC's PSE portfolio in Bangladesh

Project descriptions

Project 1: BADIP or BMMDP

Agriculture is one of the most important sectors in Bangladesh: small farms account for 96% of operational holdings and 69% of the total cultivated land in the country, while 48% of the workforce is dependent on the sector as main source of income. At the same time, Bangladesh is extremely vulnerable to climate change and faces considerable risks: droughts, floods, winds, temperature shocks, pests and diseases have a significant impact on livelihoods. To strengthen resilience and support the ability of the rural population to cope with such shocks, agricultural insurance and related extension services can play an important role.

The overall goal of the first phase of the Bangladesh Agricultural and Disaster Insurance Programme (BADIP) is to improve the well-being of farmers, specifically smallholders, through enhanced agricultural productivity and resilience to natural disasters. BADIP will achieve this goal by developing relevant crop and livestock insurance products and risk reduction services available and accessible to farmers.

The project started in 2015; its first phase is due to end in December 2022. SDC's contribution of around 9.9 million CHF.

Project partners include: Swisscontact, Syngenta Foundation, Palli Karma Sahayak Foundation (PKSF).

Project 2: SSIE-B or BBridhhi

Bangladesh has a vibrant private sector and is known worldwide for social businesses like Grameen Bank or BRAC. In the context of the SDGs, social and impact-oriented entrepreneurship is becoming a growing segment of start-up ecosystems worldwide.

SDC has pioneered and capitalised on first experiences with innovative instruments to align social and financial returns of social enterprises such as Social Impact Incentives (SIINC), as well as social entrepreneurship programmes in Latin America, to develop the Scaling Social and Impact Enterprises in Bangladesh (SSIE-B), locally known as BBridhhi, programme.

By deploying innovative blended finance solutions and Swiss expertise on impact investment, SDC will accelerate the growth of social and impact-oriented start-up enterprises in Bangladesh. This will be achieved by improving the services available to entrepreneurs,

stimulating investments into early-stage social enterprises, and creating incentives for enterprises to become more impact oriented. Poor and disadvantaged women and men move out of poverty and improve their well-being through opportunities on inclusive markets as customers, suppliers and/or employees of social and impact enterprises.

The first phase of the project started in December 2019 and is due to run until November 2023, with an SDC contribution of around 5.5 million CHF.

Project partners include Roots of Impact, LightCastle Partners, Bridge for Billions, local accelerators and incubators.

Significant changes or absence of change

Both projects have scheduled evaluations to take place in the third and fourth quarter of 2022, which will assess the results achieved too far in more details.

At the project level, evidence of the following changes has been identified:

Project 1: BADIP or BMMDP

- Increased awareness on the need for insurance against climate change related and other risks – this is happening against the backdrop of several failed (government and donor-led) past initiatives related to insurance, which have created a huge mistrust in relation to insurance in the general public.
- Policies linked to (micro-)insurances being revised and/or created based on experiences from the project.
- Partnerships/Collaboration between public and private sector, as well as NGOs and grassroot organisations, are being replicated at the local/village level.
- Testing of different business models for distribution of weather-related crop insurance, as well as livestock insurance.
- Increased access to extension advice and farming inputs for smallholder farmers.
- Empowerment of women (groups), increased financial literacy.

Project 2: SSIE-B or BBridhhi

- Establishment of impact investment and results-based/outcome-based contracts in the ecosystem, e.g. standards in relation to impact stories and measurement in line with international good practices.
- Capacity strengthening of network of local intermediaries that can provide services to start-ups and entrepreneurs.
- Support to early-stage start-ups and acceleration of social enterprises; catalytic investments facilitated.
- Support to the Bangladeshi impact investment strategy.

Contributing factors

Both PSE projects in SDC's Bangladesh portfolio have in common that, despite initial reticence, there is interest and take-up from the local private sector, e.g. in the form of local investors or local insurance companies and banks.

Both projects face a significant market potential, which makes it attractive for private sector players to engage and get involved.

In the case of the BADIP/BMMDP project, a clear contributing factor is the wide-spread and well-established network of micro-finance institutions in Bangladesh, which are used as anchor for the insurance services.

SDC's good reputation in the country contributes to building trust among all stakeholders involved.

Several staff at the Bangladesh office have long-standing experience in working with the private sector, e.g. through MSD projects such as Katalyst. They have had exposure to negotiate with a diverse range of private sector actors and understand the “mentality” and “language” of the private sector. They also have an understanding of the ecosystem that is needed to make the interventions work and become sustainable.

Challenges faced

Field work and interviews with the different stakeholders (SDC staff, implementing partners, beneficiaries, development partners) helped to identify the following challenges in relation to the PSE modality and “portfolio”:

(1) Challenges specific to SDC:

- Despite initial training and on-the-job training, staff in the Bangladesh office feel they have limited experience and capacity to increase the PSE portfolio.
- Non-SDC Embassy staff did not receive any PSE training and have a different understanding of private sector engagement (more in the sense of CSR), which partly contradicts what SDC colleagues are trying to promote.
- There are no incentives for staff to “do more PSE” – the latest country strategy defined climate change and DRR as the key area of work and there are no PSE-specific targets.
- Planning of the PSE projects took more than two years, from the scoping mission to the approval of the credit proposal; in the case of BADIP/BMMDP, it was followed by the tender for the project management.

(2) Challenges specific to the projects

- The BADIP/BMMDP implementation arrangement (i.e. Swisscontact coming in as project management following a tender) was decided upon relatively late and led to difficulties in implementation because of tensions and limited coordination among partners.
- SwissRe (which was supposed to come in as re-insurer to the BADIP/BMMDP) withdrew from the project once implementation started.
- The expectation of leveraging significant private sector resources has yet to be fully met in the case of the BBriddhi project.
- The question of how to reach scale in the case of the BBriddhi project is yet to be answered.

(3) Challenges specific to the environment

- Deep-rooted mistrust in insurances among the Bangladeshi public, which requires a lot of ground-work linked to awareness-raising.
- Negative image of Bangladesh makes the country an unattractive destination for (foreign) investors, which reduces the chances of leveraging private sector resources.

Influence of SDC support

Both PSE projects can be considered successful pilots.

In the case of the BADIP/BMMDP project, it can be clearly stated that the insurance topic was only taken up because of SDC’s support. Through the interventions in 16 districts, it has been demonstrated that micro-insurance products are not only viable for production-related activities of poorer households, but that there is potential for expanding these services beyond that (e.g. health insurance).

Through the support to social enterprises in the framework of the SSIE-B or BBridhhi programme, significant innovations have been triggered, that all benefit poor men and women, either as employees or consumers. According to intermediaries (incubators, accelerators and investors) met, the BBridhhi programme is proving the market and, with that, is in itself additional; they also claim that some of the investments would not have happened without the project's (and its partners') presence – to what extent this is the case will probably be established through the evaluation that will take place towards the end of 2022.

3.3 Lessons learnt

The SDC office in Bangladesh and its staff have a long tradition of being part of or supporting MSD projects in the country. This experience in understanding private sector incentives, forging alliances and engaging in direct collaborations with private sector actors, leveraging private sector capacities and resources for the benefit of poorer/marginalised segments of the society is a good basis for PSE.

Increased exchange and collaboration between the cooperation and trade sections of the Embassy can support the identification of new PSE projects. In light of Bangladesh's graduation to middle-income country, this can be a new way of working that can make Switzerland an even more trusted/demanded partner in the country.

The Bangladeshi Government is interested in engaging with the private sector in order to leverage resources for its development projects. There is a potential for technical assistance to be provided by development partners in this field. PSE can be an attractive new modality of work in countries that have graduated from development cooperation and can be a building block for continued Bangladeshi-Swiss cooperation "beyond aid". The role of development partners can be to ensure inclusivity and the adherence to ESG.

Other donors do not use such a strict definition of PSE as SDC does, especially in terms of differentiation between PSE and PSD. Within SDC's two PSE projects in the country, the boundaries towards PSD seem blurred or, said in a different way, there are strong signs that both PSE projects can be more impactful by adding PSD elements to them.

Given the pressure to increase the PSE portfolio, SDC may have to look into how, at an operational level, it can have PSE projects being complemented by PSD interventions (overlap with economic policy support and support to local private sector) in order to be more effective and impactful.

The BADIP/BMMDP project has shown the importance of bringing in Government stakeholders as part of the project design, especially if regulatory issues are relevant for the services/products to be established. This has to be done cautiously and with the necessary knowledge of the local context to avoid putting off the private sector, though.

Especially in more complex multi-stakeholder arrangements, it is important to have an implementing partner that can play the role of a neutral facilitator and manage the project/funds on behalf of SDC. However, the criteria of selecting these partners and/or for tendering their services or not are not always clear-cut and it would be helpful if SDC would develop clearer guidelines on this.

For piloting purposes, it may be appropriate to work with only one private sector partner. However, for scaling purposes and for the purpose of avoiding the creation of dependencies, crowding-in of additional players is key. This is something that a development partner such as SDC can push for in PSE projects.

ANNEX VIII: BIBLIOGRAPHY

- ADA. April 2022. Evaluierungsbericht – Strategische Evaluierung der Kooperation der OEZA mit der österreichischen/europäischen Wirtschaft, insb. Wirtschaftspartnerschaften 2015–2020.
https://www.entwicklung.at/fileadmin/user_upload/Dokumente/Evaluierung/Evaluierungsberichte/2022/WIPA/Eval_WIPA_Volume_I_Hauptbericht.pdf
- DCED. April 2022. Private Sector Engagement, Synthesis Note. <https://www.enterprise-development.org/wp-content/uploads/DCED-Private-Sector-Engagement-Synthesis-Note.pdf>
- DCED. March 2019 (Updated September 2021). Working Paper - Donor Engagement in Innovative Finance: Opportunities and Obstacles. https://www.enterprise-development.org/wp-content/uploads/DCEDWorkingPaper_DonorEngagementinInnovativeFinance.pdf
- DCED. November 2018. Minimising the Risk of Negative Market Distortions in Private Sector Engagement: A practical framework. https://www.enterprise-development.org/wp-content/uploads/DCED_Minimising-the-Risk-of-Market-Distortions-in-PSE_Practical-Framework.pdf
- Department of Foreign Affairs and Trade, Australian Government. 2020. Private Sector Engagement in Australia's Aid Program- Operational Framework.
- DEval. 2021. Evaluierungssynthese Zusammenarbeit mit der Privatwirtschaft. Donor Committee for Enterprise Development. 2019. Private Sector Engagement. DCED Secretariat. Retrieved from: (<https://www.enterprise-development.org/wp-content/uploads/DCED-Private-Sector-Engagement-Synthesis-Note.pdf>)
- Donor Committee for Enterprise Development. January 2018. Towards strategic private sector engagement: A summary of innovations and institutional change in donor agencies. [DCED \(enterprise-development.org\)](https://www.enterprise-development.org/)
- ECOS. December 2021. External evaluation of SDC's contribution to the Global Compact Network Switzerland and Liechtenstein and related initiatives Evaluation Report. Basel: ECOS
- Food and Agriculture Organization of the United Nations. 2021. FAO Strategy for Private Sector Engagement 2021-2025. Rome: FAO.
- Food and Agriculture Organization of the United Nations. 2019. Evaluation of the FAO Strategy for Partnerships with the Private Sector. Rome: FAO.
- Global Affairs Canada. Private Sector Engagement for Sustainable Development
- Global Environment Facility. May 2021. Evaluation of GEF Engagement with Micro, Small and Medium Enterprises (MSMEs). IEO
- Global Environment Facility. December 2020. Private Sector Engagement Implementation Plan. GEF.
- Government of the People's Republic of Bangladesh. December 2020. Eight Five Year Plan July 2020 - June 2025, Promoting Prosperity and Fostering Inclusiveness. <https://policy.asiapacificenergy.org/sites/default/files/Eighth%20Five%20Year%20Plan%20%28EN%29.pdf>
- Government of the People's Republic of Bangladesh. December 2015. Seventh Five Year Plan FY2016-FY2020, Accelerating Growth, Empowering Citizens. https://www.unicef.org/bangladesh/sites/unicef.org.bangladesh/files/2018-10/7th_FYP_18_02_2016.pdf

- Green Climate Fund. May 2021. Independent Evaluation of the Green Climate Fund's Approach to the Private Sector- Approach Paper. Incheon: IEU, GCF.
- Habbel, V., E. Jackson, M. Orth, J. Richter and S. Harten (2021), "Evaluating blended finance instruments and mechanisms: Approaches and methods", OECD Development Co-operation Working Papers, No. 101. Paris: OECD Publishing.
- Hartmann, C., F. Gaisbauer and K. Vorwerk (2017), Evaluation of the develoPPP.de programme. Bonn: German Institute for Development Evaluation (DEval).
- Heinrich-Fernandes, M. March 2017. How donors can make the transition to strategic private sector engagement: Programming innovations and organisational change. Donor Committee for Enterprise Development.
- International Fund for Agricultural Development. September 2019. IFAD Private Sector Engagement Strategy 2019-2024. IFAD.
- Kaplan, M., S. Brüntrup-Seidemann und N. Herforth (2018), Zusammenarbeit mit der Privatwirtschaft im Agrarsektor in der deutschen Technischen Zusammenarbeit, Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit (DEval). Bonn.
- MercyCorps. Private Sector Engagement Toolkit. mercycorps.org.
- Mott MacDonald International Limited. July 2021. Evaluation of Gavi's Private Sector Engagement Approach 2016-2020 Final Evaluation Report
- OECD. 2016. Private Sector Engagement for Sustainable Development: Lessons from the DAC. OECD
- OXFAM. The GEM Toolkit- Private Sector Engagement
- Sánchez Torrente, L., V. Habbel, J. J. Rocío Pérez, N. Doswald, Bertzky, M., G. Gotz, M. Orth, J. Richter, G. Fernández de Velasco and S. Harten (2020): The State of the Evidence on Blended Finance for Sustainable Development. An Evidence Gap Map. DEval Discussion Paper 3/2020. Bonn: German Institute for Development Evaluation (DEval).
- SNV. June 2018. Final Evaluation of the SNV OYE project in Tanzania, Rwanda, and Mozambique
https://snv.org/cms/sites/default/files/explore/download/final_evaluation_report.pdf
- Swiss Agency for Development and Cooperation. 2022. Organization Chart.
https://www.eda.admin.ch/dam/deza/en/documents/die-deza/organigramm-deza_EN.pdf
- Swiss Agency for Development and Cooperation. 2022. PSE@SDC – How are we doing? Summary of the 2021 Annex 2 Data. Internal newsletter. Bern.
- Swiss Agency for Development and Cooperation. September 2021. Approach Paper Independent Evaluation of SDC's Private Sector Engagement (2015-2021). Bern: Federal Department of Foreign Affairs.
- Swiss Agency for Development and Cooperation. March 2021. General Guidance on the Private Sector in the context of the International Cooperation Strategy 2021–24. Bern: Federal Department of Foreign Affairs.
https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/Leitbild_Privatsektor_2021-2024_EN.pdf
- Swiss Agency for Development and Cooperation. January 2021. SDC Handbook on Private Sector Engagement. Bern: Federal Department of Foreign Affairs.
https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/Handbook_PSE_EN.pdf

- Swiss Agency for Development and Cooperation. October 2020. Bolstering Private Sector Engagement (PSE) at the SDC- Final Report. Bern: Federal Department of Foreign Affairs.
- Swiss Agency for Development and Cooperation. 2020. Switzerland's international cooperation is working. Final report on the implementation of the Dispatch 2017–20. Bern: Federal Department of Foreign Affairs FDFA State Secretariat STS/FDFA Directorate of Political Affairs
- Swiss Agency for Development and Cooperation. 2020. International Cooperation Strategy 2021-24: Greater focus and impact. Bern: Federal Department of Foreign Affairs.
- Swiss Agency for Development and Cooperation (SDC). 2019. SDC How-to Note Theory of Change. Bern: Federal Department of Foreign Affairs.
- Swiss Agency for Development and Cooperation. 2018. Swiss Cooperation Strategy Bangladesh 2018-2021.
<https://www.eda.admin.ch/deza/en/home/sdc/publications/alle-deza-publikationen.html/content/publikationen/en/deza/cooperationstrategies/cooperation-strategy-bangladesh>
- Swiss Agency for Development and Cooperation. 2016. Public Private Development Partnerships (PPDP) – Baseline Report. August 2016. Bern.
- Swiss Agency for Development and Cooperation. N.D. SDC's Strategy for Engaging with the Private Sector: Concept Note. Bern: Federal Department of Foreign Affairs.
- Universal Management Group. January 2021. Enhancing the business sector engagement in the UNCCD Evaluation report Elements of a new strategy
- UN Environment Programme (UNEP). October 2019. Strategy for Private Sector Engagement. unep.org/about-un-environment/private-sector-engagement.
- United Nations. Transforming our World: the 2030 Agenda for Sustainable Development (A/RES/70/1)
- United Nations High Commissioner for Refugees. December 2019. Evaluation of UNHCR's Engagement with the Private Sector. Genève: UNHCR
- USAID. August 2020. Enduring Results Study 3.0 Summary Report
- USAID. Private Sector Engagement Evidence and Learning Plan.
- USAID. Private-Sector Engagement Policy
- USAID, SDC. October 2020. End-term performance evaluation of the Kenya Resilient Arid Lands Partnership for Integrated Development Activity. <http://mwawater.org/wp-content/uploads/2021/01/Kenya-RAPID-Final-Performance-Evaluation-Report.pdf>
- USAID. 2022. Towards Transformational Impact: Synergies of PSE and MSD.
<https://www.marketlinks.org/sites/default/files/media/file/2021-12/MSP%20Brief-Towards%20Transformational%20Impact-Synergies%20of%20PSE%20and%20MSD.pdf>

ANNEX IX: FACTORS INFLUENCING ACCEPTANCE AND THE SUCCESS OF PSE INTERVENTIONS

Based on insights from numerous KIIs that were conducted, the three field visits, as well as literature that was reviewed, the following factors were identified as either facilitating or hindering PSE interventions:

Characteristics of contexts in which SDC operates that are more favourable for PSE	• A thriving/vibrant economy (this means growing, with some dynamic sectors, high levels of innovation, with interest from (foreign) investors in the country) • Countries with a more entrepreneurial spirit or where entrepreneurship is valued more are more favourable; the emergence/existence of a social entrepreneurship scene pushes private sector to move beyond profit-making considerations alone • Conducive business environment, including for FDI • Availability of funding for entrepreneurs • Countries in which the role of the private sector is acknowledged, where the private sector is regarded as “solution provider” • Countries in which the private sector has influence with government; where public-private dialogue is common • Even in fragile and conflict-affected or post-conflict environments, the private sector can play a major role, especially in reconstruction efforts (e.g. rebuilding of infrastructure, education) • Availability of (large) market opportunities for private sector companies (both national and foreign) • If a country is seen as an important supplier in the context of specific supply chains, e.g. related to agricultural products (cocoa, coffee, palm oil) or ready-made garments • Countries which are committed to the SDGs, e.g. have mainstreamed these in their plans and policies, have committed funding to certain SDGs, and where the private sector is also aware of SDGs
Characteristics of contexts in which SDC operates that are less favourable for PSE	• Countries in which economy is dominated by state enterprises and government interventions offer less conducive environments for PSE • Countries in which the private sector is largely made up of informal businesses • Countries in which the market economy is questioned • Countries where there is an abundance of grant funding • Countries or sectors in which there is a predominant view that problems can only be solved by the state/government and/or donors (welfare state) • High levels of risk for investors and/or entrepreneurial activities (e.g. frequent changes in policies and laws, high levels of corruption, on-going conflict or war, occupation, authoritarian régimes) • Situations in which the private sector is making large profits: this disincentivises changes in their business model or business practices; sectors/economy in which a rent-seeking mentality is dominant and a social licence to operate is less important • High level of risk-aversion adversity of private sector companies • Countries in which there is a lack of policies regarding inclusion of women, youth and other marginalised groups

Factors that influence the effectiveness of PSE interventions	• Realistic and transparent expectation management, by both the private sector and SDC • PSE interventions designed and adapted to specific contexts given context • Willingness by the partners to innovate and “do things differently” • Interest and drive in making markets and value chains more inclusive • Commercial viability of the project • Willingness to combine (possibly already available) grant-funding with catalytic and private sector funding • Acknowledgement of the Acknowledge time lag that is needed before even kicking off a PSE collaboration (e.g. finding right opportunities and partners, due diligence) • Possibility of conducting “pilot interventions” from which lessons can be drawn and the model refined before scaling up the PSE collaborations
Factors hindering achievement of results through PSE interventions	• Overly focussed focus on foreign companies • Overly focussed focus on large corporates (both national and foreign) • Focussed Focus on a single or very limited number of private sector partners • Market distortions created by private sector collaborations • Lack of openness or limited willingness to learn from good practices • Little systematisation of lessons learnt, success factors and challenges, based on real/practical examples • Overly focussed focus on short-term / quick results • Limited understanding of the procedures and processes linked to implementing PSE collaborations (from SDC’s side, but especially also from the private sector side)
Factors favouring achievement of results through PSE interventions	• Motivated private sector companies; Private sector with a vision/concept/ideas of what they want to develop • Ownership by the private sector (e.g. demonstrated through co-funding and co-governance) • Inclusion of the <i>local</i> private sector • Inclusion of small and medium enterprises (both local and foreign), especially if larger companies are not interested in the market • Openness to test new/innovative ideas; openness to adoption of good practices (also from abroad) • Have a long-term perspective, i.e. sufficiently long time frame for the PSE collaboration • Flexible (contractual) arrangements, i.e. the possibility of making changes depending on developments • Good connections within the business community, e.g. through associations and networks, trade sections in embassies • Reputation of SDC) as trusted and reliable partner for development

ANNEX X: SDC's Profile for PSE-Comparison with other donor agencies

Based on insights from numerous KIs with a wide variety of stakeholders, including representatives of other donors, the three field visits, as well as literature reviewed, the following factors characterise SDC as a partner in PSE collaborations:⁸⁶

- Dedicated PSE unit: Possibility of offering tailored support and advisory services, as well as real-time advice to all staff
- Set of guiding documents and (tried-and-tested) tools/templates available, including for due diligence
- Pool of PSE experts (including from the legal and finance perspectives) available: these experts are engaged especially at the initial stages of PSE collaborations (i.e. identification of opportunities and partners, planning and negotiation of collaborations)
- Capacity building of staff: Investment in developing content as well as different specialised courses took place; roll-out of capacity development for staff is a priority
- Relatively long funding periods for projects: Typically, SDC projects have a 12-year perspective
- Inception phase standard; Possibility of doing “pilot interventions”
- Participatory approach to developing PSE collaborations, i.e. the private sector plays an active role in designing interventions, agreeing on focus, etc.
- Push from highest political level, i.e. Foreign Minister; Parliament following up on PSE
- Integrated embassies allow for easier collaboration and coordination between trade and development sections; However, the potential of this increased collaboration and coordination still has to be harnessed
- Decentralised operations
- Focus on LDCs
- Not obliged to promote Swiss companies in partner countries
- Growing interest in or commitment to innovative finance schemes
- Rather a rather small donor, but SDC is an institution that is focused on innovation and value-addition

⁸⁶ These should be interpreted as characteristics that make SDC stand out in comparison when compared to other donors. However, a full benchmarking exercise was beyond the scope of the evaluation and was also not explicitly requested by SDC.

Imprint

Publisher:
Federal Department of Foreign Affairs FDFA
Swiss Agency for Development and Cooperation SDC
3003 Bern
www.sdc.admin.ch

Pictures:
© Consortium Baastel-E.T. Jackson and Associates repres. by
le Groupe-conseille Baastel srl

Acknowledgements clockwise

	<u>Title</u>	<u>Credit</u>
1.	Bangladesh, ESDO Project	Beatrice Tschinkel
2.	Tanzania; OYE project	Pantaleon Nkwabi
3.	Tanzania, OYE project	Pantaleon Nkwabi
4.	Kenya, UNDP Office	Alexandre Daoust

Orders:
E-mail: info.deza@eda.admin.ch

Specialist contact:
Swiss Agency for Development and Cooperation SDC
Evaluation and Controlling
Freiburgstrasse 130, 3003 Bern
deza.evaluation-controlling@eda.admin.ch

This publication can be downloaded from the website
<https://www.eda.admin.ch/deza/en/home/results-impact/berichte/evaluationsberichte.html>

Bern, June 2023