The background of the entire page is a photograph of a workshop. Several young people, mostly women, are gathered around a workbench. They are wearing dark blue or black work shirts. One woman in the center is smiling and looking at a large, dark, circular metal component on the workbench. Another woman to her left is focused on a smaller, white, circular component. In the background, there are various tools and equipment, including a green lathe machine on a workbench. The floor is green, and the overall atmosphere is one of active learning and collaboration.

Sida's Private Sector Collaboration

Opportunities for improving,
scaling and diversifying methods
for partnerships with the private
sector

Sida

2 OCTOBER 2019

List of abbreviations

| | |
|---------|---|
| B4D | Business for Development |
| BGFA | Beyond the Grid Fund Africa |
| BGFZ | Beyond the Grid Fund Zambia |
| BoP | Base of the Pyramid |
| C2C | Challenge to Change |
| CSR | Corporate social responsibility |
| DCED | Donor Committee for Enterprise Development |
| GIZ | Deutsche Gesellschaft für Internationale Zusammenarbeit |
| EU | European Union |
| HDECoVA | Heavy Duty Equipment and Commercial Vehicles Academy |
| HQ | Headquarters |
| IAP | Innovation Against Poverty Challenge Fund |
| ICT | Information and Communications Technology |
| ILO | International Labour Organization |
| MFA | Ministry of Foreign Affairs |
| NEFCO | Nordic Environment Finance Corporation |
| NGO | Non-Governmental Organisation |
| OP | Operational plan |
| PPDP | Public Private Development Partnership |
| PSC | Private Sector Collaboration |
| REEEP | Renewable Energy and Energy Efficiency Partnership |
| SDG | Sustainable Development Goal |
| SISD | Swedish Investors for Sustainable Development |
| SLSD | Swedish Leadership for Sustainable Development |
| TVET | Technical and Vocational Education and Training |
| UN | United Nations |
| UNIDO | United Nations Industrial Development Organization |
| WASH | Water, Sanitation and Hygiene |

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4. Survey questionnaire
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6. Interview outline
7. List of interviewees

Cover photo by Åsa Jarskog: Visit to Heavy Duty Equipment and Commercial Vehicles Academy (HDECoVA), Ethiopia, May 2019

Executive Summary

New innovative projects in cooperation with the private sector have emerged in Swedish development cooperation. What is the main reason behind this development, which are the key success factors and what are the challenges?

This report presents the findings of a study of Sida's Private Sector Collaboration (PSC), undertaken by NIRAS from April to September 2019. The purpose of the study is to analyse why, when and how Sida collaborates with the private sector to achieve the objectives set in Swedish global, regional, and country level development cooperation strategies.

The analysis builds on: (1) a document review of evaluations, strategies and project-related documents; (2) a staff member survey with 30 respondents; and (3) interviews with 64 individuals at Sida, Swedish embassies, companies, and implementing partners.

In addition to overall findings, the study contains 13 case studies (Chapter 2), that illustrate how private sector collaboration has been used in the strategy implementation. They highlight the unique strengths of different PSC approaches and are intended to inspire others to collaborate more with the private sector. The case studies have been developed in collaboration with responsible Sida staff members.

Findings

The study found that Sida is increasingly engaging in private sector collaboration as a means to achieve development goals. Moreover, innovative models are continuously being developed.

The team identified the following success factors for PSC:

- **Unique strengths.** By drawing on the private sector's knowledge, innovation, and influence as well as taking advantage of its drivers, private sector collaboration projects have important potential for both enhanced and sustainable outcomes. This includes applying the unique respective strengths of each partner throughout the process – from preparatory stage, through project design to implementation.
- **Common goals.** By jointly defining clear, long-term, common goals from the start, smooth implementation and better results are achieved.
- **Supportive management.** A fundamental success factor is open-minded leadership that embraces new ideas and partners; promotes innovation; and tests new models. In other words, management that promotes "learning by doing", is risk-taking and accepts initial periods of higher short-term operational costs and lower levels of disbursements is an important factor for success.
- **Strong local ownership.** To achieve sustainability, a strong local ownership by both local private and public sector actors has proven to be a success factor, including a clear exit strategy for Sida.
- **Critical mass.** A critical mass of staff with knowledge and understanding of PSC enables development of new innovative methods.
- **Market-driven.** In addition to meeting development priorities, public-private partnership projects must be market- and demand-driven to be sustainable over time. This is also critical for ensuring the private sector's commitment to the project in the first place.

The team identified the following challenges for PSC:

- **Communicating the importance of PSC.** While Sida's board and management emphasise the importance of working in partnership with the private sector, the message has not been sufficiently transformed into practice.
- **Incentive structure.** PSC often involves relatively large operational expenditure in the form of staff costs. While PSC may result in important development effects and even leverage significant investments at country level, it may not necessarily lead to large disbursements.
- **Strategies and operationalisation.** Only a few of Sweden's development cooperation strategies mention PSC, and the process of operationalisation does not specifically encourage cooperation with the private sector.
- **Tools, methods and guidelines.** Sida's tools and methods are well suited for cooperation with government, civil society and international organisations; but is not adapted to promote PSC. Many current engagements are spearheaded by champions amongst Sida's staff, however, their approaches are not institutionalised.
- **Mutual understanding of drivers.** Collaboration requires a solid understanding of both organisations' cultures and expectations, as well as a clear definition of roles. Sida staff often have little knowledge of private sector drivers; while the private sector does not always understand Sida's role, priorities, and procedures.
- **Knowledge and capacity at Sida.** Relatively few staff members have experience of working in or with the private sector or financial institutions. Lack of knowledge and competence in this respect results in missed opportunities.

Conclusions and recommendations

The team recommends that:

- Sida continues to promote collaboration with the private sector and pursue innovative approaches.
- Top management strongly promotes and communicates the advantages of private sector collaboration throughout the organisation.
- Sweden's development cooperation strategies more often explicitly refer to PSC.
- In the implementation of Sweden's development cooperation strategies, Sida considers promoting innovative private sector collaboration approaches and the involvement of PSC experts.
- New incentive structures are established at Sida that take into consideration objectives and indicators that capture PSC successes.
- Sida's rules, methods, guidelines and tools be adapted to better accommodate PSC.
- PSC capacity is strengthened at all levels in Sida and among local partners (private sector and implementing partners).

1 Introduction

Collaboration with the private sector is not a new phenomenon within Swedish international development cooperation. In fact, it has been undertaken since the 1960s through different approaches such as alliance programmes and business-to-business programmes. Since the early 2000s the role of the private sector in development cooperation efforts was increasingly emphasised, both within Sida and internationally; for example, in relation to achieving the Millennium Development Goals. In 2005, Sida developed a formal action programme for private sector collaboration, and in 2010, launched the Business for Development (B4D) programme to tap into the business sector's engagement, innovative power, competence and financial resources in order to leverage the sector's contribution to development initiatives.

"We mobilise engagement and enable innovative and locally owned solutions."

- Sida's operational plan 2019-2021, goal 3

Internationally, a milestone for private sector collaboration was the Fourth High Level Forum on Aid Effectiveness, in Busan, Korea in 2011, where the private sector was recognised as an active partner in development for the first time.

In 2010 Swedish Government established in its Government Appropriation and 2015 Instruction to Sida that the private sector should be regarded as a partner in Sida's work. It stated that collaboration with private sector actors should be promoted in all sectors and Sida should seek ways to mobilise new financial resources. In line with the signals given, Sida's internal organisation and capacity to collaborate with the private sector has been strengthened bit by bit.

Adopted in 2015, the Sustainable Development Goals (SDGs) are a universal call for action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. Building on the Millennium Development Goals, the SDGs are more comprehensive and were developed through a relatively inclusive global participatory process. The SDGs are formulated with a recognition that there is a fundamental role for the private sector in advancing the goals, and that they will not be realised without the involvement of all state and non-state parties alike.

"Sida will mobilise engagement and enable new solutions by stimulating others to meet and collaborate. We will initiate, facilitate and strengthen networks of actors from all sectors of society. We will use the trust in Sida and our presence at the local, regional and global levels to actively bring together existing, new and unexpected actors with the goal of stimulating new development initiatives and innovation focusing on the poorest and most vulnerable."

- Sida's Vision 2018

Sida's Vision 2018 encompasses networks and collaboration. Efforts to concretise the vision have been made, particularly in goals 2 and 3 of Sida's operational plan (OP) 2019-2021. Goal 2 on normative dialogue states: "We want **more actors** to work together to strengthen universal norms, implement the global goals and strengthen human rights and advocate for humanitarian principles." Furthermore, goal 3 in Sida's OP reads: "**We mobilise engagement and enable innovative and locally owned solutions.**"

For several years, private sector collaboration focused on a few specific instruments launched from Sida's headquarters - such as challenge funds, drivers of change, guarantees and Public Private Development Partnerships (PPDPs). Today, collaboration with the private sector has developed, and these instruments are regarded as components of a more systemic approach. New innovative approaches have been developed at implementation level, in close collaboration with concerned partners. This has led to innovative projects where instruments have been combined in new ways or completely new instruments have been developed.

1.1 Objective of the study

The purpose of this study of Sida's Private Sector Collaboration is to learn from Sida's¹ collaboration with the private sector in the implementation of development cooperation initiatives.

By consolidating Sida's knowledge and providing examples, the report aims to be a source of insight and inspiration for different ways to engage with the private sector. The report includes examples of country-level initiatives that have demonstrated innovative locally-adapted solutions and sometimes achieved noteworthy results.

1.2 Scope of the study

According to the Terms of Reference (ToR, Annex 1), the scope of the study covers the full range of Sida's experience of collaboration with the private sector. The term, *Private Sector Collaboration* (PSC), refers to when the private sector serves as a partner in the development cooperation effort, as opposed to being the target group. In Sida's work, this includes networks with the private sector; enterprise challenge funds; innovative finance programmes and guarantees; as well as partnership projects such as PPDPs. Evaluations and other reports related to PSC, as well as a survey and interviews with Sida staff were sources of information used to conduct the study. This is described further under section 1.5, *Data collection*.

The following modifications to the scope were agreed on with Sida during the inception phase:

- *Capture the point of view of private sector actors through selected interviews.* A small sample of representatives from private- and financial-sector actors were thus interviewed, highlighting key elements of their experience, as well as providing tentative indications of interesting opportunities and challenges in the planning and implementation of PSC.
- *Interview a small selection of implementing partners, when the survey or interviews show that it would add important value.*
- *Investigate current and potential synergies with Swedish export promotion strategies in the implementation of country strategies.* Questions regarding this synergy were thus included in the survey, and one trade promotion officer at the Embassy of Sweden in Ethiopia was interviewed.

1.3 Limitations to the scope

The following limitations to the scope were agreed upon:

- While it could be interesting to learn from, and analyse the experience of, other donor agencies and international institutions in the area of private sector collaboration, these stakeholders were not included in the study since it would require too much time and resources. Sida is, however, engaged in systematic exchange of experiences with other donor agencies through, e.g., Donor Committee for Enterprise Development, DCED.
- The network, Swedish Leadership for Sustainable Development (SLSD), was included in the study's meta-analysis of previous evaluations but no further analysis of SLSD was made. Sida also decided that Swedish Investors for Sustainable Development (SISD) should not be covered by the study.

¹ In this report, Sida should be read as Sida HQ and the development cooperation sections at the embassies.

1.4 Definitions

This study uses the OECD definition of private sector engagement to define what Sida's Private Sector Collaboration encompasses, i.e., *"an activity that aims to engage the private sector for development results, and involves the active participation of the private sector"*.

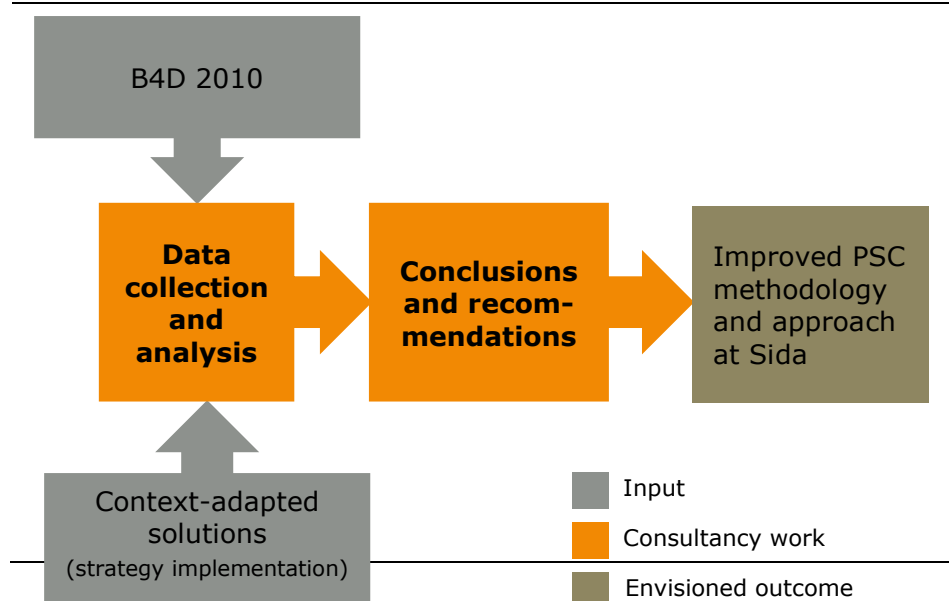
Collaboration with the private sector can be applied in any sector or area such as health, education, private sector development, environment and climate (including renewable energy), governance, human rights, etc. Through private sector collaboration, the business sector's engagement, innovative power, competence and financial resources contributes to sustainable development for mutual benefits.

Since this study also includes Sida's work with the guarantee instrument and innovative financing, those instruments are also included in the study's definition of private sector collaboration.

1.5 Approach and methodology

The study was conducted with the view of maximising opportunities for learning and ensuring high utility for the study's users. In line with Sida's endeavour to continuously learn, several learning events have been organised throughout the study. A reference group, consisting of staff from several Sida departments and Swedish embassies, have been continuously consulted during workshops conducted in connection with the inception report, the presentation of preliminary findings and the draft report.

Illustration of the study approach



1.6 Data collection

The main methods applied to collect data for the study encompassed:

- Meta-analysis of past evaluations of PSC
- Learning events
- Document review
- Survey of Sida staff's perception and experience of PSC
- Interviews with Sida staff and some additional stakeholders
- Country visit to Ethiopia

1.6.1 Meta-analysis of previous evaluations

The first part of the desk research reviewed past evaluations of PSC, selected by Sida (Annex 2). The team compiled and synthesised findings and highlighted what has worked well in PSC according to these evaluations. A summary of the meta-analysis is presented in Annex 2.

1.6.2 Learning events

In line with the objective that Sida should learn throughout this study process, a first learning event was organised in Stockholm on 8 May 2019, for around 20 Sida staff members, including some participants joining from embassies via link. The main objective was to learn from the meta-analysis that consolidated past experiences: What has actually worked in PSC and why? In addition, the event was used to gain input from Sida on priorities for the remainder of the study, based on the findings so far. Additional learning events are planned to communicate and discuss the findings and recommendations of this report after its final delivery.

1.6.3 Document review

After the first learning event, a large number of documents directly or indirectly related to PSC were reviewed. These were selected by Sida and included project documents, strategies, project proposals, etc. (see list in Annex 3). In agreement with Sida, these were used as reference documents to further inform the findings, but without detailed analysis. The main objective of the document review was to gain a wider overview and deeper understanding of the full range of Sida's PSC.

1.6.4 Survey

A survey was sent to selected staff at Sida headquarters and at embassies, resulting in 30 respondents. The purpose of the survey was to:

- i. Gather quantifiable data on Sida's experience of PSC;
- ii. Serve as a preparation for interviews, making interview discussions more efficient and focused;
- iii. Obtain data on Sida's staff capacity and training needs in relation to PSC, to be able to provide recommendations regarding how capacity, competence and resources at Sida can be strengthened.

The survey questions were drafted in the digital survey tool *SurveyMonkey*. Some questions were quantifiable, while others were open-ended, to be further completed during the interview. A copy of the survey questionnaire is attached in Annex 4. A summary of the quantitative survey responses is presented in Annex 5. The qualitative information from the survey is integrated throughout this report, under relevant headings.

1.6.5 Interviews

Interviews were undertaken with the following stakeholders:

- Sida staff at HQ
- Embassy staff (Sida and Ministry of Foreign Affairs staff)
- Swedish companies in Sweden, currently collaborating with Sida
- Swedish companies in partner countries, currently collaborating with Sida
- Other stakeholders in Sweden and partner countries, currently collaborating with Sida

The outline for the interviews is presented in Annex 6, and a complete list of people interviewed is attached in Annex 7.

1.6.6 Visit to Ethiopia

The study included a visit to Addis Ababa, from May 15 to 17, 2019, in connection with an internal workshop for Sida's experts on market development in Africa and Sida HQ. The visit enabled face-to-face interviews with relevant experts. In addition, several regional and country-level Sida staff members based in Addis Ababa were interviewed to obtain insight of if, and how, PSC is integrated into fields, other than market development, when implementing regional and country strategies. Additionally, some of Sida's current PSC partners in Addis Ababa were interviewed.

1.7 Limitations to data collection

The questionnaire was designed for a rather heterogeneous group of professionals working at Sida - with different strategies, sectors, or levels of responsibility - and could therefore not capture a high level of detail.

The synthesis of previous evaluations was based on evaluations of a wide variety of Sida contributions - from Market Development via PPDP's and challenge funds to SLSD - making it challenging to synthesise and compare interventions. In addition, the evaluation reports varied in their approach and focus, and some of them were undertaken several years ago.

The information on training needs was based on the responses provided by a small sample of Sida staff. It was beyond the scope of this study to undertake a full training needs analysis of Sida staff assessing staff knowledge and capacity.

Interviews with over 60 selected people working at Sida resulted in a positive bias towards PSC as everyone interviewed was involved in private sector collaboration to some degree. The conclusions may therefore not represent the view of Sida staff in general. Along the same thinking, the people who responded to the questionnaire are likely to be in favour of private sector collaboration.

Sida's organisation is based on regular rotation of individuals in different posts. As such, most of the people interviewed have only been working with a project or strategy for a limited period of time. Very few have followed a project from inception to evaluation.

Initially, the views of the private sector and implementing agencies were not to be covered by the study, but it was subsequently agreed that interviews with a few

companies, UN-organisations and NGO's were to be undertaken. While the information gathered from them is valid, the small sample allows only limited representation of data from this group.

In agreement with Sida, the team did not pursue the ToR requirement f), *"Discuss possible methods and indicators for measuring the effects on changes in line with Sida's Vision and Operational Plan stemming from partnerships and collaboration with the private sector"*.

2 Case studies

Previously focusing on a few specific instruments launched from Sida's headquarters, private sector collaboration has developed into a more holistic approach, where various instruments and tools are components of a larger eco-system. There are several good examples throughout Sida's operations of innovative projects where instruments have been combined in new ways or completely new instruments have been developed.

This chapter aims to capture a sample of these examples, to showcase and inspire others to replicate or further develop the described approaches. Except the 13 cases described in this chapter, there are many more good examples of adaptive management and innovative locally adapted solutions.

The case studies included here are:

1. Beyond the Grid Fund Zambia & Beyond the Grid Fund Africa
2. The Challenge, Bosnia-Herzegovina
3. Innovation Against Poverty Challenge Funds
4. Inclusive Growth through Decent Work in the Great Rift Valley, Kenya
5. Energy for the Poorest, Kenya
6. Innovations for Peace-II Challenge Fund, Colombia
7. Improving Industrial Relations in Cambodia's Garment Industry
8. Securing Water for Food: A Grand Challenge for Development
9. Heavy Duty Equipment and Commercial Vehicles Academy, Ethiopia
10. Dairy Hub and Dairy Academy Development Project in Bangladesh
11. Generation Kenya
12. Country Portfolio Approach in Somalia
13. Private Sector Networks – examples

2.1 Beyond the Grid Fund Zambia & Beyond the Grid Fund Africa

“With the Beyond the Grid Fund, we are partnering with the private sector based on their willingness to invest in sustainable energy in rural parts of Zambia. We are also leveraging our investment; Sida invests 20 percent and the companies 80 percent.”

- Klas Waldenström, Senior advisor, development practices and methods, Sida



Source: <https://www.bgfz.org/>

Background and development challenges

Zambia is often characterised as a peaceful country with a decent track-record of democratic transitions and continuous economic growth. But Zambia is also one of the most unequal countries in the world and is ranked 144 out of 189 countries and territories in the Human Development Index 2018. Despite economic development, large parts of society have not benefited socioeconomically and the gap between urban and rural population is vast. Over 75 percent of the rural population lives in poverty and more than 90 percent lack access to electricity, affecting people's ability to lead healthy, safe, and productive lives.

Sweden's strategy for development cooperation with Zambia 2018-2022 focuses on sustainable growth and poor people's ability to earn a living. It also includes increased access to sustainable and renewable energy for people living in poverty. Sustainable energy systems are important for developing the private sector, and mobilising external capital and investment through private sector collaboration is clearly expressed in the strategy. Since 2015, Sweden has participated in the Power Africa initiative, which mobilises private investments for electricity access in sub-Saharan Africa. The goal is to mobilise USD 1 billion over 10 years with innovative financing methods.

The partnership

Off-grid energy solutions are often the quickest path for the most vulnerable and remote communities to obtain increased access to electricity. Yet, the potential for these solutions has been hampered by poor quality, lack of standards and risk-averse service providers. In March 2016, the Embassy of Sweden in Zambia launched Power Africa: Beyond the Grid Fund Zambia (BGFZ) as a ground-breaking initiative to overcome these obstacles and bring off-grid energy to unprecedented scale.

The programme applies a results-based financing and risk-sharing approach called Social Impact Procurement, in which grant funding essentially is used to “buy” access to electricity directly from private service providers for a predefined number of people, using pro-poor business models. During the first two years alone, 720,000 people were connected to off-grid and mini-grid systems in Zambia. The bulk of the investments have been made by the private sector and each krona of Sida’s grant funding currently leverages about four kronor in private investment. The goal of reaching one million Zambians over four years will likely be revised *upwards*.

By undertaking extensive market research and engaging continuous dialogue with the private sector, the Embassy and Sida invested substantial time in the preparation of the BGFZ. An agent was commissioned to further develop the market approach and procurement process. After the first round of bids, four energy service companies were awarded contracts based on agreed and enforceable targets. The fund is specifically designed to cover the gap between what poor people can afford to pay and the initial, relatively high, cost for companies to expand energy services to new areas and groups of customers. This creates incentives for the companies to accept risk and drastically scale up their business models. When a critical mass of customers is reached, support from the fund would no longer be needed. Thus, the BGFZ model can help build new markets with affordable prices and payment systems, that would otherwise take much longer to develop.

The next phase, Beyond the Grid Fund Africa (BGFA), was initiated in 2019 and is currently being rolled out in Burkina Faso, Liberia, Mozambique and Zambia (phase 2). To facilitate this ambitious “scale-up of scale-ups”, Sida has partnered with the Nordic Environment Finance Corporation (NEFCO) to assume the responsibilities for overall implementation of the programme, together with the Renewable Energy and Energy Efficiency Partnership (REEEP), which supported Sida in building the Zambian programme. Sida remains part of the Steering Committee for the programme.

Lessons learnt and key success factors

Allowing substantial time for in-house project development is not commonplace within Sida’s operations. Dedicating time to holistic co-creation was a key success factor for this case. The preparatory work together with the private sector led to well-prepared bids from high-potential partners. Sida kept overall control of the project development in the early stages, while contracting competent support in key areas such as monitoring and follow up of the contracted companies, as well as market scoping, and dialogue with market actors, public and private.

Other success factors were the timing and targeting of Sida’s support. At the time, the cost for solar technology was dropping, while the use of mobile payments was increasing significantly. BGFZ targeted businesses with high potential to deliver services to poor people, but which were considered too risky for traditional investors. In short, the intervention came at the right time, to the right place, with just enough volume for it to have a systemic impact on energy poverty in Zambia.

The fact that the initiative was shaped in an innovative environment and supported by decision-makers willing to test a new approach was also crucial for the success. This environment promoted willingness and courage to take risks and break with existing approaches to energy programmes.

To maintain an iterative, interactive and flexible set-up for the programme was an important lesson of the first years of implementation. Another lesson was the importance of good management for complex procurement processes. This resulted in the need to engage an external partner and fund manager, in addition to the expert team from REEEP that had already worked with Sida in the Zambian programme. NEFCO, with its focus on financing of environmental projects, can scale up the programme and bring in additional investors and donors.

The results-based financing approach could definitely be used in other sectors where there is a potential market but a lack of actors in the supply chain. This method provides incentives for actors to market in previously unserved areas. The BGFZ was honoured with the 2019 UN Global Climate Action Awards in the category “Financing for Climate Friendly Investment”, as well as the 2019 Ashden Award for Best Innovative Financing during the London Climate Action Week and has been recognised as best practice by a number of other institutions.

Partnership Tool: Social Impact Procurement Fund

Partners: Sida, Swedish Embassies, The Nordic Environment Finance Corporation (NEFCO, an international financial institution), Renewable Energy and Energy Efficiency Partnership (REEEP, a quasi-international organisation), the Power Africa initiative

Development Objectives:

BGF Zambia: Increased access to electricity for 2 million people in Zambia

BGF Africa: Increased access to electricity for at least 5 million people in Burkina Faso, Liberia, Mozambique and Zambia. Mobilising 2 billion SEK in private capital

Duration:

BGF Zambia: 2016-2021

BGF Africa: 2019–

Budget:

BGF Zambia: EUR 10,000,000

BGF Africa: EUR 50,000,000

Thematic area: Energy

Strategy: Strategy for Sweden's Development Cooperation with Zambia and Power Africa Strategy 2018-2022, Burkina Faso 2018-2020, Liberia 2016-2020, and Mozambique 2015-2020

Strategy Goal: Greater access to renewable energy and improved energy efficiency

Further reading:

<https://www.government.se/4acf21/contentassets/db59de2cb0254b2299ebd39669846767/strategy-for-sweden-development-cooperation-with-zambia-2018-2022.pdf>

https://www.sida.se/globalassets/sida/eng/how-we-work/power-africa/2.-pa_our_strategy.final_aga.pdf

<https://openaid.se/sv/activity/SE-0-SE-6-5119012103-ZMB-23210/>

<https://openaid.se/sv/activity/SE-0-SE-6-12534A0104-BFA-23210/>

<https://www.usaid.gov/powerafrica/beyondthegrid>

<https://www.bgfz.org/>

<https://www.sida.se/Svenska/aktuellt-och-press/nyheter/2017/Juli-17/svensk-fond-ska-ge-el-till-tva-miljoner-zambier/>

2.2 The Challenge, Bosnia-Herzegovina

“The Challenge’s strength is the focus on young, educated entrepreneurs who describe the fund as a hope for them in a difficult context when many leave Bosnia-Herzegovina for lack of opportunities and there is not much else in terms of support available”.

- From evaluation of The Challenge

Background and development challenges

Bosnia-Herzegovina struggles with a complicated political system as it recovers from the war of the 1990s. The private sector is still small, access to risk-sharing capital is limited, and it is difficult for young entrepreneurs to realize their business ideas. There is a lack of skilled labour, and in addition, a substantial number of young people are leaving the country to search for jobs in EU countries every year. The business environment needs to be invigorated to attract private investments.

The current strategy for Sweden’s reform cooperation with Eastern Europe, the Western Balkans and Turkey focuses on integration with EU and expected results include competitive small and medium-sized enterprises to make up a greater share of the economy. Facilitation of enterprise and entrepreneurship are important to promote competitiveness, productivity and increased employment in a country that still has a large informal private sector.

The partnership

As part of the Sweden’s development cooperation portfolio in Bosnia-Herzegovina, The Challenge, a small pilot challenge fund with a budget of SEK 5 million, was launched in 2013. The fund provided opportunities for companies to implement innovative and commercial sustainable ventures, and to stimulate technology transfer from Sweden. To promote innovation was a key objective.

As a first step, companies and entrepreneurs were invited to apply and compete for grants to finance their innovations and business ideas. Grants were capped at EUR 30,000 and successful applicants had to match the grant with 50 percent of their own capital. Successful proposals needed to include potential employment effects, with a premium for employment of youth and women. Among many other selection criteria, the proposal needed to describe the potential of a commercially successful project. The target group was micro and small enterprises, including start-ups, in Bosnia-Herzegovina as well as Swedish-based companies looking to do business with Bosnia-Herzegovina.

The pilot challenge fund held three calls for proposals and received 1148 applications in total. In the end, 27 companies, predominantly from the IT sector, were awarded. Almost half of the companies were small enterprises with a maximum of three employees, and 40 percent were start-ups. The average grant amount was EUR 17,500.

In 2017, a new challenge fund - Challenge to Change (C2C) - was launched with a budget of SEK 40 million. The structure of the new fund is similar to the pilot fund but is implemented by an external partner. The objective of the fund is to increase employment, women’s economic participation, and contribute to general economic growth.

Lessons learnt and key success factors

The Challenge was a pilot project with very limited budget, intended to utilise and assess Sida's Business for Development toolbox – in this case the challenge fund mechanism. The conclusion was that the challenge fund instrument was a successful economic development tool in Bosnia-Herzegovina, and based on the experience from The Challenge, Sida launched the more extensive and ongoing C2C fund.

Unlike other Sida supported challenge funds and due to special circumstances, The Challenge was implemented by the Swedish Embassy itself, and project management was not outsourced. As a result of this in-house solution, as well as some pro bono services, the fund operated on a limited budget but retained high-quality support from the Embassy. The engagement was highly appreciated in the evaluation of the pilot fund, and the involvement by the Embassy was seen as a guarantee for transparency and a merit-based challenge fund. However, in-house implementation is not viable, and the evaluation of the project recommended that the management of the next fund be outsourced.

The application process was completely web-based with online information and downloadable material. The digital application process was designed to be simple and business-oriented, which the applicants found very user-friendly.

The Challenge stimulated engagement and expansion of small enterprises with fairly small financial incentives. The cost sharing, with 50 percent funding from awarded enterprises, ensures sustainability and continuous commitment from private sector partners.

The challenge funds have helped young entrepreneurs to stay in Bosnia-Herzegovina to develop their businesses, instead of leaving the country. They have provided unique opportunities in early phases of business development, during which external funding usually is extremely hard or impossible to secure. The Challenge is a pioneer in this respect.

Partnership tools: Challenge Fund

Partners: Sida, Swedish embassy in Sarajevo, awarded companies

Development Objectives: To stimulate new enterprise development in Bosnia-Herzegovina and a technology transfer to Bosnia-Herzegovina, promotion of innovation is a key objective. The purpose of the Challenge is to support the private sector in Bosnia and Herzegovina by providing grants to project proposals that deliver both commercial benefits for the private sector and development benefits for the population in Bosnia-Herzegovina.

Duration: Pilot *The Challenge*: 2013-2015

Budget: Pilot *The Challenge*: SEK 5,000,000 (of which SEK 4,500,000 for grants)

Thematic area: Employment

Strategy: Results Strategy for Reform cooperation with Eastern Europe, the Western Balkans and Turkey 2016-2020

Strategy Goal: Competitive small and medium-sized enterprises make up a greater share of the economy

Further reading:

<https://www.swedenabroad.se/en/about-sweden-non-swedish-citizens/bosnia-and-herzegovina/development-and-aid/private-sector-collaboration/>

<https://openaid.se/sv/activity/SE-0-SE-6-5506001902-BIH-32130/>

<https://openaid.se/app/uploads/2018/06/Strategirapport-2017-Bosnien-Hercegovina.pdf>

https://openaid.se/app/uploads/2018/09/Strategy_Bosnien-och-Hercegovina_2014-2020.pdf

<https://www.regeringen.se/49b72b/contentassets/12a89180bafb43e3823b6c6f18b6d86a/results-strategy-for-swedens-reform-cooperation-with-eastern-europe-the-western-balkans-and-turkey-2014-2020>

<http://c2c.ba/en/project/information/1>

2.3 Innovation Against Poverty Challenge Funds

“Innovations Against Poverty challenges the private sector to develop products, services and business models that can contribute to the fight against poverty and climate change.”

- *Innovation Against Poverty website*



IAP beneficiary Wana Energy Solutions presenting a pay-as-you-go business model for clean cooking in Uganda. Source: <http://innovationsagainstopoverty.org/door-to-door-and-pay-as-you-go-business-model-making-clean-cooking-solutions-accessible-for-all/>

Background and development challenges

Around 4.5 billion people worldwide earn less than USD 8 per day and constitute the base of the pyramid (BoP) population, the poorest socio-economic group. The BoP population often finds itself outside of the formal economy and has limited opportunities to lift themselves out of poverty. But together they constitute a global consumer market with a purchasing power of five trillion dollars. By engaging poor people as consumers, producers, suppliers, employees and innovators, there is a huge opportunity to create sustainable markets. Both the needs and purchasing power of the poorest socioeconomic group present opportunities to strengthen the value chains that enable people living in poverty to both benefit and contribute to long-term market development and solving development challenges.

Sweden's current strategy for global development cooperation in sustainable economic development aims to contribute to global conditions for inclusive and sustainable economic development, growth and livelihoods for people living in poverty. It states that people should be strengthened as economic actors, and that activities should contribute to sustainable livelihoods. It furthermore promotes innovative solutions that provide opportunities for poor people to participate in the formal economy, including through innovative forms of financing.

The partnership

Business models that include poor people as consumers, producers, suppliers, distributors, employees and innovators, while addressing social and environmental challenges and maximizing profitability, are often referred

to as inclusive business. But many entrepreneurs and innovators of such business ideas lack capital, access to market and technical support. The investment required to develop and launch innovative inclusive business ideas and initiatives, tend to be too small for traditional investments and financing.

Innovation Against Poverty Challenge Fund (IAP1) was one of Sida's first challenge funds, launched in 2011. The fund was a pioneer to test and learn from the challenge funds approach. IAP1, which was global in scope, promoted and stimulated innovative inclusive business models that targeted low-income populations. In total, EUR 5.4 million was invested in 66 projects that covered various sectors across 30 developing countries in the world.

Based on lessons from IAP1, a new challenge fund, Innovation Against Poverty 2 (IAP2), was launched in 2016. The fund is managed by an international NGO, SNV. It has a more focused reach both in terms geography as well as thematic areas than its predecessor. The fund is active in the sectors of agriculture and food, WASH, energy, and ICT in four countries: Cambodia, Ethiopia, Uganda, and Zambia.

The IAP2 fund provides targeted companies with both financial as well as advisory support. The companies cover 51 percent of the cost themselves. Grants within the four sectors ranges from EUR 50,000 up to EUR 200,000. A pay-as-you-go business model for clean cooking in Uganda, an innovative biogas fired injera stove in Ethiopia and a joint venture in the organic palm sugar industry in Cambodia are some of many innovative inclusive business ideas that have been realised as a result of IAP2.

By July 31, 2018, as much as EUR 3,120,779 had been mobilised and co-invested by the private sector, based on EUR 1,518,536 of grant funds. The co-investment ratio was hence 1 (IAP2) to 2.1 (private sector).

By July 3, 2019, the portfolio impact included 7,967 jobs for low-income earners, improved access to goods and services for 48,531 poor people, and EUR 1,113,755 increased revenue as a result of the IAP investment.

Lessons learnt and key success factors

In the absence of adequate sources of financing, challenge funds play a critical role in turning inclusive business ideas to viable, scalable businesses. They address the "missing middle" gap of business ideas that are seen as too risky and small for traditional investments. Sharing the risks with the private sector, IAP aims to catalyse innovative inclusive business models by providing early-stage grant funding to ventures that are developing new products, services and business models with the potential to reduce poverty. IAP2 demonstrates how risk-sharing with the private sector has a great potential in leveraging private sector capital.

A key success factor has been the combination of financial support with advisory support offered to the grantee. One lesson from IAP1 was the applicants' need for technical support to strengthen their business ideas. There were obvious weaknesses in the business models and financial management capacity of some entrepreneurs, that otherwise provided strong applications. Some of the most common critical gaps in inclusive business start-ups are business planning skills, financial literacy, and attracting top talent. IAP2 is providing technical support through training and coaching, covering areas such as inclusive business development and innovation, to enhance and efficiently achieve the targets of each inclusive business initiative.

Another lesson from IAP1 was the lack of local representation. Neither the fund manager, nor Sida, had a strategy for local support, which is critical for achieving sustainable results. By limiting and focusing the reach of IAP2 in terms of countries and sectors – having the Swedish embassies come on board – the local level support has been increased. In addition, SNV's local presence, country and market knowledge and the ability to directly follow up and support the entrepreneurs in those countries, are key success factors to tailor the support and impact.

Partnership tool: Challenge Fund

Partners: Sida, SNV, Inclusive Business Sweden, BoP Innovation Center

Development Objectives: To stimulate the private sector (in the forms of entrepreneurs) to focus their efforts, innovative ability and resources to develop and invest in products, systems and services so they are able to bring about changes to improve the lives of people living in poverty

Duration:

IAP1: 2011-2016

IAP2: 2016-2021

Budget:

IAP1: EUR 5,400,000

IAP2: SEK 73,900,000

Thematic area:

IAP1: all

IAP2: Agri-food, WASH, Energy and ICT

Strategies: IAP2: Result strategy for global development cooperation in sustainable economic development 2014-2017, and Strategy for Sweden's global development cooperation in sustainable economic development 2018-2022 (implemented in Cambodia, Ethiopia, Zambia and Uganda)

Strategy Goals:

- Improved conditions for private sector development, sustainable business as well as responsible and sustainable investments and innovation
- Increased productivity and sustainable production in agriculture, forestry and fisheries, including food security
- Women's economic empowerment
- Improved conditions for productive employment and decent work

Further reading:

<http://innovationsagainstpoverity.org/>

<https://www.regeringen.se/49b726/contentassets/18d6636860564b1384928b3a14230d1a/resultatstrategi-for-globala-insatser-for-ekonomiskt-hallbar-utveckling-2014-2017-regeringsbeslut>

<https://www.regeringen.se/land--och-regionsstrategier/2018/06/strategi-for-sveriges-globala-utvecklingssamarbete-inom-hallbar-ekonomisk-utveckling-2018-2022/>

<https://openaid.se/sv/activity/SE-0-SE-6-5411002803-GGG-32130/>

<https://www.sida.se/contentassets/e6840da40eee40f08ea9ebf000e6fb39/15466.pdf>

<https://openaid.se/sv/activity/SE-0-SE-6-5411002803-GGG-32130/>) (Individual IAP examples)

2.4 Inclusive Growth through Decent Work in the Great Rift Valley, Kenya

"The active role and participation of the private sector is key for the development of knowledge, innovation, resource mobilization, employment opportunities, local ownership as well for sustainability and scale."

- Paula Kermfors, Embassy of Sweden in Nairobi



Source: <https://www.forumsyd.org/int/where-we-work/kenya/inclusive-growth-project>

Background and development challenges

Kenya has had steady economic growth in recent years and is currently classified as a lower middle-income country. Substantial inequality and poverty are, however, widely spread across the country, and 36 percent of the population lives on USD 1.25 or less per day. Kenya is ranked 142 of 187 countries (2018) by the UNDP Human Development Index. The economy depends heavily on the country's natural resources, but unsustainable and poor management affects the entire society and especially people living in poverty.

Sweden's development cooperation in Kenya targets issues such as widespread poverty, inequality and challenges regarding democracy and human rights, environment and climate change. As part of its development cooperation strategy with Kenya, Sweden supports productive employment with decent working conditions, focusing on women and young people. The operational plan identifies the private sector as a key actor that can contribute to positive development of society. It furthermore specifies that programme-based support may include innovative forms of cooperation and financing.

The partnership

There is great potential in generating electricity from geothermal energy, a sustainable source of energy that can promote economic growth in Kenya. A major investment in renewable energy is in the pipeline for the private company, Akiira Geothermal Ltd (Akiira), setting up a geothermal power plant in the south Rift Valley in Kenya. In 2015, a dialogue on collaboration was initiated when Akiira approached Sida to discuss a guarantee for a bank loan. The partnership took form based on Akiira's needs for local skilled labour and commitment to

make a positive impact on the local communities – and Sida’s development priorities for Kenya. A Public Private Development Programme (PPDP) with the objective to reduce poverty and improve living conditions through decent work and access to basic services among the rural population in Great Rift Valley was signed in May 2018.

The PPDP is co-implemented by ILO and Forum Syd. ILO is responsible for skills development and job creation, and Forum Syd develops capacity of the local communities to advocate for their rights and access basic services. It is quite rare that civil society is given a proactive role in a PPDP to contribute to solutions. Also, it is rare that an UN organisation partners with a civil society organization in a joint implementation project team.

Today, more than 20 partners – such as county government, central government, civil society organisations, local communities, academia and public and private TVET institutions – are involved in the partnership. Despite challenges to coordinate the extensive number of partners, the programme is building a strong local ownership and a democratic culture. All partners have committed to the programme based on their own objectives and incentives. They have all been involved in its co-creation, contributing with their perspectives, know-how and resources. Adaptive management from both Sida and the implementing partners is important since the design of the programme changes each time new partners join. An exit strategy is designed into the program, with the objective that public, private and community partners shall continue the dialogue and collaboration, post donor funding. When a project is designed through a participatory, bottom up co-creative process, the likelihood for resource mobilisation, local ownership, sustainability and scale are enhanced.

Sweden has been instrumental in facilitating the dialogue between the various stakeholders in the partnership. In many ways this has been a new way of working for both ILO and Forum Syd, and often also for the other partners involved in the programme, not the least the government partners. It has been crucial to be patient and allow dialogue and convening of stakeholder to take time, also to build understanding and trust among stakeholders. The companies are regarded as equal partners, not just funders or service providers. When a project is designed through a participatory, bottom up co-creative process, the likelihood for resource mobilisation, local ownership, sustainability and scale are enhanced.

Lesson learnt and key success factors

Inclusive Growth through Decent Work in the Great Rift Valley is an example of how one program can address several focus areas in the development cooperation strategy, targeting numerous results – such as productive employment and decent working conditions; improved gender equality; democratic governance; as well as increased production of renewable energy.

It is also an example of a true multi-stakeholder partnership in which all stakeholders jointly identify the development challenges from various perspectives. The local community benefits from the project as poverty, lack of employability, gender inequality and lack of fundamental rights to public services are being addressed. The government benefits from improved dialogue with the local communities; while large-scale financial investments into its counties have the potential to address socio-economic challenges, especially if developed in an inclusive manner.

The project is market-driven and has a market-led approach. The role of the private sector is key when working with skills development, employment and micro/small enterprise development. The private sector is contributing with knowledge, resources, market absorption and employment opportunities; which ensures ownership, sustainability and opportunities to scale. The fact that the private sector actor engages in dialogue with the local communities minimises the risk of obstruction and protest, which has happened in the past in Kenya when large infrastructure investments do not take the needs and rights of the local communities into consideration. The private sector also benefits from a more skilled and employable labour base. To build a sustainable and strong partnership, it is important to identify and work according to everyone’s incentive-structures, and to identify roles and responsibilities. This way it benefits all parties respectively, resulting in a win-win-win situation. The Ministry of Education is one of the partners who has expressed interest in seeing the initiative as a pilot for scaling and replication in other counties and other sectors.

The guarantee that was the starting point for discussing a partnership has not yet materialised, but the discussion is still ongoing. When in place, the combination of using Sida's various instruments and methods will demonstrate an innovative approach to address development challenges at scale.

Partnership tools: Public-Private Development Programme (PPDP); Guarantee (not yet materialized)

Key partners: Sida, ILO, Forum Syd, Akiira Geothermal Ltd, KenGen Ltd, Olserian Ltd and other private sector partners, Ministry of Education, Science and Technology, Ministry of Energy, Ministry of Labour and Social Protection, civil society organizations, local communities, academia, public and private TVET institutions, tripartite partners of ILO including unions

Development Objective: Poverty reduction and improved living conditions through decent work and access to rights-based services among the rural population in the Great Rift Valley in Kenya

Duration: May 2018–May 2022

Budget: USD 4,870,000 (63%) in Sida funding and USD 2,890,000 (37%) in mobilized capital, aiming towards a 50/50% funding between Sida and other stakeholders by the end of program period

Thematic area: Market Development, Employment, Human Rights, Renewable Energy

Strategy: Strategy for Sweden's development cooperation with Kenya 2016-2020

Strategy Goals:

- Increased production of and improved access to renewable energy
- Improved opportunities – particularly for women and young people – for productive employment with decent working conditions
- Strengthened democratic institutions at national and local levels
- Strengthened capacity among public institutions and civil society organisations that promote gender equality and respect for human rights, with a focus on women and girls

Further reading:

<https://openaid.se/activity/SE-0-SE-6-10305A0101-KEN-32130/>

<https://openaid.se/sv/activity/SE-0-SE-6-10305A0101-KEN-32130/#>

<https://www.forumsyd.org/int/where-we-work/kenya/inclusive-growth-project>

https://www.ilo.org/africa/countries-covered/kenya/WCMS_649210/lang--en/index.htm

<https://www.government.se/49927c/contentassets/94f44f8b5410434693b9d0c28752db17/strategy-for-sweden-development-cooperation-with-kenya-20162020>

2.5 Energy for the Poorest, Kenya

“By using the existing social cash-transfer system, the target group for the programme Energy for the Poorest could immediately be identified”

- Maria Stridsman, Department for Partnerships and Innovations, Sida



Source: UNICEF Report, 2018

Background and development challenges

The government of Kenya stated in its development blueprint that all Kenyans shall have access to affordable quality energy by 2030. The country has, indeed, made enormous progress. In 2013 around 32 percent of the population had access to electricity, and in 2018 this figure had increased to 73 percent, according to Kenya Power. But the poorest part of the population is the hardest to reach, as energy sector actors have realised. Among the challenges is devising a system to identify and vet the poorest in need of energy access, and to make the solutions affordable.

Sweden's strategy for development cooperation with Kenya regards the private sector as an actor that can contribute to positive development of society, and promotes innovative forms of cooperation and financing. One goal of the strategy is increased production of and improved access to renewable energy.

The partnership

To ensure that more affordable quality energy is made available for poor people, the Swedish Embassy in Nairobi initiated discussions in 2017 with renewable energy providers, UNICEF, the Ministry of Labour and Social Protection and consultants from the US Power Africa team. The aim was to investigate if it was possible to leverage the social protection system to provide energy access to the poorest segments of society.

Since 2004, Kenya has developed a social cash-transfer system targeting the poorest million in the country, that is implemented through the Ministry of Labour and Social Protection. The system has a robust database and transfers are made through normal bank channels, involving both central and local levels. Each targeted family is attached to a social worker that supports them in their efforts to improve their lives. The families furthermore form part of a Beneficiary Welfare Committee. As the largest funder the main responsibility lies with

the Government of Kenya, but the programme has been supported by many donors including UNICEF, Sida, and the World Bank. The programme has been successful and showed good results such as keeping children in school, strengthened the overall legal status of poor families, reduced child labour and improved equality.

The partnership was based on finding a solution to the existing need of electricity by applying an already existing framework – the social cash-transfer system. A previous challenge had been to identify and reach the target group for energy, but by using the existing social cash-transfer system, the target group was immediately identified and reached. The partners launched the pilot programme Energy for the Poorest in 2017. The programme is using the same channels, actors and database as in the social cash-transfer system and is now being rolled out and tested.

The Embassy has an agreement with UNICEF, which in turn coordinates all the other actors – representatives from Ministry of Energy and Ministry of Labour and Social Protection; renewable energy companies; county governments; and payment service providers such as local banks. The programme works in close collaboration with the private sector actors to ensure that no market distortion is created. The companies view the poorest families as potential future customers of a new market that previously has been too remote and too risky to enter. In November 2018, 1500 targeted households accessed solar home systems and solar lanterns.

Lessons learnt and key success factors

The collaboration represents an interesting example of innovation consisting of linking and leveraging already on-going initiatives in different sectors with each other - the energy and social sector. The starting point was poor people's need for electricity, and the next step was to identify possible systems, tools, partners and services. The unlikely mix of the various actors with different perspectives and ways of working presented initial challenges but proved to be a successful combination. By drawing on the strengths, resources and unique perspectives of each actor, the innovative Energy for the Poorest pilot programme and pioneering approach could be developed and launched.

In the project report from 2018, UNICEF states that wide and broad stakeholder engagement is important. Every stakeholder is unique and has interests and therefore taking time to map out, analyse and respond to these interests is important for implementation progress.

Partnership Tool: An innovative approach to combine existing public sector systems with private sector collaboration.

Partners: UNICEF, Ministry of Energy and Ministry of Labour and Social Protection, county governments, payment service providers including local banks, private solar companies

Development Objectives: The main objective of this pilot project is to generate evidence on how improving customer affordability for solar lanterns (SL) and solar home systems (SHS) impacts the quality of life of the most vulnerable children (health and education) and their families, as well as recipients' sense of ownership. To realize this, the pilot project aims to enhance access to energy for the most vulnerable segment of the population, develop markets and increase penetration to households in the bottom of the pyramid.

Duration: Pilot Programme 2017-2020

Budget: USD 838,222.97

Thematic area: Energy, health and education

Strategy: Strategy for Sweden's development cooperation with Kenya, 2016-2020

Strategy Goal: Increased production of and improved access to renewable energy

2.6 Innovations for Peace-II Challenge Fund, Colombia

“The challenge fund improved sustainable economic development for women and men affected by conflict or in conflict affected regions.”

- Catalina Hoyos, Embassy of Sweden in Bogotá



All 27 entrepreneurs meeting the Sida staff at the embassy in Bogotá.

Background and development challenges

The people of Colombia have suffered violence and armed conflicts since the early 1960s. The country is rich in natural resources, but the population is not benefitting from the wealth and the gap in income is large. Weak institutions, unsustainable use of natural resources and armed conflicts driven by guerrillas and paramilitary groups are just some of the factors hampering the country's development. In 2016, a historic peace agreement was signed between the state and the country's largest guerrilla groups.

Sweden has a long tradition of supporting Colombia's peace building process. One of the goals in the strategy for Sweden's development cooperation with Colombia (2016-2020) is improved conditions for inclusive and sustainable economic development in areas affected by conflict. Rural areas have suffered extensively from the conflict and need opportunities for inclusive development. The strategy promotes a holistic approach, and dialogue on the peace process should involve different partners, including the private sector.

The partnership

In 2016, Sida launched a new challenge fund - Innovation for Peace-II Colombia - that builds on a previous challenge fund from 2012. The aim of the fund is to support economic development by giving entrepreneurs and innovators from conflict-affected areas and regions the possibility to realise their business ideas. Colombian entrepreneurs were encouraged to apply for grants to launch business innovations linked to peace building that could not be financed otherwise. Building capacity, increasing access to finance, and support of the business ideas and developing market linkages were crucial to ensure sustainability of the initiatives. The challenge fund

was implemented by the non-profit platform Reconciliación Colombia that included partners from various sectors – chamber of commerce; private sector; non-governmental organisations; governmental organisation; media; academia and many more.

Through a robust selection process, 10 initiatives were granted funding during the first year. The finalists pitched in front of the jury, and regional visits were made to collect baseline data and verify the applications. All granted initiatives received tailor-made technical assistance for two years - for instance, setting up financial systems for accounting, obtaining equipment or receiving legal advice. In some cases, the innovators had to change their legal status from being an NGO to becoming a company and were assisted by voluntary lawyers from the platform Reconciliación Colombia in this process.

The fund was scaled up in the second year thanks to two new donors joining the initiative – USAID and the biggest Colombian oil company, ECOPETROL. In the second call, 17 new entrepreneurs were awarded grants and could realise their business ideas.

In total, 27 companies have received funding, mainly within agribusiness in rural areas. By February 2019, 2000 families had been helped by the innovative business solutions, and 25 of the initiatives have shown significant improvements in production, sales and incomes for men and women participating. An initiative headed by 14 women selling ornamental fish increased their production by 271 percent and sales by 15 percent thanks to the Swedish contribution, and their own co-investment. Other examples of awarded innovations are processing technology for ice cream production and improved cacao production techniques.

Lesson learnt and key success factors

The partnership with Reconciliación Colombia was a key success factor. Its structure, broad network, and provision of technical assistance were key factors that enabled the entrepreneurs to succeed. By bringing both USAID and ECOPETROL into the initiative, Reconciliación Colombia was also instrumental in the process of scaling up the fund during its second year.

Recently, Bancompartir, a local private bank, has been linked to the initiative. Bancompartir provides training, savings and loans with a Swedish guarantee. The goal is to use the guarantee instrument as a next step to support the entrepreneurs that received seed capital through the challenge fund and are now ready for commercial loans. Training in finance and tailor-made support will be provided by the bank to each company. In this way, different instruments are linked to complement each other, in a sequenced approach. Providing access to a financial instrument after the challenge funding is over, is a way to make a sustainable contribution.

Partnership tools: Challenge fund accompanied by a guarantee

Partners: Sida, USAID, ECOPETROL, Reconciliación Colombia

Development Objective: To improve sustainable economic situation for women and men affected by conflict or in conflict-affected regions by building capacity, increase access to finance, support of the business model and developing market linkages

Duration: 2016-2019

Budget: SEK 13,000,000

Thematic area: Civilian peacebuilding, conflict prevention and resolution, private sector development

Strategy: Strategy for Sweden's development cooperation with Colombia 2016-2020

Strategy Goal: Improved conditions for inclusive and sustainable economic development in areas affected by conflict, including with respect to sustainable use of resources

Further reading:

<https://www.government.se/4a771c/contentassets/2e52604ec56f47ada687e591fc881925/strategy-for-swe-dens-development-cooperation-with-colombia-2016-2020>

<https://openaid.se/sv/activity/SE-0-SE-6-5519001602-COL-15220>

2.7 Improving Industrial Relations in Cambodia's Garment Industry

“H&M Group being a major player in the garment industry in Cambodia was the natural private sector partner to participate in this project. The project has inspired other projects in Bangladesh and Ethiopia”

- *Andreas Johansson, Embassy of Sweden in Phnom Penh*



Source: <https://www.sida.se/Svenska/aktuellt-och-press/development-talks/inbjudningar/social-dialogue--a-tool-for-development/>

Background and development challenges

The garment sector in Cambodia employs more than 600,000 people and is the largest manufacturing industry in the country. The female-dominated industry provides an important source of income for women and their countryside relatives - as many as 85 percent of all workers in the industry are women. But the manufacturing industries in Cambodia are characterized by unfair labour practices and have many challenges concerning labour rights and decent working conditions. Insufficient mechanisms for peaceful labour market dispute resolution has led to violent conflicts between workers and employers.

Sweden's Strategy for Development Cooperation with Cambodia 2014-2018, highlights improvements in the labour market, including improved dialogue between the labour market partners and better conflict resolution mechanism. People living in poverty need better opportunities to contribute to and benefit from economic growth with a focus on good education and increased employment. Effective social dialogue is also promoted by the initiative Global Deal that was initiated by Sweden in 2016.

The partnership

In 2014, the Swedish Embassy in Phnom Penh, ILO, H&M Group and the Swedish labour union IF Metall launched a new partnership to promote sound industry relations and decent work in the garment sector. H&M Group's interest in contributing to improved working conditions and worker's rights in Cambodia departs from the company's long-term business goal of productivity by ensuring sustainable and reliable production from the suppliers.

The project was funded by Sida and H&M Group and had an overall budget of USD 773,505, while IF Metall provided in-kind contributions. As implementing partners, ILO led the project which aimed to promote sound industrial relations through genuine collective bargaining, as well as to strengthen the regulatory and policy framework governing industrial relations and collective bargaining.

Project activities at enterprise level included training in workplace cooperation, labour law, social dialogue and gender and non-discrimination; as well as encouraging agreements between employees and employers. In total, 26 factories participated in the project. They signed an agreement to engage in collective bargaining and to refrain from unfair labour practices.

At an industry level, the project created a dialogue among the government, major union confederations, and the industry association Garment Manufacturers in Cambodia. Interventions at national level included training for Ministry of Labour and Vocational Training in policy development.

ILO has worked in Cambodia for more than twenty years to improve labour rights, promote decent work and to introduce peaceful industrial relations through social dialogues between the labour market parties. While ILO promotes social dialogue at national and sectoral level, H&M Group as a major player in the garment industry contributes with access to the local industry through its supply chain in Cambodia. The situation at the market level could be complicated as some garment factories have more than 30 labour unions, making it challenging for the factory owner to have a qualitative dialogue with the unions about the worker's demands and rights. Through H&M Group, the project reached factories that otherwise could have been difficult to influence.

Lessons learnt and key success factors

The partnership in Cambodia was based on the strengths of each partner and is an example of a multi-stakeholder partnership that benefits from the advantages from each stakeholder. The value created when each partner contributes with its unique expertise and knowledge, cannot be achieved when working alone. With ILO's long experience in the country, they could provide access to relevant stakeholders such as the government, employers and trade unions. H&M Group used its influence to support industrial relations improvement at factory level with the goal to enable collective bargaining agreements at this level. A key success factor was H&M Group's access to the local private sector which allowed for engaging directly with the factories. Both H&M Group and IF Metall have been recognised for their commitments to the project.

This partnership is a clear example of how development challenges can be addressed by working in collaboration with the private sector. The project's objective is consistent with Sida's results strategy for development cooperation with Cambodia 2014-2018, particularly greater respect for human rights and freedom from oppression through improved dialogue among the social partners and better forms of conflict resolution in the labour market. Targeting a female-dominated industry was in line with Sida's thematic priorities of gender equality.

Partnership tools: Public-Private Development Programme (PPDP)

Partners: Sida, ILO, H&M Group, IF Metall

Development Objectives: Promoting sound industrial relations through genuine collective bargaining, and strengthening the regulatory and policy framework governing industrial relations and collective bargaining

Duration: 2014-2017

Budget: USD 773,505

Thematic area: Human Rights, Labour Rights

Strategy: Sweden's strategy for development cooperation with Cambodia 2014-2018

Strategy Goal: Improved dialogue between the social partners and better forms of conflict resolution on the labour market

Further reading:

<https://www.regeringen.se/49b72b/contentassets/7f41249d8f114cf09c1c185f1d2d91b3/results-strategy-for-swedens-international-aid-in-cambodia-2014--2018>

https://www.ilo.org/global/topics/collective-bargaining-labour-relations/projects/WCMS_245208/lang--en/index.htm

<https://openaid.se/sv/activity/SE-0-SE-6-5110006301-KHM-16080/>

https://www.ilo.org/pardev/information-resources/news/WCMS_306151/lang--en/index.htm

2.8 Securing Water for Food: A Grand Challenge for Development

“An environmentally sound program is good for business. It’s a guiding philosophy of the Securing Water for Food (SWFF) program, a unique, five-year initiative aimed at conserving vital water resources around the world.”

- *Securing Water for Food website*



Source: <https://securingwaterforfood.org/innovators/saline-vegetables-lal-teer-seed-ltd>

Background and development challenges

The world’s population depends on water for basic needs such as food production, sanitation, and access to safe drinking water. According to the World Bank, some 2.2 billion people around the world do not have safely managed drinking water services, 4.2 billion people do not have safely managed sanitation services, and 3 billion people lack basic handwashing facilities.

Food security is another pressing issue for the growing population. According to FAO, food production must increase by around 60 percent before 2050. Water is an essential part of agriculture as an estimated 70 percent of all water withdrawal globally is used for agriculture. Irrigated land is more than twice as productive as rain-fed cropland. Needless to say, sustainable use of water in agriculture is essential for the whole ecosystem and water-related development challenges.

Water is a priority in Sweden’s strategy for global development cooperation in the areas of environmental sustainability, sustainable climate and oceans, and sustainable use of natural resources. Sustainable management of freshwater systems is highlighted. The strategy also states that an innovative and flexible approach should be applied, including the use of innovative forms of financing and new technical solutions, and mobilising additional financial resources. Collaboration and partnerships with a broad base of actors are to be pursued in implementation.

The partnership

In 2013, Sida launched a new challenge fund connecting sustainable food production with sustainable water management, based on innovation and technology. The fund, "Securing Water for Food: A Grand Challenge for Development", was launched together with a number of partners: USAID; the Ministry of Foreign Affairs of the Netherlands (MFA-Netherlands); and the Department for Science and Technology Republic of South Africa (DST-South Africa). Since the launch, USD 35 million have been invested through the fund, which has mobilised USD, 20 million in external capital.

The development objective of the fund is to source and scale innovations that enable production of more food with less water in developing countries, with particular focus on women and the poor. Commercially viable business ideas that focus on both scale and impact have been awarded. The technical assistance facility has provided each innovator with tailored support and mentoring. This has included both financial assistance and acceleration support. Impact investors have also been involved throughout the programme by participating in panels for selecting the innovators and in match-making sessions between innovators and investors.

As a result of the fund, innovative solutions are now in operation in 35 countries around the world. In total, 40 entrepreneurs and scientists have launched their ground-breaking innovations. A low-cost water pump that does not need fuel or electricity in Nepal; a flying sensor to detect crop stress in Mozambique; and irrigation scheduling system for smallholder farmers in Peru are just a few examples of innovations realised through the fund.

Nearly 6.3 million farmers have been helped by innovative solutions in their farming. For every USD 1000 that has been spent by the fund, innovators have impacted more than 240 end users, helped produce more than 400 tons of food, helped farmers reduce their water consumption by more than 1.2 million litres of water (compared to traditional practices), and generated more than USD 350 of sales.

Lessons learnt and key success factors

To draw on each partners' strengths has been a key asset in the programme. In this case, Sida has specifically been able to promote gender equality, poverty reduction and local ownership. USAID contributed with expertise in innovation and private sector collaboration; MFA-Netherlands with thematic expertise such as water and climate change; and DST-South Africa with knowledge of the local context and its networks. Meanwhile the private sector has brought innovations and science and technology solutions to the table. Other key success factors include the identification of market-driven solutions early in the selection process; the provision of technical assistance in the form of tailored-made guidance and monitoring; and successful collaboration between donors.

The approach of the challenge fund is already being replicated, although merged with its sister fund, Powering Agriculture: An Energy Grand Challenge (supported by Sida, USAID, GIZ, Duke Energy and OPIC). The new global Water and Energy for Food Grand Challenge is refined through best practices and lessons learnt from both funds and will emphasise matching and connecting innovators with investors earlier in the process to secure scale and sustainability. Some innovators witnessed the difficulties to get access to other sources of financing when the fund ended. Another lesson learnt from evaluating the fund is the need to improve the enabling environment for the innovators; such as addressing the legal and regulatory barriers they face when trying to scale up.

The new fund will have a different approach to technical assistance since it was found that this is more efficient and effective when provided locally. Thus, technical assistance will move to regional innovation hubs instead of being managed from headquarters. Local hubs covering East and West Africa, MENA and South and Southeast Asia will be established.

The purchasing power of end users has also proven to be a challenge. Although the demand for the innovation is there, poor farmers cannot always afford the marketed products and services. The new fund will offer different kinds of financial models to make the new products and services affordable for the end users.

Partnership tools: Challenge Fund

Partners: Sida, USAID, MFA-Netherlands, DST-South Africa

Development Objectives: To source and scale innovations that enable the production of more food with less water in developing countries

Duration: 2013-2022

Budget: USD 35 million invested by Sida, USAID, MFA-Netherlands, DST-South Africa since 2013
Sida's contribution: 104 MSEK

Thematic area: Water, Food and Agriculture

Strategy: Sweden's strategy for global development cooperation in the areas of environmental sustainability, sustainable climate and oceans, and sustainable use of natural resources, 2018-2020

Strategy Goals: Sustainable oceans and water resources

Further reading:

<https://securingwaterforfood.org/>

https://securingwaterforfood.org/wp-content/uploads/2016/03/SWFF_Dec2018-May2019_AnnualReport_6-17-1.pdf

<https://poweringag.org/>

<https://we4f.org/>

<https://openaid.se/sv/activity/SE-0-SE-6-5406008002-GGG-14015/#>

<https://www.government.se/49ae5f/contentassets/8d99ab613d4d476794495d6e4859c3aa/strategy-for-swe-dens-global-development-cooperation-in-the-areas-of-environmental-sustainability-sustainable-climate-and-oceans-and-sustainable-use-of-natural-resources-20182022.pdf>

<https://www.worldbank.org/en/topic/water/overview>

2.9 Heavy Duty Equipment and Commercial Vehicles Academy, Ethiopia

“My future plan is to open my own business, but before that I want to learn as much as I can and get experience from working in a big company.”

- Hanna Negussie, HDECoVA student



Photo from visit to Heavy Duty Equipment and Commercial Vehicles Academy (HDECoVA), May 2019

Background and development challenges

With around 102 million people, Ethiopia has the second largest population in Africa – and is growing with 2 million people annually. Despite strong economic growth for many years, the country is still one of the world's poorest with extensive inequalities and high unemployment rates, especially among youth. The private sector could play a key role in creating job opportunities, but a large part the workforce – around 35 million people – lack education and training and are engaged in low-skilled jobs. There is a growing need for skilled labour, and finding trained workforce is a bottleneck for companies. Technical vocational education and training programmes do exist but are often based on theoretical training and are poorly aligned with the actual needs of the labour market and the private sector.

Sweden's Strategy for Development Cooperation with Ethiopia includes creating improved opportunities for productive employment with decent work conditions – particularly for women and young people. The country's economic development depends on improved market access, financial services and education for people living in poverty. The strategy encourages innovative forms of cooperation and financing to achieve this.

The partnership

In 2011, Volvo received a substantial order of 800 trucks for a transport investment project in central Ethiopia. Sida and UNIDO had collaborated in a similar context in Iraq, and there had been previous discussions between

Volvo in Ethiopia and Sida. A Public Private Development Project was now launched with Sida, UNIDO and Volvo, aiming to address both the private sector's need for a skilled workforce, and the country's high unemployment rates. Volvo and its customers needed highly-trained mechanics to secure sustainable maintenance of the trucks. Meanwhile, the provision of modern and qualitative vocational training and job opportunities aligned well with Sweden's strategy development cooperation with Ethiopia. This resulted in Ethiopia's first state-of-the-art vocational training for heavy machinery being established at the Selam Technical and Vocational College, during the period 2012-2019.

Besides providing funds for the project, Sida played a significant role, facilitating the set-up of the partnership. By creating a platform for a dialogue and collaboration, the strengths of the different partners were combined to design a top-class training programme that could not have happened without collaboration. Volvo contributed technical equipment, training material, trainings of teachers, ongoing curriculum development and apprenticeship opportunities for students. UNIDO has considerable experience with technical vocational training and is responsible for the overall project management. The training takes place at the Selam Vocational Training College, which also manages the administration of the academy, the recruitment of teachers and the selection of students.

The academy has trained 25-40 heavy duty mechanics students per year and has been open to applicants irrespective of their background. The four-year training programme has provided students with training in modern machinery operation, English, and information technology. In total, 215 students have graduated from the Heavy Duty Equipment and Commercial Vehicles Academy (HDECoVA), and at least 91 per cent of the graduates have found employment. Several female students were successfully recruited in a field traditionally dominated by men, a result that exceeded expectations.

In 2015, the HDECoVA was selected as one of 10 winners of the African Union Commission's TVET competition, "TVET for the 21st Century in Africa: The Most Promising Practices on the African Continent".

Lessons learnt and key success factors

This public-private partnership project is unique since it directly connects real job opportunities to actual needs in the labour market. Conventional classroom training and practical training methods are combined. This is a rare approach and a remarkable opportunity in a country with widespread youth unemployment.

Volvo's in-kind contribution has been as important as its financial contributions. It would have been extremely costly for the development partners to buy the technical expertise and material that Volvo brought to the project. And on the other hand, Volvo could not have accessed the Ethiopian training institution on its own.

Based on the experience and lessons learnt from the mechanics training programme, a new project was launched in April 2018. The Commercial Vehicles Drivers in Ethiopia programme - known as the *Misale Academy* - is educating Ethiopian youth in commercial vehicle driving. The aim is to create productive employment opportunities for both young women and men, and to improve the shortage of skilled labour in transport enterprises. The project will ultimately reduce road traffic accidents and improve the health of the truck drivers around the country.

Partnership tools: Public-Private Development Programme (PPDP)

Partners: Sida, UNIDO, Volvo, Selam Technical and Vocational College, Ministry of Education and Ministry of Industry

Development Objectives: To provide underprivileged youth with skills, help strengthen vocational training, engage major multinational company in active provision of human resource development outside its own organisation (Mechanic program). To create the possibility for young Ethiopians to productive employment as commercial vehicle drivers (Driver programme).

Duration: 2012-2019 (Mechanic program), 2017–2021 (Driver programme)

Budget: USD 5,271,914 (Mechanic program), SEK 28,500,000 (Driver programme)

Thematic area: Youth Employment

Strategy: Strategy for Sweden's Development Cooperation with Ethiopia 2016-2020

Strategy goal: Improved opportunities for productive employment with decent working conditions, particularly for women and young people

Further reading:

<https://www.government.se/496927/contentassets/0350fddb8a4f4309ba28d90590db4b14/strategy-for-sweden-development-cooperation-with-ethiopia-20162020>

<https://openaid.se/sv/activity/SE-0-SE-6-5406004301-ETH-11330/>

<https://openaid.se/sv/activity/SE-0-SE-6-5120004001-ETH-11330>

<https://www.volvogroup.com/en-en/news/2019/apr/road-safety-in-ethiopia.html>

<https://www.unido.org/stories/hands-training-ethiopia-partnering-better-future>

<https://www.lkdfacility.org/hdecova-ethiopia/>

2.10 Dairy Hub and Dairy Academy Development Project in Bangladesh

“This project and the hub model have inspired the design of a major project in the dairy sector with co-funding from the World Bank.”

- From the evaluation report of the project



Source: <https://open.unido.org/api/documents/3287034/download/Project%20presentation%20oct%202014.pdf>

Background and development challenges

Despite recent economic growth, around 50 million people in Bangladesh live below the poverty line. The poverty in rural areas is widespread and the agriculture sector is underdeveloped. The dairy sector faces many challenges: local milk production per cow is low, and the informal market suffers from insufficient infrastructure. The majority of milk farmers in Bangladesh are smallholders who lack knowledge and technical capacity, as well as secure market access. There is an opportunity to improve income in poor rural communities by strengthening and developing the local milk value chain.

Sweden's Strategy for Development Cooperation in Bangladesh 2014-2020 aims to create better opportunities for people living in poverty to contribute and benefit from economic growth. The strategy encourages innovative forms of cooperation and financing, including with the private sector.

The partnership

In 2013, the Bangladeshi dairy processor PRAN, Tetra Pak, and UNIDO approached Sida with a proposal to collaborate. PRAN and Tetra Pak had jointly developed and piloted a new innovative model for how to integrate dairy smallholder farmers in the formal supply chain. The proposal to Sida covered an expansion of the activities to other districts and villages, with the goal to improve living conditions for 10,000 farmers. Sida and PRAN jointly funded the project and UNIDO served as the implementing partner.

By training farmers in modern dairy farming practices and establishing high-quality cooling facilities and infrastructure – including proper milk collection centres – smallholders were given a chance to be part of the formal dairy market in Bangladesh. This gave them a reliable source of income for their products instead of being dependent on an insecure informal market. Results after 44 months of operation have shown that the milk yield per cow has increased with 118 percent, the quality of the locally produced milk has improved, and the average income for the farmers has increased by 137 percent. The collaboration has thus offered enhanced income opportunity for smallholder farmers and their families.

Lessons learnt and key success factors

A key success factor in this project was the market-driven approach. In this case, the demand for locally produced milk already existed, the model for collaboration was tested. Since the project was part of the existing market system the likelihood for long-term sustainability of the results is greater.

With already proven results and implemented methods, a lot of time and resources are saved when designing and implementing a project. It is key that all partners, including the implementing partners, are actively involved in the design of the project and that the roles, responsibilities and expectations of the different partners are clarified and agreed upon from the beginning.

When each stakeholder brings expertise to the table, added value is created. Tetra Pak has contributed in-kind with technical knowledge and expertise connected to their competence. The local private sector partner, PRAN, has brought access to the local market, implementing strength and commitment. The company has a history of engaging in development challenges and was key to providing smallholder farmers access to the market. As the implementing partner, UNIDO's role has been to ensure that the project is in line with the government's rural development plans and that the experience is shared after the project ends. Apart from enabling this project with funding, Sida has emphasised a focus on poverty reduction and gender equality.

Partnership Tool: PPDP

Partners: Sida, UNIDO, Tetra Pak, PRAN, Ministry of Fisheries and Livestock's Department of Livestock Services, smallholder dairy farmers

Development Objectives: To improve the livelihood of small dairy farmers in Bangladesh through increased quality and yield of milk, allowing the replacement of imported powdered milk.

Duration: 2013-2019

Budget: 63 MSEK (Sida 21 MSEK and PRAN approximately 42 MSEK)

Thematic area: Agriculture alternative development

Strategy: Results Strategy for Bangladesh 2014-2020

Strategy goal: Better opportunities for people living in poverty to contribute to and benefit from economic growth and obtain a good education

Further reading:

<https://www.government.se/country-and-regional-strategies/2018/06/results-strategy-for-bangladesh-20142020/>

<https://open.unido.org/api/documents/3287034/download/Project%20presentation%20oct%202014.pdf>

<http://upload.openaid.se/document/bangladesh/annual-report-2016-final-19-june-2017.pdf>

<https://openaid.se/sv/activity/SE-0-SE-6-5405015401-BGD-31165>

<https://www.tetrapak.com/sustainability/cases-and-articles/dairy-hubs-in-bangladesh>

2.11 Generation Kenya

“Our mission: to empower young people to build thriving, sustainable careers and to provide employers the highly-skilled, motivated talent they need.”

- Generation Kenya



Source: <https://kenya.generation.org/news/4000-young-men-and-women-graduate-from-generation-kenya/>

Background and development challenges

Kenya has had a steady economic growth in recent years and is today classified as a lower middle-income country. But substantial inequality and poverty are widespread, and 36 percent of the population lives on USD 1.25 or less per day. The population is young – almost three-quarters are under the age of 30, and high unemployment and underemployment in this group is a great challenge. It is estimated that around one million youth are unemployed with limited opportunities to enter the labour market. According to a World Bank study from 2014, youth represent the main group of the unemployed population, with 70 percent of all unemployed people under 30.

Improved opportunities – particularly for women and young people – for productive employment with decent working conditions is one of the expected results in Sweden's Strategy for Development Cooperation with Kenya. These target groups are prioritised in light of the discrimination and marginalisation that they face in the labour market, in combination with the huge demographic youth challenge of the country.

The partnership

There is a mismatch between the extensive number of unemployed youths globally and employers' need for workforce around the world. As a response to this unbalanced situation, the global non-profit organisation, Generation, launched a global youth employment program in 2014. The vision is to empower young people to build thriving, sustainable careers and at the same time to provide employers with the highly skilled, motivated talent they need. The programme, called Generation Kenya, was introduced in Kenya in 2015, in partnership with the private sector; public and private Technical and Vocational Education and Training (TVET) institutions; central and county governments; and the youth. Generation Kenya approached the Swedish Embassy in 2017

with a request for financial support from Sida. After assessing the programme, Sida signed a partnership agreement in 2018 with a donation of USD 4.5 million (representing 22 percent of the total budget) for five years, to expand the programme to reach over 45,000 marginalised youth. The target group of the programme is youth between the age of 18 and 30, from underprivileged urban and semi-urban areas, living in poverty. The training centres are located in the communities where the youths live across 26 counties in Kenya.

The programme is currently active in five sectors - financial services sales, distributed sales, retail, restaurant, customer service agents and sewing machine operators - in cooperation with 350 private sector employers. The training consists of 4 to 12 weeks boot camps where the students are provided hands-on, interactive training to gain technical skill in respective sectors. Coaching, résumé building, interview rehearsal and ongoing support is provided during and beyond the programme period. After the training is completed, all graduates are 100 percent job-ready and employers begin to interview the candidates.

The results have been impressive. Since 2015, 84 percent of the 13,000 graduates were immediately employed through the network of more than 350 employers. Fifty-seven percent of Generation Kenya graduates were women. The programme had a positive impact on average income, with estimated increase of 370 percent.

The funding of the programme is based on a cost-sharing model with the aim of obtaining 60 percent of the funding from non-donor sources. Funding – except from donors – is provided by the participating private sector employers, the government, training institutions, student contributions and in-kind support from the global Generation office. The programme is based on an education-to-employment model, in which the employers are included in the entire programme design process. Through their involvement, the employers take on a significant ownership role, which in turn leads to demand-driven skills development and a sustainable programme.

Lessons learnt and key success factors

The demand-driven approach and collaboration with employers are crucial factors for the successes of the programme. The programme shows a measurable return on investment for the employers by lowering costs for recruitment and obtaining trained employees in line with their needs. Generation recruits perform better, are more dedicated and have higher retention rates than non-Generation recruits.

Generation Kenya represents a new approach to private sector collaboration and could be described as a large-scale, multi-stakeholder hybrid of a public-private development programme. This partnership is highly relevant to the Swedish development cooperation since it aims for systemic change, local ownership, and large-scale impact by focusing on productive employment for underprivileged youth. It, furthermore, strengthens gender equality and promotes decent work. In addition, the programme aims to influence, capacitate and strengthen the public TVET system in the country and stimulate a demand-driven approach towards TVET by actively involving the private sector. The support from Sida is highly catalytic and mobilises substantial resources, both financial and non-financial, from both private and public sector partners, building local ownership and sustainability into the model.

Partnership Tool: Large-scale multi-stakeholder hybrid PPDP

Partners: Sida, Generation Global and Generation Kenya, private sector (over 350 companies), the private and public TVET system, county government, central government and the youth.

Development Objectives:

To scale the Generation Kenya program to reach 45,000 marginalized youth, to work for systemic change, influence, capacitate and strengthen the public TVET system, incorporate decent work and gender equality aspects of work into the Generation Kenya program, and to scale its model and make the program 60 percent self-sustainable by the end of 2023.

Duration:
2018-2023

Budget:

USD 4,500,000 representing 22 percent of the total budget. Rest is from private sector, public sector, TVET institutions, students and other development partners.

Thematic area: Employment

Strategy: Strategy for Sweden's development cooperation with Kenya 2016-2020

Strategy Goal: Improved opportunities – particularly for women and young people – for productive employment with decent working conditions

Further reading:

<https://kenya.generation.org/>

<https://www.government.se/49927c/contentassets/94f44f8b5410434693b9d0c28752db17/strategy-for-sweden-development-cooperation-with-kenya-20162020>

2.12 Country Portfolio Approach in Somalia

"In Somalia, tools and instruments for private sector collaboration are applied with a holistic mind-set, gradually building up the eco-system companies exist in"

- Maria Stridsman, Department of Partnerships and Innovations, Sida

Background and development challenges

Somalia has suffered from over two decades of conflict and is one of the poorest countries in the world. The Swedish Strategy for Development Cooperation with Somalia aims to improve livelihoods and promote inclusive economic growth. A holistic and innovative approach to development cooperation is encouraged, in which innovative forms of financing and mobilisation of additional financial resources is encouraged. The strategy also aims for increased access to renewable energy, a sector where the private sector is the key actor.

The private sector plays an important role in tackling development challenges in Somalia. Nevertheless, experience in Somalia has shown that the ecosystem for private sector actors is complex, requiring that companies have different forms of support as they grow and develop over time. Risks and challenges that a company meets will differ at the various stages, and dynamic support and many different tools are needed to tackle these.

The partnerships

The existing portfolio of interventions in Somalia is comprehensive and involves many different actors, including the private sector. By looking at the bigger picture, and addressing existing needs in the country, a holistic approach to private sector collaboration is used in Somalia. Tools and instruments for collaboration are used in a complementary way, with a view to accompany local companies to grow sustainably and become valid partners in development. Depending on where a company is in its lifecycle, the best fitted tool can be applied and followed up with another tool in the next phase of the life cycle. Together, these contributions strengthen the ecosystem that private sector actors operate within.

Currently, the Somalia country portfolio includes four private sector collaboration projects:

Swedish Somalia Business Programme is a challenge fund initiated in 2013, which recently closed (2019). The fund offered support to the development of new business ideas with small sums of money – mainly targeting the diaspora – during the initial stages. The fund was implemented by Forum Syd and Business Sweden, and provided grants to 53 companies. Short-term cooling containers to store fish overnight, as well as engaging in the export of myrrh from Somalia to Sweden, are two examples of the granted businesses. Another business idea was a small-scale water filter system that transforms contaminated water to safe drinking water.

Women's Economic Empowerment and Renewable Energy PPDP. The project is carried out together with ILO and the private sector within renewable energy. Launched in 2018 and running until 2021, it focuses on vocational training within the sector. Lack of competence in the fast-growing renewable energy sector is a key bottleneck, and the objective is to enhance women's economic advancement, and to foster an enabling environment for women entrepreneurship. This will be achieved through interventions such as entrepreneurial skills training in alternative sectors, resources to compete in markets, and access to economic institutions.

AECF-REACT Challenge Fund. The Sida funded project will be launched in October 2019 and run until 2022. Some 8 to 10 companies are expected to be selected for grants. The challenge fund will operate within the renewable energy sector and will make it possible for enterprises to test the market with their existing ideas. Another fund within the AECF-REACT organisation – but funded by DfID – was launched in May 2019 and received as many as 34 applications from Somalia, which shows the great interest to participate among private sector actors.

Somalia Credit Guarantee Scheme. Through the guarantee scheme in Somalia, small companies can access financing that makes it possible for them to scale up their businesses. The scheme was launched in April 2018 and involves four local banks that provide loans between USD 5000 and 150,000. Around 20 companies have already been granted loans, and around 50 percent of the companies are female-owned. Sida's implementing partner is Shuraako, an NGO from the US, that has entered into agreements with each bank. Shuraako also provides technical assistance to the banks and companies. Preparing the companies to take on loans with the banks is an important component of the contribution. The credit guarantee scheme is the first of its kind in Somalia and a good complement to some of the existing challenge funds available to support local companies to grow.

Lessons learnt and key success factors

The portfolio recognises the importance of building a solid ecosystem that companies can thrive in, and addresses the challenges companies meet at various stages of their development. It is yet to be seen if any company will utilise all the instruments, but the path is designed and ready.

Sweden's Somalia portfolio also supports the wider enabling environment, such as adoption of new laws and policies, in collaboration with several other donors. The insights gained through the private sector collaboration projects mentioned above create a strong foundation on which a qualitative dialogue on the enabling environment can be based.

Strategy: Strategy for Sweden's development cooperation with Somalia 2018-2022

Strategy Goals: Improved conditions for inclusive and sustainable economic growth, Greater access to renewable energy and improved energy efficiency

Further reading:

<https://www.government.se/4a7f0d/contentassets/2918db075d7f450b8137e5ffd27c01eb/strategy-for-sweden-development-cooperation-with-somalia-2018-2022.pdf>

<https://ssbp.nu/>

https://www.ilo.org/africa/technical-cooperation/WCMS_425994/lang--en/index.htm

<https://www.aecfafrica.org/portfolio/renewable-energy>

<https://openaid.se/sv/activity/SE-0-SE-6-5402018404-SOM-25010/>

2.13 Private Sector Networks – examples



Network meeting with Swedish and Zambian companies. Swedish embassy in Lusaka, April 2018.

Forming networks with private sector actors can constitute a useful forum for joint learning, dialogue, exchange, reflection, advocacy, and action in relation to Agenda 2030 implementation. According to Sida's vision, Sida has the roles of initiating, facilitating and strengthening networks of actors from all sectors of society. Sida should actively bring together existing, new and unexpected actors with the goal of stimulating new development initiatives and innovations. Sida is, furthermore, expected to work holistically and use knowledge, networks, and other actors' expertise.

Swedish Leadership for Sustainable Development

In 2013, Swedish Leadership for Sustainable Development (SLSD) was launched by Sida and some of Sweden's leading companies to contribute to and participate in the establishment of the Sustainable Development Goals (SDG). The Sida-coordinated network includes some 20+ companies and expert organisations.

The network is a unique forum for valuable learning and a platform for new partnerships, concrete projects and collaborative models for poverty reduction and sustainable development. SLSD has generated significant interest from stakeholders in Sweden and internationally.

Swedish Investors for Sustainable Development

In 2016, a partnership was formed between 18 investment companies, pension companies, institutional investors and Sida to create Swedish Investors for Sustainable Development (SISD). SISD is a platform for sharing experience and learning, with the mission to explore the role of investors in implementing the SDGs. This is an example of how the private sector – and even competitors – can work together in partnership with Sida to contribute to the global goals, while developing their markets. Several results from the partnership have been reported, such as more investments in green bonds, new funds with Agenda 2030 focus, as well as an extensive investment of SEK 2,5 billion in World Bank bonds that are focused on sustainable cities.

In 2019, the UN will launch a global network for sustainable investments, called Global Investors for Sustainable Development (GISD), which is inspired by the Swedish model.

Examples of local networks

In Zambia, a local network for sustainable business was initiated by the Embassy in 2017, within the context of the Swedish Government's priorities and commitments to the SDGs and Agenda 2030, the Paris Agreement, and the Global Deal. The network brings together Sweden-related private sector actors established in Zambia to enable, support and showcase their commitment towards sustainable development. The network has around 20 members representing a mix of companies with Swedish ownership or business interests, alumni students from Swedish universities, and other relevant individuals. The Embassy arranges around four meetings per year, but

upcoming meetings will also be hosted by network members. Both the commercial and bilateral development cooperation sections at the Embassy are engaged in the network to strengthen the synergies for broader relations.

The network has engaged in useful thematic discussions and sharing of experience around gender equality, environment and climate, sustainable procurement, the Decent Work agenda and taxation. Members have engaged in joint initiatives around these subjects, e.g., supporting each other's work in gender quality, and integrating decent work with compliance with labour laws in their own companies. The network has also participated in an CSR e-training course designed for Swedish foreign missions and their networks.

Another area for collaboration is the renewable energy and energy efficiency sector. Members have engaged designing a project for skills development in partnership with ILO and Kafue Gorge Regional Training Centre, Sida and private companies. A one-year pilot project aims to assess market needs and develop and test demand-driven skills training. This will contribute to Zambia having the necessary skilled people to be able to tap into the growing market and rapid development of technology in renewable energy and energy efficiency.

In Kenya, the Embassy is planning to support an SDG Partnership Platform in partnership with the UN, partly inspired by SLSD. The Embassy is not facilitating this network, but with funding, knowledge, inspiration and contacts is making it possible for another actor to drive it – in this case the UN in Kenya, in close collaboration with the Government of Kenya. At the UN General Assembly in September 2017, the Kenyan Government described the launch of the SDG Partnership Platform as an effort to go beyond "much talk about SDG partnerships" to a concrete ecosystem on the ground to make this truly happen in Kenya. The Platform provides a vector for forging multi-stakeholder collaborations to unlock private, philanthropic and intellectual capital for the SDGs, including the Big-4 Agenda priorities (food security, affordable housing, manufacturing and affordable healthcare for all) announced by the President of Kenya. It is now an official flagship under the \$1.9 billion joint UN Development Assistance Framework, co-chaired by the UN and the Government for 2018-2022. It has been identified by the DCO office at UN HQ as one of three potential best practice Platforms globally for SDG Financing. This is an example of how Sida can work in a catalytic way to contribute to the SDG Agenda, including the Financing for Development Agenda.

In Colombia, the Embassy initiated the Swedish CSR network in 2014. Around 20 Sweden-related companies are participating – including Volvo, ABB, Epiroc and Tetra Pak. The purpose of the network is to promote sustainable approaches and practices with which the companies are working. The Embassy organises meetings and seminars around twice a year, during which network members share experience, and occasionally external experts are invited. For example, NIR will participate during the fall 2019 to discuss its social dialogue experience in Africa. In 2015, the network signed an anticorruption agreement with the Colombian government.

Further reading:

<https://www.sida.se/English/partners/Resources-for-specific-partner-groups/Private-sector/Private-Sector-Collaboration/swedish-leadership-for-sustainable-development/>

<https://www.sida.se/English/partners/Resources-for-specific-partner-groups/Private-sector/Private-Sector-Collaboration/swedish-investors-for-sustainable-development/>

<https://www.omvarlden.se/Branschnytt/nyheter-2019/svensk-inspiration-bakom-nytt-fn-natverk-for-hallbara-investeringar/>

3 Findings

As illustrated in Chapter 2, Sida is increasingly integrating private sector collaboration in achieving strategy goals, and innovative models are continuously being developed. There are successful examples of creating synergies among various PSC tools and instruments, as well as of using Private Sector Collaboration as a complement to traditional development assistance. Rather than focusing on one specific PSC-instrument at a time with an isolated mind-set, tools and instruments for collaboration are increasingly used in a holistic way to create systemic change.

The thirteen cases in Chapter 2 point out a number of conditions that have been crucial for reaching this far, and the recommendations in Chapter 4 suggest options for further developing them. This chapter summarises the findings from interviews, the online survey, and the document study.

3.1 Sida: Drivers and enabling environment for PSC

3.1.1 Policy signals and incentives for PSC

During the past years, Sida has interpreted the government's instructions into several policy applications and incentives to stimulate staff at all levels to increase Sida's collaboration with private sector actors.

Sida's new vision and operational plan clearly state that Sida should work with new partners in innovative ways. Private sector actors are mentioned, although not explicitly referred to as new partners. The vision also describes Sida's new role as being catalyser, facilitator, and mobiliser of resources from other actors. A few indicators for private sector collaboration are included in the reporting framework for the operational plan (OP) to measure progress.

Sida's board and top management are trying to create a common understanding of the strategic importance of working in partnership with the private sector. Interviewees, however, maintain that the message has not yet trickled down throughout the organisation.

The awareness of the benefits of collaborating with the private sector is high among Sida staff members who have long experience of working with the private sector, as well as some individual "PSC champions" in the organisation. The recognition of the importance of working with different partners including the private sector, however, varies within Sida and between embassies.

As a Swedish government agency, Sida is partly assessed by the ratio of disbursements in relation to operational costs. Interviewees witness that there are still Sida officers acting as if Sida's only role is that of a donor, and that disbursing large volumes of funds is encouraged throughout the organisation, justifying the operational costs. Since working with private sector collaboration and guarantees in most cases requires substantial staff resources, but often do not lead to large disbursements (a central idea for PSC is in fact to mobilise additional capital, and guarantees build completely on that idea) the management incentives to work with private sector collaboration are weak.

The various strategies for Sweden's development cooperation issued by the government outline expected results. Private sector collaboration is rarely indicated as means to achieve these. Among the strategies included in the study (listed in Annex 3), most do not mention private sector collaboration at all. Some strategies

mention the private sector implicitly or briefly, for example in the Strategy for Sweden's Development Cooperation with Kenya:

"Sida is to identify actors that can contribute to the positive development of society, with particular focus on better living conditions for people living in poverty. These include county governments and state institutions at a decentralised level, civil society organisations, the media, the private sector including cultural and creative industries, cultural organisations, and women's, children's and young people's groups"

Similarly, the strategy for Bangladesh 2014-2020 states that:

"Sida is encouraged to develop and apply innovative forms of cooperation and financing, including results-based aid... There is good potential for cooperation with the private sector"

One of the more recent strategy included in the study, the strategy for Sweden's development cooperation with Zambia 2018-2022, is more explicit and elaborate on how Sida can collaborate with the private sector:

"Sweden will help make markets more accessible for people living in poverty and strengthen them in their role as producers and consumers. Cooperation with the private sector in this area may be further developed... Sweden may contribute to collaboration with the private sector to mobilise capital and investments aimed at increasing the pace of electrification in rural areas. Moreover, Swedish support can help mobilise investments in renewable energy production, electricity grids, more efficient energy use and reforms of the energy sector... Sida may use the partners and forms of cooperation that most effectively contribute to long-term sustainable results. An innovative approach should be used, including the use of innovative forms of financing and mobilisation of additional financial resources... When implementing the strategy, Sweden will promote the building of broader and more self-sustaining relations between the countries. Sweden is therefore to promote the strengthening of conditions in Zambia for domestic resource mobilisation, international trade and investment, and is also to stimulate cooperation that can eventually continue in the long term without financing from development cooperation. Cooperation and exchange between Zambian and Swedish public and private actors should be considered as part of institutional and capacity building, as well as for building broader and more self-sustaining relations."

It is worth noting that "mobilization of external capital and investment through private sector collaboration" clearly expressed in the above strategy is in fact the backbone in "Beyond the Grid Fund Zambia" (see case 2.1 above).

Although launched simultaneously with the above strategy, the Strategy for Sweden's Global Development Cooperation in Sustainable Economic Development 2018-2022 is more conservative in its formulations:

"Partnerships are to be sought with a broad range of actors. Support is mainly to be given to global partners, multilateral organisations, civil society organisations or other norm-setting actors within the strategy's areas of activities... Activities should support innovative solutions including the use of innovative forms of financing and the mobilisation of additional financial resources for sustainable economic development."

In addition, some strategies specifically encourage cooperation and exchange between Swedish public and private sector actors for building broader relations. Also, Sida's appropriation letter specifically tasks Sida to report on broader relations.

3.1.2 Organisational systems that enable PSC

In parts of the organisation, an open and permissive working environment has created the conditions for creativity and innovation, and a “learning-by-doing” attitude from management has led to new partnerships and innovative solutions. However, interviewed Sida officials argue that this approach is not institutionalised and that until Sida’s systems, templates, guidelines, methods, procedures and rules support private sector collaboration, it will remain highly dependent on local management, personal engagement and individual champions at Sida.

Many of Sida’s current systems, templates, guidelines, methods, procedures and rules were originally designed for working primarily with government institutions, CSOs and international organisations. Interviewed staff members argue that the organisational systems have not yet been fully adapted for private sector collaboration and thus impeding the involvement of the private sector. A few new steps and parameters have been added to Sida’s systems TRAC and PLANit – for example a box for private sector collaboration *can* be ticked as form of cooperation, legal help texts are available, and there are indicators on mobilised funds. But these steps and parameters are perceived as optional “add-ons” rather than being integrated into the systems.

Interviews reveal that private sector collaboration is not fully integrated in the process for operationalising strategies and that more could be done to promote the inclusion of new partners and apply innovative methods.

3.1.3 Interpreting the EU State aid regulation

Under European Union rules it is illegal for EU countries to give financial support to some companies and not others in a way which would distort fair competition amongst European firms. This support is called *State aid*, and the rules barring it are enforced by the European Commission and national courts.

There are exceptions that allow for State aid in certain circumstances. For example, the De Minimis Regulation states that financial support is permitted if it does not exceed EUR 200,000 over any period of three fiscal years, which applies in the case of Sida’s Challenge funds. There are also exceptions to the State aid rule when a company is registered and fully owned in a partner country and fulfil a number of other criteria ensuring that they do not have strong connections to EU-countries.

“The State aid rule is the ‘elephant in the room’”

- Interviewee

Some of the interviewees claim that the State aid rule is “the elephant in the room” for European bilateral donors, since everybody is aware of it, but nobody really knows how to deal with it, and nobody brings up the discussion with the Commission. Aid activities are not exempt from the State aid rules, but different EU countries are reportedly applying the rules in substantially different ways. The interpretation of State aid rules is further complicated by the lack of EU practice on aid activities. Sida’s legal department clarified that Sida cannot itself apply a more liberal approach to the application of the State aid rules, without clear signals from the government to do so.

The Swedish Ministry of Industry has considered bringing up the issue with the Commission, but have so far refrained, since it may result in increased bureaucracy for Sida.

The role of the legal department at Sida is to make the strategy owners – who take the final decision about Sida contributions – aware of the rules and the risks associated with overriding them. The lawyers explain that “management could give a clear signal to strategy owners to be braver and take risks, but the question is if Sida wants to take that risk”.

The legal department can also help assess the risks and sometimes apply specific contract terms that clarify that Sida's funds may not favour some companies. A recently added step in TRAC enables Sida officers to, at an early stage of preparing a contribution, identify the need to ask the legal department for help in avoiding or going around the State aid rules. The earlier the legal department is engaged in the process, the better they can guide the effort towards a less risky implementation.

The legal and procurement departments provide valuable support to desk officers in preparing Sida financed contributions. Priority is given to contributions leading to disbursements of higher amounts (>SEK 80 million). Since Private Sector Collaboration does not lead to large disbursement and guarantees do not constitute any disbursements at all, these contributions are not prioritised. Interviewees witness the frustration of spending months preparing a contribution, but eventually having to drop it because of the procurement rules.

Some controllers are able to assist their colleagues in interpreting the procurement rules. Should Sida's controller become more involved in programme design and receive additional training they could possibly be of even greater assistance.

3.1.4 Organisational capacity at Sida

In accordance with clear signals from the government, private sector related capacity at Sida has grown over recent years. Currently, there are pockets of critical mass of staff with experience and knowledge of how to engage with the private sector from working in microfinance or with guarantees; being involved in PPDP programmes; working with challenge funds, collaborating with development banks and DFIs; and/or participating in networks with private sector actors. The advisers covering PSC in the regional departments provide important but limited support to the strategy owners at Sida headquarters and embassies. Likewise, the department for guarantees provides competent support for Sida staff members who wish to use the guarantee instrument.

However, generally Sida staff have limited experience and understanding of the drivers and language of the private sector, and opportunities to build on these are often missed. Some of the past evaluations of Sida's private sector collaboration programmes and tools have been undertaken by consultants with insufficient insights of the drivers of the private sector and/or the rationale behind private sector collaboration.

Sida's experts on the guarantee instrument provide technical support to the rest of the organisation, but as already stated, some basic understanding about the instrument is required to even consider working with it. Training is offered to embassy staff, so that they can acquire that basic understanding. There are also

plans to develop “standardised guarantees” that could more easily be prepared by staff with limited knowledge about the instrument.

The Sida Unit for Guarantees actively recruits staff with experience from the financial sector, but the staff working with guarantees usually remain there and do not move on to other departments at Sida or the embassies. The posting of a regional guarantee adviser in Nairobi has been a key success factor in inspiring strategy owners to work with guarantees and provided practical support in the programming.

One example given about incentives to “learning by doing” is the instruction a few years ago that all bilateral strategies in Africa should include at least one guarantee. This pushed all concerned strategy owners to learn about and work with the instrument. Due to the regular rotation of Sida staff among locations, most of the capacity the initiative generated is no longer available at the embassies.

Interviews and the online survey responses confirm a great demand on all levels in the organisation for developing capacities in private sector collaboration, financial systems and market systems development. There is a demand for simplified models and templates that can easily be applied in strategy implementation. The capacity of Sida’s staff could be better geared towards engaging and working with private sector actors. Some opportunities are presented in Chapter 4.

In an organisation with limited support systems and incentives for working with innovative methods and partnerships, it has been key to have clusters with a critical mass of people working together with an experimental mind-set. Interviews testify the positive experience of creating such clusters through the B4D-team and the Power Africa project. The fact that the embassy in Kenya had four people collaborating with the private sector allowed them to share and co-develop ideas and come up with creative solutions.

3.1.5 Broader collaboration and other synergies at embassies

There are several examples of good collaboration between Sida and Swedish trade promotion-function at the Foreign Ministry. At embassies that are piloting the *broader collaboration*, the related reporting requirement has constituted a natural incentive for closer collaboration.

At other embassies the collaboration has varied and depended on individual initiatives from embassy staff.

The embassy in Zambia has been particularly active in promoting synergies between the activities of the foreign ministry and those of Sida. Embassy staff witness that the good relationships between the ambassador and the head of development cooperation have been “inherited through generations”. One concrete example mentioned is that the trade promotion expert and the Sida expert on energy at the embassy share responsibility for managing a local sustainability network with the private sector. The shared commitment has been key for further promoting the synergies between promotion and aid and for engaging the business community in relevant sustainability issues.

Broader collaboration entails a transition from development cooperation to broader economic relations between Swedish partners and partners in the collaboration country

3.2 Private sector

3.2.1 Drivers and enabling environment for PSC

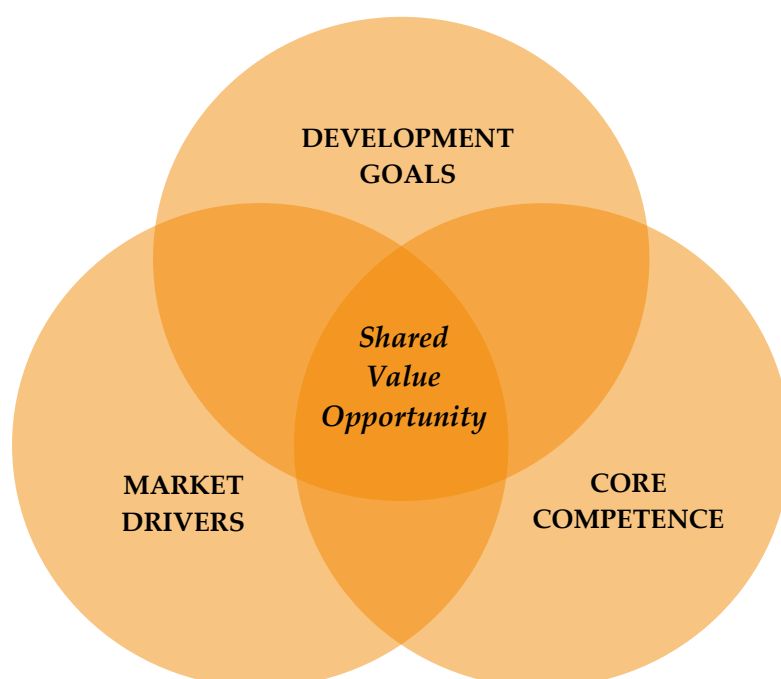
The private sector plays an important role as a driver for economic growth and job creation, provider of goods and services, as well as generating tax revenues to finance essential social and economic infrastructure. The role of the private sector in development is also broadening from the conventional approach of supporting economic development to more inclusive and elaborate public-private partnerships. However, the private sector's role is not limited to financing and investment. It also includes contributing innovative capacities, human resources, know-how and technological inputs to the development of societies.

Through partnerships with governments, CSOs and other stakeholders, businesses have the power of scale to create real change in relation to development challenges. *Shared Value* is a management strategy in which companies find business opportunities in collaborating with the public sector to address development challenges. While CSR focuses efforts on donations or minimising the "harm" business has on society, Shared Value focuses company leaders on maximising the competitive value of solving development issues through new customers and markets, cost savings, talent retention, and more.

Companies have realised that collaboration with the public sector in solving development issues can be directly connected to their productivity, efficiency and sustainable business development, and that this collaboration is of high strategic importance and goes beyond sustainability communication and branding.

"Developing sustainable markets while collaborating for global development goals"

Adaptation of illustration by the Shared Value Initiative



3.2.2 Key success factors

When companies interviewed were asked about the benefits of collaborating with Sida, the following aspects were mentioned:

- Access to technical support and complementary skills from partners (such as community access, capacity building, awareness-raising of communities, etc.)
- Access to networks
- Contacts with new organisations
- Facilitation of dialogue with government
- Enhanced reputation and legitimacy
- Access to grant funding

The companies explained that all aspects above lead to sustainable business, maximising the competitive value of solving development issues, new customers and markets, cost savings and talent retention.

Based on interviews and other data collection, key success factors for fruitful collaboration between Sida and private sector actors include:

- mutual trust
- drawing on the private sectors' relevant core competences
- ensuring market relevance
- promoting robust engagement by the private sector.

These success factors are elaborated upon below.

With time, Sida and some private sector actors have grown to trust each other more, and increasingly regard and treat each other as equal partners without hidden agendas. Sceptical attitudes towards the private sector are decreasing, which increases the chances for fruitful collaboration. Sida's increased understanding of the realities faced by the business world increases the probability of an intersection of the private sector's and Sida's objectives.

Innovation, knowledge and expertise constitute a company's core competencies. Success builds on recognising and valuing these core competencies as an in-kind contribution, rather than focusing only on the private sector's financial inputs.

When projects take into consideration existing markets, including a proven existing demand for the relevant products or services, the market forces themselves can contribute considerably to sustainability.

When private sector partners have ownership of projects and are actively engaged in the preparation of joint projects, the projects have proven to be more successful. It is also key that the implementing partners are actively involved from the beginning.

3.2.3 Challenges

Discussions with companies revealed opportunities for increasing the interest and commitment from the private sector, as well as improving the efficiency and effectiveness of Sida's private sector collaboration. These are discussed below and include scaling up, adapting reporting systems, operating in failing states, and engaging with Swedish trade promotion efforts.

Some of the companies interviewed see significant opportunities in scaling up existing projects to reach larger volumes but claim that Sida does not meet these requests due to the length of time required for Sida staff to prepare the projects.

Sida's processes and response time is considered very slow and private sector actors often lose momentum or interest. Companies express a desire for a streamlined and more speedy decision-making processes at Sida.

The interviewed companies highlighted that private sector collaboration projects must address a demand of services or products, but indicated that Sida and implementing partners do not always understand and support this precondition.

Financial sector partners are required to report according to the same system as Sida's traditional partners, but their systems and processes are not designed for, or adapted to, donor funded projects. Commercial banks do not have the time or resources to write Sida reports, and still maintain their profitability ratios.

There is an untapped opportunity to work with local private sector actors to reach sustainable locally adapted solutions. In Kenya, there are several good examples of Sida successfully collaborating with the local private sector actors to reach development goals. One reason for the success could be that the private sector in Kenya has relatively high capacity.

However, in many countries where Sida operates, the local markets are unregulated and not well-functioning. Institutions are weak and corruption is a problem, within both the public and private sectors. High risk and dangerous areas also contribute to non-functional markets. On the one hand, these conditions make it difficult to trust and collaborate with all local partners, including private sector. On the other hand, carefully selected private sector actors could potentially play an important role for development, growth and stability in countries where institutions are weak. For example, in countries like Somalia and Liberia, the private sector has provided services to the citizens that the state has failed to deliver.

Some Swedish companies express a wish that Sida staff would collaborate more with the trade promotion staff at Swedish embassies. The companies have been informed about the Swedish strategy aiming for broader collaboration among different Swedish stakeholders but have not yet seen it in practice. There is an impression that Sida officers are afraid of engaging with trade promotion stakeholders.

3.3 Implementing partners

3.3.1 Drivers and enabling environment for PSC

UN organisations and international CSOs are the most common implementing partners for private sector collaboration projects. In contrast to private consultancy firms, support to the UN and CSOs are not affected by the State aid rules and can be engaged more smoothly.

UN organisations are politically and technically suitable for many of the projects; for instance, the ILO representing the three stakeholders of the labour market (government, employers and workers), experienced in social dialogue and skilled in industrial relations. Meanwhile, some international CSOs have access to skilled expertise around the world and are experienced in collaborating with the private sector.

The experience of collaborating with UN organisations varies considerably, mostly depending on the individuals involved. Some companies find the UN bureaucratic and inflexible, with an insufficient understanding of the private sector. Some Sida officers argue that the UN's knowledge about the private sector is too limited, whereas others are very pleased with the collaboration. One problem pointed out by both Sida and companies is that UN organisations cannot use their core funding for the design of a project and can only recruit relevant staff when the funding for the project is secured. In cases where Sida has financed a UN expert during the planning phase, the project once launched, has had a smooth and quick start, which has been highly appreciated by all stakeholders.

International CSOs specialised in implementing international development projects typically function like international consultancy firms. While these organisations often are technically skilled and sometimes have local presence and networks, it should be recognised that they often scout for and sub-contract the same international and local consultants as the international consultancy firms use.

Local implementing partners often have limited experience of and capacity working in donor-funded private sector collaboration projects. Interviewed Sida officers witness that they hesitate to work with local partners due to the risks involved with their low capacity.

4 Conclusions and recommendations

As described in Chapters 2 and 3, Sida has come a long way in integrating collaboration with the private sector in the implementation of Swedish strategies for development cooperation. Chapter 2 presents 13 examples of successful private sector partnerships contributing to Swedish development goals and long-term systemic changes. This chapter presents a summary of the study's conclusions. It also presents suggestions for how Sida may further integrate private sector collaboration into strategy implementation.

Initially, private sector collaboration was mainly limited to specific modalities or tools that were developed and financed from Sida Headquarters and applied in specific and defined situations.

Today, the collaboration is no longer limited to a set of tools but is an adaptive and flexible multi-disciplinary approach applied by various Sida departments and embassies. Strategy intervention portfolios are comprehensive and involve many different actors, including the private sector. Looking at the bigger picture and addressing existing problems, tools and instruments for collaboration are used in a holistic way. There are numerous examples of successful and innovative private sector partnerships throughout Sida's organisation, addressing complex situations, contributing to Swedish development goals and long-term systemic changes.

Before entering into a private sector collaboration, the same project assessment is done as in all other development projects. Potential negative market distortion is analysed as well as additionality. Knowledge about the context and **locally adapted solutions** are important for success.

While it may be difficult to determine whether some projects with the private sector would not have materialised without Sida's participation, a **clear development additionality** can be noted, for example, in areas such as gender equality, including marginalised groups in the labour markets, and improving working conditions.

When all partners bring their unique experiences and knowledge to the table, and reasonable levels of cost-sharing are sought, the potential added value is maximised. With access to the **private sector's innovation capacity, technical know-how, influence and drivers**, the development results have a stronger potential to become sustainable and robust.

To attain sustainability, private sector collaboration must be built upon a long-term commitment and engagement from private sector actors. Collaboration must be based on a **true business case** and projects must clearly be connected to the market and to existing development challenges. Private sector actors must see the collaboration as a long-term investment towards sustainable and robust development.

The **guarantee instrument** is a flexible and effective way to attract and mobilise additional funds for development purposes and implementing Agenda 2030. It can be used for a wide variety of thematic areas and target groups. Guarantees enable access to finance and investments by sharing risk and increasing security for lenders and investors.

Sida has been a pioneer among donors in its collaboration with the private sector and has in many ways managed to consolidate its learning so far. Below is a summary of ideas on how Sida could further sharpen its approach to private sector collaboration. The recommendations are based on the theory that while change is a *continuous* process, it needs to be initiated by a sense of urgency, and sometimes requires somewhat radical measures.

4.1 Sida: Drivers and enabling environment for PSC

4.1.1 Policy signals and incentives for PSC

To further integrate private sector collaboration in Sida's processes and documents, **ownership, priority and directions from top-level** management is critical. This includes strong commitment from ministerial level and the Director-General, as well as ownership by strategy owners at embassies and Sida Headquarters.

There is a discrepancy between signals sent by Sida's board and top management on the one hand, and perceptions among the staff on the other. To address this, Sida's top management could further strengthen the policy signals, *for example by* expressly spelling out that partnering with the private sector is part of Sida's Vision. New goals and indicators could be developed, such as cost effectiveness and mobilisation of private additional capital, competence and knowledge. Creating incentives based on these indicators throughout could encourage managers and staff to engage in private sector collaboration.

Preparing a private sector collaboration project or a guarantee is very time-consuming and often leads to small or no disbursements. To increase private sector collaboration and innovative finance, **new incentives** must be introduced that promote cost-effectiveness, mobilization of additional external resources and innovative solutions.

A fundamental success factor for private sector collaboration is a **management approach** that encourages new ideas, new partners and innovation. This requires an organisational mind-set that accommodates risk-taking; supports a culture of trust, experimentation and active learning ("learning by doing"); promotes adaptive management; and tolerates initial high short-term administrative costs.

An explicit strategy for knowledge management; human resource development; capacity development and training in private sector collaboration; and broader adaptive management would send a clear signal throughout the organisation about their importance.

Expressly promoting and pointing to private sector collaboration as a means to reach strategy goals would be an important way to encourage staff to explore partnerships with the private sector. Perhaps the strategies could even include goals regarding collaboration with the private sector, at least if it concerns local partners and includes capacity building.

Since the Swedish government issues the development cooperation strategies that Sida implements, it is recommended that Sida highlight the PSC opportunities to the Ministry or Foreign Affairs for future strategy drafting processes.

4.1.2 Enabling organisational systems

Sida could integrate private sector collaboration in its systems, for instance through **steps in the operationalisation process** pushing staff to create new partnerships and innovative methods. Involving a broader spectrum of experts in the operationalisation could also contribute to more innovative solutions and partnerships. By including guarantees in strategy implementation, Sida could create the conditions for reaching out to target groups that the market previously considered too risky.

Sida's reporting systems, templates, guidelines, methods, procedures, and rules could be further adapted to more easily apply to private sector collaboration activities. Existing monitoring and evaluation could better capture the range of impacts and benefits that working with the private sector can potentially bring, such as cost effectiveness and mobilisation of private additional capital, competence and knowledge. Including private sector engagement in regular information and reporting systems, rather than as an optional marker in the systems, could serve as an incentive for staff. Sida could, furthermore, create ways to report on the results of engagements that do not always lead to concrete projects.

Steps and tools in the programme preparation process that require staff to justify if and why they do, or do not, involve new partners or innovative methods could serve as eye-openers for alternatives to the more traditional partners and methods. Simple practical guidelines for how to include this step in the programming could be introduced. Contribution management systems and tools could encourage and enable the introduction of new methods and private partners in ongoing projects, as well as further facilitate adaptive management and innovation in new ones.

In traditional Sida funding agreements, the partner receives funds from Sida and is therefore more or less obliged to adapt to Sida's priorities, routines, agenda and pace. When it comes to guarantees and private sector collaboration – challenge funds excepted – the partner does not receive any funds from Sida. In fact, it is Sida who wants access to the commercial partner's resources. Arguably it is rather **Sida that needs to adapt** to the commercial partner in terms of Sida's priorities, routines, agenda and pace, without compromising the development goals.

As an example, companies and commercial banks do not have the drivers or resources to prepare Sida-reports. Adapting Sida's reporting requirements to the realities of the commercial financial sector would increase the interest from the private sector to collaborate, as well as improve monitoring, learning and efficiency.

4.1.3 EU State aid regulations

Sweden, through the Ministry of Trade and Industry, and jointly with other European donor countries, could benefit from **seeking clarity** from the EU commission on whether development cooperation is to be exempted from State aid rules.

In addition to the step that has been taken on help text in TRAC, there may be other ways to encourage Sida officers to **involve the legal department** in the early stages of contribution preparation so it can assist in navigating the State aid rules.

The legal and procurement departments could be instructed to add **new criteria for how to prioritise**, providing support to Sida staff in the preparation of contri-

butions so that not only preparations of high disbursement contributions are prioritised. Examples of new criteria could be similar to those for the incentives proposed above in 4.1.1, i.e., promoting cost-effectiveness, mobilisation of resources and innovative solutions.

In addition, if **controllers** are more involved and receive some additional training on the State aid rules, they could provide additional support.

4.1.4 Organisational capacity at Sida

An important condition for successful collaboration is **mutual understanding** between the private sector and Sida of their respective fundamental drivers. Each party needs to understand the other's objectives, strategies, operational possibilities as well as constraints, and that these vary depending on the context and markets involved. Mutual understanding needs to be applied throughout the collaboration process from project design to implementation and exit.

The **capacity of Sida's staff** could be better geared towards engaging and working with private sector actors and innovative finance/guarantees. Here are some suggestions:

Sida could benefit from more actively attracting people with **background and experience** from the private sector and financial actors to join the organisation and ensure they are represented at all departments, levels and at embassies. Creating a critical mass of staff with the required capacity could speed up the usage of the various approaches, tools and instruments.

Sida could also highlight the **value of expertise** already recruited from private sector and financial institutions, and more actively encourage those experts to move on to other disciplines within the organization. In order for these experts to be attractive for postings at embassies, they need to master a broader span of expertise and would require training in other fields that are important in embassies.

A **basic introduction to private sector** collaboration as well as to guarantees would be beneficial for encouraging staff to consider private sector collaboration approaches and partners in programming. The introduction could cover how to identify and select partners; the drivers of the private sector; the basics of capital markets; the tools available; as well as some practical examples. The basic introduction could be made mandatory and be an eye-opener and inspiration for Sida officers to consider less traditional partnerships in contributions. However, they would probably still need support from experts in the design process.

Simplified guidelines and regular crash-course training opportunities throughout the organisation on adaptive programming, market systems development and private sector collaboration could help demystify these concepts and provide Sida officers with a basic understanding of these approaches. The need for continued training and skills development should not be underestimated, given staff rotation and turnover, and neither should dependence on local staff for implementation.

Sharing information on successful projects and approaches could be further improved within Sida. Cases could be presented on the intranet and other easily accessible media. Sida could also further encourage **peer-to peer learning** through regional networks of Swedish and local staff. Sida could furthermore consider placing the regional PSC advisors at the regional offices so that they would be closer to the development context and could be more accessible to embassy staff.

Heads of development cooperation at the embassies need to understand private sector collaboration, so that they can better encourage their staff to engage with the private sector. The **managerial network regional** and annual meetings could include sessions on the role and drivers of the private sector, as well as the role it can play in strategy implementation.

The capacity to include private sector collaboration and guarantees in strategy implementation can be better institutionalised. **Training programmes** are available, but perhaps they should be mandatory, and due to staff turnover, delivered more regularly. One way to increase Sida's capacity to understand the perspective, language, drivers and processes of the private sector could be a private sector secondment programme, where Sida officers get work experience in the private sector.

"Standardized" PPDP's, challenge funds and guarantees that can be prepared at embassy level could be actively pushed into strategy implementation through inclusion in the operationalization plans as well as new incentives.

Finally, to improve learning from independent evaluations, Sida needs to ensure that the expertise of evaluation teams match the task at hand.

4.1.5 Synergies at embassies and broader collaboration

Collaboration of Sida staff at the embassies and their colleagues working with Swedish trade promotion at the foreign ministry can be further strengthened. Greater interaction and synergies would allow the two groups to identify and potentially reach common goals. Good communication between Sida's private sector collaboration and Swedish export promotion can improve Sida's outreach to Swedish private sector in the country and influence them to act in line with the SDG's.

There is scope to increase collaboration between Sida and Swedish trade promotion experts at embassies to improve joint outreach to Swedish private sector in the country and influence them to integrate SDG concerns in their core business. Indeed, some Swedish companies desire that Sida staff would collaborate more with the trade promotion staff at Swedish embassies. Explicitly assigning Sida this task through directives from the government would provide the necessary incentives. Sida could participate more in activities organised by Business Sweden and MFA experts on export promotion, such as business delegations and trade fairs, searching for new partnerships in the implementation of the country strategy and forming new networks, as described below.

4.2 Private sectors actors

Private sector collaboration consists of harnessing the potential of a company's core business activities to achieve development objectives, while at the same time encouraging the private sector to move toward more sustainable and inclusive business practices. It is critical that collaboration is linked to the **core business** of the private sector to ensure sustainable long-term development results. In this context, management buy-in is very important. Partnerships have a higher chance of success when all partners believe in the value of a partnership for realising their respective objectives.

Partnering with **local private sector actors** offers an untapped opportunity to reach sustainable and locally adapted solutions. In many countries, engaging in such a partnership would need to be accompanied by capacity building in, for example, a simplified version of the Shared Value concept.

Private sector engagement can sometimes be an effective tool in **fragile and conflict-affected contexts**. Weak institutions in fragile and conflict-affected states make it challenging for the private sector to operate. Nevertheless, space often exists to try new initiatives. Private sector partnerships can contribute to market development, crowd investments and improve development results. Examples of private sector collaboration in fragile and conflict-affected contexts demonstrate that it is possible to move beyond humanitarian and grant-based aid.

If Sida could **streamline and speed up the decision-making processes** for working with the private sector, it would probably retain the interest of many more strategic partners from the private sector. Private sector actors generally operate faster than Sida and do not have the time to wait for Sida to take decisions.

Once Sida has strengthened staff capacities and their **understanding of drivers** of the private sector and how to leverage these in development efforts, it will most certainly be able to attract more private sector partners.

Swedish Leadership for Sustainable Development has generated significant international interest and added to Sweden's leading role in the implementation of Agenda 2030. SLSD has also inspired Swedish embassies to form similar **networks in partner countries**. By replicating the model in additional countries, Sida could further build on - and contribute additionally to - Sweden's international credibility in the SDG implementation. Including local private sector actors in the local networks would add to the possibility of reaching sustainable and locally adapted solutions. Local networks would also provide embassy staff a forum for discussions with the private sector and develop relationships beyond aid.

4.3 Implementing partners

Local implementing partners – such as local business member organisations and other local CSOs – can add to the sustainability of private sector collaboration projects. However, local partners often have limited experience of working in donor-funded private sector collaboration projects and thus represent a higher risk for Sida. In order to mitigate the risk, as well as build local capacity for sustainability, Sida could include technical assistance in the partnership agreement.

Recognising that **international CSOs** recruit the same consultants as international consultancy firms, Sida could consider widening the competition by including these firms through open public procurement when procuring implementing services.

Sida could consider developing clearer **guidelines for selection and/or procurement of implementing partners**. These would state when it would be appropriate to engage with UN organisations/multilateral organisations; partner directly with international CSOs or identify a partner through competitive procurement.

There is an opportunity to gain more value for money from the UN organisations implementing PSC projects by, for example, enabling them to engage in the design phase or perhaps by establishing **trust funds** that can finance the UN's preparation. Including a specially funded inception phase in which roles and responsibilities, as well as expectations of all stakeholders, are clearly laid out have proven to be effective and efficient.

Annex 1: Terms of Reference

PARTNER

2019-02-26

Anne-Charlotte Malm/Lollo Darin

Ärendenummer: 19/000417

Terms of Reference

Study to assess opportunities for improving, scaling and diversifying methods for partnerships with the private sector:² Review and mapping of how Swedish Development Cooperation/Sida collaborates with the private sector and financial actors to achieve results in strategy implementation at the global, regional and national level

1. Background

Globally, we have the funds to achieve the Sustainable Development Goals (SDGs). The challenge is to redirect the resources towards Agenda 2030 and effectively organize the implementation. National public finances and strategies are crucial for achieving the goals, but all development actors in society must contribute.

Agenda 2030 represents an increase in the ambition and an expansion of the global goals for sustainable development. We need to engage more actors, mobilise more resources and enable new, innovative solutions. We know that solutions must always be owned and driven by those actors that are locally established in the actual development context to be relevant and sustainable.

Sida must take advantage of the engagement of other development actors, initiate and participate in new partnerships and take on new roles to develop capacity and knowledge and work catalytically to redirect resources towards Agenda 2030. The private sector can contribute with financing, knowledge, resources and innovative solutions to meet the Sustainable Development Goals and Sida can facilitate and stimulate this work.

² The definition of "partnership/collaboration with the private sector" includes cooperation/agreement with a third party, like a UN organisation, in a Public Private Development Partnership (PPDP).

Private business, investment and innovation are key drivers for productivity, including economic growth and job creation. The private sector, which comprises everything from micro-enterprises and social entrepreneurs to cooperatives to multinational companies, is crucial for development, as an implementor and for investing in areas critical to sustainable development and transition to more sustainable consumption and production patterns. Companies can also bring knowledge, reach, ability to innovate and perspectives that are different to those of traditional development actors.

Partnership between private and public actors is crucial for achieving the SDGs of Agenda 2030.

In Sida's Vision it is stated that "Sida will mobilise engagement and enable new solutions by stimulating others to meet and collaborate. We will initiate, facilitate and strengthen networks of actors from all sectors of society. We will use the trust in Sida and our presence at the local, regional and global levels to actively bring together existing, new and unexpected actors with the goal of stimulating new development initiatives and innovation focusing on the poorest and most vulnerable."

Sida's operational plan (OP) 2019-2021 states in Goal 2 on Normative dialogue: "We advocate for Swedish priorities and universal norms, including gender equality, environment and climate. **We want more actors to work together to strengthen universal norms, implement the global goals and strengthen human rights and advocate for humanitarian principles.**"³ Furthermore the third goal in Sida's OP reads "**We mobilise engagement and enable innovative and locally owned solutions.**"⁴

Sida collaborates with the private sector in different ways. Each of them has a specific purpose. E.g. the two networks Swedish Leadership⁵ and Swedish investors⁶ address barriers to sustainable business and investment, challenge funds promote innovative solutions to development challenges, and guarantees share risks with financial actors to enable sustainable investments and projects (including PPDPs) that mobilize corporate resources and knowledge to achieve concrete development results.

An evaluation was carried out in 2015 to analyse Sida's collaboration with the private sector and its results and international experience of such collaboration. The report constitutes one of the reference documents for this study.⁷

2. Purpose

The purpose with the study is to map why, when and how Sida, in the field through the embassies and at head quarter, collaborates with the private sector and financial actors to achieve the results in strategy implementation at the global, regional and national level.

³ Our emphasis

⁴ Our emphasis

⁵ Swedish Leadership for Sustainable Development (SLSD)

⁶ Swedish Investors for Sustainable Development (SISD)

⁷ <https://www.sida.se/Svenska/publikationer/144812/desk-study-of-sidas-experience-from-private-sector-collaboration---final-report/>

The study shall contribute to Sida's learning and further development of methods for partnership with the private sector and financial actors and give recommendations on how applied approaches and methods could be adapted, scaled, replicated and diversified to additional thematic/sectorial areas to meet the needs of Sida's operations under different strategies and to more effectively contribute to sustainable development. The study is expected to show examples from Swedish development cooperation on how Sida can work with partnerships to mobilise and use resources efficiently in the implementation of Sida's Operational Plan 2019-21. The study is also expected to highlight the challenges that exist for effective collaboration with the private sector for example state aid rules (statsstödsregeln) and how to relate to company's behaviour as regards their compliance with UN Guiding Principles.

The study shall:

- a) Collect and compile good examples⁸, challenges and experience of partnerships with the private sector and financial actors in the operations of Swedish development cooperation.
- b) Describe where and how interaction with financial institutions/regulators and capital markets have contributed to strategy implementation.
- c) Explore and demonstrate why, when and how collaboration with the private sector and financial actors can contribute to strategy results.
- d) Present examples of where private sector collaboration is well integrated into the implementation of the global, regional or bilateral strategies⁹ and explore why and how this was achieved.
- e) Describe the different methods and success factors of fruitful approaches for private sector collaboration and mobilisation of private capital that have the potential to be applied more broadly, scaled and replicated.
- f) Discuss possible methods and indicators for measuring the effects on changes in line with Sida's vision and OP stemming from partnerships and collaboration with the private sector.
- g) Identify and provide recommendations how capacity, competence and resources at field (embassies) and HQ can be strengthened to enable further promotion of efficient collaboration with the private sector and financial actors.
- h) Analyse and identify state of the art and development within the area of partnership with the private sector that can inspire Sida's future work. Describe the key elements of an effective and scalable partnership according to international best practices.

Final product: A report with good examples and recommendations on how Sida better can collaborate with the private sector, including financial actors, in line with Sida's vision and OP.

3. Scope of Work

The consultant will be guided by and report to a Sida reference group. Throughout the process (report-writing, learning events etc), the consultants shall consider strategic communication and apply approaches and tools that will facilitate learning.

⁸ The consultants shall define what "good examples" are through the interviews and inspired by Sida's principles for PSC: <https://www.sida.se/English/partners/our-partners/Private-sector/Collaboration-principles/>

⁹ Including thematic.

The scope of work for the assignment will include the following:

- A start-up meeting with Sida once the contract has been awarded.
- An inception report submitted by the consultant in which i) the assignment and methodology are refined and ii) a proposal for a survey questionnaire provided.

The survey questionnaire will be used when interviewing the strategy owners. The aim is to understand;

i) what triggers collaboration with the private sector, what are the enabling factors and external circumstances.

ii) what are the factors contributing to the success of the projects – within Sida, with the company and in the context?

iii) what are factors preventing private sector collaboration within Sida, with companies, in the context?

iv) what roles are played by Sida e.g. financier, convener, etc

The questionnaire could include the following questions:

- Which are the projects within your strategy that are in one way or another a collaboration/partnership with private sector actors and in which sectors? Describe the projects briefly.
 - Why and how were these projects started/developed? Describe the theory of change for your decision.
 - Have you in any of these projects related to financial institutions and the capital market? If so, why and how?
 - What kind of challenges did you experience in the process of developing/assessing these projects?
 - How did you handle the challenges?
 - How did you go about the sustainability screening/ due diligence?
 - What are the development results of these projects?
 - Has the project had an impact on system change and if so in what way?
 - Do you see opportunities for replicating or diversifying the approach to other sectors? Please elaborate.
 - What would you have done differently?
 - Are there examples of attempts to collaborate with the private sector that failed? Why?
- Compile and synthesise the evaluations already carried out of Sida's collaboration with the private sector through PPDPs and different challenge funds¹⁰ (around 10 PPDP evaluations and 1 evaluation of 10 of Sida's challenge funds).
 - Carry out a learning event with relevant staff based on the above compilation of evaluations (workshop/learning event #1).

¹⁰ To be provided by Sida

- Study the strategies and reports from strategies¹¹ that have been selected by the reference group.
- Carry out interviews with selected strategy owners in the field and at Sida HQ, through both field visits (1-3) and VC-meetings.
- Plan and carry out a workshop (workshop #2) with all the people interviewed to quality assure the report.
- Finalise the draft the report including recommendations.
- Plan and carry out (2) workshops/meetings internally for Sida and embassies to share the results and to discuss how to take the lessons learned forward into Sida's operational plan.

4. Process and Time-plan

| | |
|-------------------|---|
| 8 April | Initial briefing and discussions at Sida |
| 22 April | Submission of inception report and final timeframe |
| 24 April | Meeting with reference group at Sida |
| 25 April – 20 May | Interviews |
| 9 May | Learning seminar on synthesised and compiled evaluations |
| 13 -17 May | Interviews in the field. Possible at meeting in Addis Abeba plus visits to one more embassy in Africa |
| 23 May | Draft report/consolidation of interviews |
| 7 June | Draft consolidation of interviews |
| 14 June | Quality assurance workshop |
| 24 June | Draft report |
| 9 August | Sida comments on the draft report |
| 23 August? | Learning event (Chefsveckan) |
| 30 August | Final report |
| 10-11 Sept | Learning event |
| 17-18 Sept | Learning event |

The above dates are tentative.

The consultant is expected to commence the assignment by 8st April. Within two weeks after the commencement, an inception report shall be presented to Sida (see Scope of work).

¹¹ Colombia, Guatemala, Bosnia, Georgia, Serbia, Ukraine, Kenya, Somalia, Zambia, Regional Africa, Bangladesh, Cambodia, Palestine, Regional Asia, and the Global Strategies (economic and environment).

The first workshop/learning event (see Scope of work) is tentatively planned for May as well as field trips (dates and venue to be decided during the inception phase) and interviews through VC in May.

A quality assurance workshop with all the people involved should be organised by the middle of June.

Two additional workshops/learning events shall be planned within the scope of the study, tentatively in September.

Annex 2: Meta-analysis of past evaluations

One of the first steps of the study was a meta-analysis of eleven evaluations of different previous Sida private sector collaboration including PPDPs, challenge funds, MSD approach and guarantees.

Common observations and recommendations from the evaluation reports were identified.

| Evaluation | Published | Pages |
|---|-----------|-------|
| Sida's Global Challenge Funds | 2018 | 162 |
| The Challenge Fund in Bosnia and Herzegovina | 2015 | 46 |
| Evaluation of Dairy Hub | 2018 | 91 |
| Training Academy in Ethiopia with Volvo | 2018 | 103 |
| Improving Industrial Relations in Cambodia's Garment Sector | 2017 | 63 |
| Sweden Textile Water Initiative (STWI) Projects | 2018 | 100 |
| Swedish Leadership for Sustainable Development | 2018 | 167 |
| Market System Development Approach | 2018 | 138 |
| Sida's use of Guarantees for Market Development and Poverty Reduction | 2016 | 66 |
| Innovation Fund for Peace in Colombia | 2015 | 75 |
| Zambian Industrial Training Academy (ZAMITA) | 2018 | 32 |

Most frequently identified strengths

The most commonly mentioned strengths in the evaluation reports were:

- Each partner bringing its competitive advantage to the table. When partners are contributing with their strengths, competences and knowledge, substantial value is added, and the interventions can avoid building costly physical or organizational structures from scratch.
- In-kind contribution from the private sector being considered equally important to monetary contribution by Sida.
- Private sector actors inspire other private sector actors outside the project.
- Cost efficiency.
- Sida staff learning how to work in a partnership without a dependency relationship. Sida staff has learnt that its value as partner is not limited to accessing Sida's funds.
- Effective implementation when project management is not outsourced to an implementing firm or organisation but managed directly by the embassy.
- Strengthened understanding of business drivers at Sida leads to successful collaboration.
- The regional engagement by Sida and embassies has supported the effectiveness of PSC and the results from PSC provide an important evidence base to enhance Sida's country programmes.
- Engagement by Sida at all stages of the project cycle is of critical importance, but especially in the design of the PSC.
- Engagement by Sida in the design, management and learning from PSC is essential. From an organisational perspective, Sida's Global PSC's are mainly managed from headquarters, and greater stakeholder engagement would imply greater deployment of technical Sida staff attached to embassies.
- PSC can help determining the most appropriate ways to intervene to achieve desired objectives, by shifting away from "traditional development" programming towards a facilitative and adaptive approach.
- The selection of suitably qualified implementing partners was crucial to the success of a project.
- Greater results thanks to training activities linked to the PSC.

- The relationship between Sida and its implementing partners was a critical success factor.
- The strengths of other implementing partners could be utilised. For example, when Sida co-operated with USAID, who managed the guarantees as agent of Sida, USAID had good systems in place to monitor the portfolios in a professional and efficient manner. This reduced the pressure on Sida while ensuring professional management of the facilities.
- Sida staff has learned from other implementing partners. In the same example, where DCA/USAID has a long-standing track-record in working with guarantees, Sida was in a position to benefit from much knowledge in the origination, such as how to design and monitor guarantees.

Most frequently identified weaknesses

The weaknesses most commonly mentioned in the evaluation reports were:

- Unrealistic expectations.
- Difficulty to measure impact, e.g., system changes and policy level changes.
- Sida sometimes perceived as too slow and rigid by Private Sector Partners.
- Difficulties maintaining engagement from all partners throughout the project.
- Implementation partners sometimes not performing as expected and agreed.
- Unclear and overlapping mandates between company and implementer.
- Unclear follow-up indicators and systems.
- Too much time used for Sida screening processes.
- The Challenge lacking funds for marketing and promotion.
- Inconsistencies in the understanding of the barriers, challenges and opportunities to address the cross-cutting issues of gender equality, environment, climate change and local ownership.
- Sida's appraisal process focussing too much on due diligence related to fiduciary risk and anticorruption (minimising risk), rather than assessing the capacity of implementers to pilot, experiment and take managed risks.
- Difficulty in finding qualified organisations to implement PSC programs in the countries.
- Weak endorsement by Sida's leadership of the value of PSC and other adaptive approaches.
- No systematic approach in ensuring that projects apply strong results-based management.
- Sida's appraisal process not consistently ensuring good quality project design for PSC or other systems and adaptive programming approaches.
- Sida rarely procuring private contractors as implementing partners, partly due to the lack of precedents or guidelines for the procurement of an PSC implementer.
- Sida being less involved in the day-to-day follow-up activities and therefore lacking direct control, for example when working through USAID.
- In terms of organisation of Sida, the Unit for PSC has a different setup compared to the overall organisation of Sida and working with PSC is very different from working with other Sida supported initiatives, requiring separate decision-making and monitoring systems and procedures.
- The strategy owner not always being fully aware of the different forms of PSC and their possible implementation. The initiative for a PSC intervention has to come from the strategy owner, whereas the adviser on PSC Guarantees is responsible for the technical specifications.

Most frequent recommendations

Some recommendations found in several evaluations were:

- Exit plans must be established from the beginning for sustainability.
- Project organisation and governance must be clearly defined from the beginning.
- Private sector coalitions between other private sector actors outside the specific project should be made.
- There is scope for establishing partnerships or alliances with other important SDG actors such as trade unions, UN Sustainable Development Solutions Network, and Business Sweden, as well as with other development agencies that have platforms that engage with the private sector.
- Sida can do more to institutionalise knowledge and develop a cadre of expertise around PSC. Specifically, programme managers responsible for individual global PSC initiatives could be allocated more time to work on each PSC to ensure that they can give them the necessary attention.

- Engagement in the design phase is key, with more upfront input into the initial design and less adaptations afterwards. For this, sufficient resources must be allocated to Sida programme managers to spend the necessary time on appraisal and design of the PSC.
- PSC projects need to have robust results management systems in place.
- Incorporating the learning from implementation at the initial design stage will help improve the efficiency of implementation.
- With many PSC interventions recently undertaken, Sida could develop a cadre of expertise and a repository of knowledge to support the oversight of PSC.
- The Sida guidelines on PSC could be updated to provide more insight into the choice of instruments and when to use PSC and considerations for the design of PSC.
- PSC can often be strengthened if accompanied by Technical Assistance (training).
- All Sida personnel involved in project design and appraisal need sufficient understanding of the implications of adaptive programming for design so they can set the scope of the appraisal process and frame the primary considerations of the Quality Assurance Committee.
- Sida needs to carefully assess the implementing partners' knowledge of systemic approaches and adaptive programming, the country context, and the existence of a mindset or culture that is conducive to facilitation, risk taking, openness, learning and adaptation.
- Sida needs to support and encourage a learning culture on the projects it funds. This is partly about communication and incentives: partners need to be convinced that it is safe, and in their interest, to work without the type of rigid frameworks they have come to expect from donors, and to manage greater risks.
- More active and consistent support from the management would incentivise a culture of experimentation and active learning to inform adaptive management.
- Sida should develop an explicit strategy for knowledge management, human resource development, capacity development and training in PSC-collaboration and broader adaptive management.
- Sida should systematise project and country strategy learning cycles.
- Sida should develop guidelines on PSC project management.
- Sida should adjust contracts and funding agreements to provide greater clarity on the degree of flexibility available to the implementer and provide more robust tools to better manage instances where implementers are underperforming.
- Suitable financial intermediaries and counterparts should be selected as partners, who have the potential to reach out to the focus groups of Sida.
- An adequate monitoring and risk management framework should be developed within Sida.

Annex 3: Reference documents

The following documents and links directly or indirectly related to PSC are regarded as reference documentations for the PSC Study. The main objective of the document review is to gain a wider overview and deeper understanding of the full range of Sida's PSC.

Africa Enterprise Challenge Fund Evaluation

Annual report Power Africa 2017

Beslut om ställningstagande och åtgärder avseende MSD Evaluation

Beyond the Grid Fund for Africa

Case study CF GIF_Nov16

Case study PPDP Sida HM and ILO in Cambodia_external version_FINAL

Case study PPDP STWI_Nov 16

Case study PPDP Volvo in Ethiopia_Nov16

Challenge Funds Guidelines

Creating Shared Value article

Crowdfunding Renewable Energy 2018-22

Dairy Development Kenya

Dairy Hub and Dairy Academy Development in Bangladesh

DCED Guidelines for Private Sector Engagement

Desk Study of Sida's Experience from PSC_Mikael Söderbäck 2015

EBA06 Private and Public Sectors in Development Cooperation 2015

EBA08 Business and Human Rights in Development Cooperation 2015

Förordning (2010:1080) med instruktion för Styrelsen för internationellt utvecklingssamarbete (Sida)

Generation Kenya Proposal

Global Innovation Fund Summary

Guarantee Portfolio Summary

Improving Industrial Relations in Cambodia's Garment Sector

Inclusive Growth through Decent Work Kenya Proposal

Innovation Fund for Peace in Colombia

Innovations for Peace fund-II Colombia

KAPAME operationalisering och portföljplanering

Lessons from DAC

Market System Development Approach

MSD in a Nutshell

Musika Zambia Annual Report

Musika, cumulative results reported for Musika 2012-2017

OECD-DAC Report

Oxfam Private Sector Framework, Policy & Procedures

Power Africa Initiative Annual Report

PPDP Akiira, ILO and Forum Syd

PPDP Guidelines for internal use

Rapportering om samverkan med näringslivet

Regeringens politik för hållbart företagande_dec-2015

Scale UA Annual Report

Scale UA Project Proposal

Shuraako Guarantee Somalia

Sida Sustainability Due Diligence Tool

Sida Sustainability Screening Framework (SSSF)

Sida Sustainability Self-Assessment Questionnaire

Sida's Experience from PSC

Sidas garanti-instrument - en överblick

Sida's Global Challenge Funds

Sida's use of Guarantees for market development and poverty reduction

Sidas verksamhetsplan 2019-2021

Sida's vision 2019-21

SISD Report of activities 2018

Skrivelse regleringsbrevsuppdrag näringslivssamverkan_2015

Strategy for capacity development, partnerships and methods, 2030

Sweden Somalia Business Program

Strategy for Sweden's development cooperation with Bangladesh 2014-2020

Strategy for Sweden's development cooperation with Colombia 2016-2020

Strategy for Sweden's development cooperation with Ethiopia 2016-2020

Strategy for Sweden's development cooperation with Kenya 2016-2020

Strategy for Sweden's development cooperation with Kenya, 2016-2020

Strategy for Sweden's development cooperation with Somalia 2018-2022

Strategy for Sweden's development cooperation with Zambia and Power Africa Strategy 2018-2022

Strategy for Sweden's global development cooperation in sustainable economic development 2014-2017

Strategy for Sweden's global development cooperation in sustainable economic development 2018-2022

Strategy for Sweden's Reform cooperation with Eastern Europe, the Western Balkans and Turkey 2016-2020

Strategy for Sweden's development cooperation with Cambodia 2014-2018

Strategy for Sweden's global development cooperation in the areas of environmental sustainability, sustainable climate and oceans, and sustainable use of natural resources, 2018-2020

Sweden Textile Water Initiative (STWI) Projects

Swedish Leadership for Sustainable Development

Swedish Policy Framework for development cooperation

The Challenge in Bosnia and Herzegovina Evaluation

Trade Facilitation Kenya

Training Academy in Ethiopia with Volvo

Travel Report Addis May 2019, Lollo Darin

Uppföljningsbilaga Sidas verksamhetsplan 2019-2021

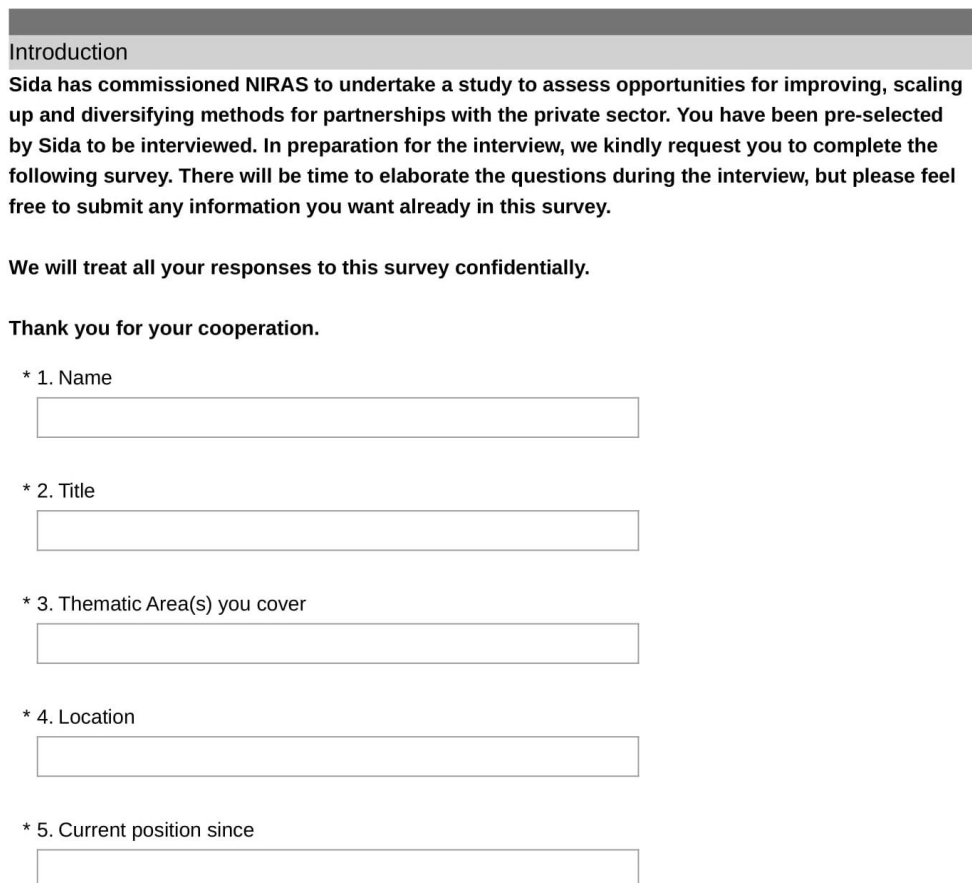
Zambian Industrial Training Academy (ZAMITA)

Links:

- <https://openaid.se/activity/SE-0-SE-6-10305A0101-KEN-32130/>
- <https://openaid.se/sv/activity/SE-0-SE-6-10305A0101-KEN-32130/#>
- <https://www.forumsyd.org/int/where-we-work/kenya/inclusive-growth-project>
- https://www.ilo.org/africa/countries-covered/kenya/WCMS_649210/lang--en/index.htm
- <https://www.sida.se/Svenska/aktuellt-och-press/nyheter/2017/Juli-17/svensk-fond-ska-ge-el-till-tva-miljo-ner-zambier/>
- <https://www.usaid.gov/powerafrica/beyondthegrid>
- <https://openaid.se/sv/activity/SE-0-SE-6-5119012103-ZMB-23210/>
- <https://openaid.se/sv/activity/SE-0-SE-6-12534A0104-BFA-23210/>
- <https://www.bgfz.org/>
- <http://innovationsagainstpoverty.org/>
- <https://openaid.se/sv/activity/SE-0-SE-6-5411002803-GGG-32130/>
- <https://www.sida.se/contentassets/e6840da40eee40f08ea9ebf000e6fb39/15466.pdf>
- <https://securingwaterforfood.org/>
- <https://openaid.se/sv/activity/SE-0-SE-6-5406008002-GGG-14015/#>
- <https://www.swedenabroad.se/en/about-sweden-non-swedish-citizens/bosnia-and-herzegovina/development-and-aid/private-sector-collaboration/>
- <https://openaid.se/sv/activity/SE-0-SE-6-5506001902-BIH-32130/>
- <https://openaid.se/sv/activity/SE-0-SE-6-5406004301-ETH-11330/>
- <https://openaid.se/sv/activity/SE-0-SE-6-5120004001-ETH-11330>
- <https://www.volvogroup.com/en-en/news/2019/apr/road-safety-in-ethiopia.html>
- <https://www.unido.org/stories/hands-training-ethiopia-partnering-better-future>
- <https://www.sida.se/Svenska/aktuellt-och-press/nyheter/2017/Juli-17/svensk-fond-ska-ge-el-till-tva-miljo-ner-zambier/>
- <https://www.usaid.gov/powerafrica/beyondthegrid>
- <https://openaid.se/sv/activity/SE-0-SE-6-5119012103-ZMB-23210/>
- <https://openaid.se/sv/activity/SE-0-SE-6-12534A0104-BFA-23210/>
- <https://www.bgfz.org/>
- <https://openaid.se/activity/SE-0-SE-6-10305A0101-KEN-32130/>
- <https://openaid.se/sv/activity/SE-0-SE-6-10305A0101-KEN-32130/#>
- <https://www.forumsyd.org/int/where-we-work/kenya/inclusive-growth-project>
- https://www.ilo.org/africa/countries-covered/kenya/WCMS_649210/lang--en/index.htm
- https://www.ilo.org/global/topics/collective-bargaining-labour-relations/projects/WCMS_245208/lang--en/index.htm
- <https://openaid.se/sv/activity/SE-0-SE-6-5110006301-KHM-16080/>
- https://www.ilo.org/pardev/information-resources/news/WCMS_306151/lang--en/index.htm

Annex 4: Survey questionnaire

The following pictures comprise the questionnaire used for the study in the online tool Survey Monkey.



The image shows a screenshot of a survey questionnaire introduction page. At the top, there is a dark grey header bar. Below it, the word "Introduction" is written in a light grey font on a light grey background. The main text is in black and explains that Sida has commissioned NIRAS to undertake a study to assess opportunities for improving, scaling up and diversifying methods for partnerships with the private sector. It states that the respondent has been pre-selected by Sida to be interviewed and requests them to complete the following survey. It also mentions that there will be time to elaborate the questions during the interview, but please feel free to submit any information you want already in this survey. Below the text, there are five questions, each marked with an asterisk and a number. Each question has a corresponding text input field. The questions are: 1. Name, 2. Title, 3. Thematic Area(s) you cover, 4. Location, and 5. Current position since.

Introduction

Sida has commissioned NIRAS to undertake a study to assess opportunities for improving, scaling up and diversifying methods for partnerships with the private sector. You have been pre-selected by Sida to be interviewed. In preparation for the interview, we kindly request you to complete the following survey. There will be time to elaborate the questions during the interview, but please feel free to submit any information you want already in this survey.

We will treat all your responses to this survey confidentially.

Thank you for your cooperation.

* 1. Name

* 2. Title

* 3. Thematic Area(s) you cover

* 4. Location

* 5. Current position since

* 6. Which actors have been involved in your work with private sector collaboration? Please select.

- ☐ Governmental agency(ies)
- ☐ UN agency(ies)
- ☐ Another bilateral donor(s)
- ☐ CSO(s)
- ☐ Labour union(s)
- ☐ Trade association(s)
- ☐ Swedish company(ies)
- ☐ Local company(ies)
- ☐ International company(ies)
- ☐ Financial actor(s)
- ☐ Other

Comment

Example of project

Please briefly describe a project with private sector collaboration and/or collaboration with the financial sector that is of strategic interest using the below questions.

Please note that you can submit more than one project if applicable.

* 7. Project Name

* 8. When was the project undertaken?

* 9. Who were the partners involved in the project?

* 10. What were the development objectives?

* 11. Please provide a brief description of how the project was initiated.

* 12. Did the project involve financial actors?

☐ Yes

☐ No

Comment

* 13. In your opinion, did the collaboration with the private sector contribute to successful results?

If YES, please describe the main three factors that contributed to the succes. If NO, please describe the three main factors that hampered the project.

☐ Yes

☐ Partly

☐ No

Comment

* 14. Did you do any sustainability screening/due diligence of the project and if so, how?

* 15. Were there any synergies between this project and other Sida contributions?

☐ Yes

☐ No

Comment

* 16. Did you measure the contribution in the project from your partners?

☐ Yes

☐ No

Comment

* 17. Do you see opportunities for replicating or diversifying the approach used in this project to other situations? Please elaborate.

☐ Yes

☐ Partly

☐ No

Comment

* 18. Do you wish to submit another project?

☐ Yes

☐ No

Example of project 2

Please briefly describe a project with private sector collaboration and/or collaboration with the financial sector that is of strategic interest using the below questions.

Please note that you can submit more than one project if applicable.

* 19. Project Name

* 20. When was the project undertaken?

* 21. Who were the partners involved in the project?

* 22. What were the development objectives?

* 23. Please provide a brief description of how the project was initiated.

* 24. Did the project involve financial actors?

☐ Yes

☐ No

Comment

* 25. In your opinion, did the collaboration with the private sector contribute to successful results?

If YES, please describe the main three factors that contributed to the succes. If NO, please describe the three main factors that hampered the project.

- ☐ Yes
- ☐ Partly
- ☐ No

Comment

* 26. Did you do any sustainability screening/due diligence of the project and if so, how?

* 27. Were there any synergies between this project and other Sida contributions?

- ☐ Yes
- ☐ No

Comment

* 28. Did you measure the contribution in the project from your partners?

- ☐ Yes
- ☐ No

Comment

* 29. Do you see opportunities for replicating or diversifying the approach used in this project to other situations? Please elaborate.

- ☐ Yes
- ☐ Partly
- ☐ No

Comment

* 30. Do you wish to submit another project?

- ☐ Yes
- ☐ No

Example of project 3

Please briefly describe a project with private sector collaboration and/or collaboration with the financial sector that is of strategic interest using the below questions.

* 31. Project Name

* 32. When was the project undertaken?

* 33. Who were the partners involved in the project?

* 34. What were the development objectives?

* 35. Please provide a brief description of how the project was initiated.

* 36. Did the project involve financial actors?

☐ Yes

☐ No

Comment

* 37. In your opinion, did the collaboration with the private sector contribute to successful results?

If YES, please describe the main three factors that contributed to the succes. If NO, please describe the three main factors that hampered the project.

☐ Yes

☐ Partly

☐ No

Comment

* 38. Did you do any sustainability screening/due diligence of the project and if so, how?

* 39. Were there any synergies between this project and other Sida contributions?

☐ Yes

☐ No

Comment

* 40. Did you measure the contribution in the project from your partners?

☐ Yes

☐ No

Comment

* 41. Do you see opportunities for replicating or diversifying the approach used in this project to other situations? Please elaborate.

☐ Yes

☐ Partly

☐ No

Comment

General Questions

* 42. Do you think there is more scope for private sector collaboration within your current strategy(ies)?

☐ Yes

☐ No

Comment

* 43. In your work, do you participate in any network/s for private sector organised by other actors?

☐ Yes

☐ No

Comment

* 44. Does the embassy engage directly with the local private sector in your country (if you are located abroad)? If yes, please describe how.

☐ Yes

☐ No

Comment

* 45. Is the local private sector in your country actively reaching out to the embassy for potential collaboration? If yes, please explain how.

☐ Yes

☐ No

Comment

* 46. Have you received any training, support or guidance for how to use private sector collaboration as a tool for strategy implementation?

☐ Yes

☐ No

Comment

Financial sector

* 47. Do you have experience of working with financial actors in relation to private sector collaboration?

☐ Yes

☐ No

Comment

* 48. On a scale from 1-5 where 5 is the highest, how deep is your knowledge and understanding of financial institutions and the capital market?

☐ 1

☐ 4

☐ 2

☐ 5

☐ 3

Comment

* 49. Do you need more guidance/training/information about how financial institutions and the capital market works?

☐ Yes

☐ No

Comment

Thank you for your collaboration!

Annex 5: Quantitative findings from survey responses

Below is a compilation of responses to quantitative survey questions (for the full set of survey questions, please see Annex 4). Qualitative responses regarding specific projects are included in the report.

a) Which actors have been involved in your work with Private sector Collaboration? Please select.

| PSC Partner | Number of occurrences |
|----------------------------|-----------------------|
| Governmental agency(ies) | 17 |
| UN agency(ies) | 18 |
| Another bilateral donor(s) | 13 |
| CSO(s) | 22 |
| Labour union(s) | 5 |
| Trade association(s) | 6 |
| Swedish company(ies) | 18 |
| Local company(ies) | 19 |
| International company(ies) | 15 |
| Financial actor(s) | 15 |
| Other | 4 |

Respondents: 30

b) Do you think there is more scope for private sector collaboration within your current strategy(ies)?

| | |
|-----|----|
| No | 3 |
| Yes | 27 |

Respondents: 30

c) In your work, do you participate in any network/s for private sector organized by other actors?

| | |
|-----|----|
| No | 15 |
| Yes | 15 |

Respondents: 30

d) Does the embassy engage directly with the local private sector in your country (if you are located abroad)?

| | |
|-----|----|
| No | 16 |
| Yes | 14 |

Respondents: 30

e) Is the local private sector in your country actively reaching out to the embassy for potential collaboration?

| | |
|-----|----|
| No | 15 |
| Yes | 15 |

Respondents: 30

f) Have you received any training, support or guidance for how to use private sector collaboration as a tool for strategy implementation?

| | |
|-----|----|
| No | 18 |
| Yes | 12 |

Respondents: 30

g) Do you have experience of working with financial actors in relation to private sector collaboration?

| | |
|-----|----|
| No | 11 |
| Yes | 18 |

Respondents: 29

h) On a scale from 1-5 where 5 is the highest, how deep is your knowledge and understanding of financial institutions and the capital market?

| Level of Knowledge | Number of answers |
|--------------------|-------------------|
| 5 | 1 |
| 4 | 4 |
| 3 | 18 |
| 2 | 12 |
| 1 | 3 |

Respondents: 29

i) Do you need more guidance/training/information about how financial institutions and the capital market works?

| | |
|-----|----|
| No | 3 |
| Yes | 26 |

Respondents: 29

Annex 6: Interview outline

Below is an overall outline for the interviews with Sida staff in the PSC study, used as a guide for the interviewer and to be adapted for each interview.

Introduction

Brief presentation of the study and the interviewers.

Presentation of interviewee's background and current field of work.

Experience from current position

- Which strategy do you (the interviewee) work with?
- How do you collaborate with Sida colleagues with similar responsibilities?
- How do you support other Sida colleagues with PSC responsibilities?
- In which countries (if applicable) are the conditions for PSC more favourable, and why?
- In which countries (if applicable) are the conditions for PSC less favourable, and why?
- Are you involved in any platform for PSC learning or training at Sida?
- Do you need further training or support in how to involve the private sector in the achievement of Sida/SDG-goals?

General Experiences

- What are the incentives for Sida's staff to work with PSC?
- What are the disincentives for Sida's staff to work with PSC?
- Based on your experiences, which conditions/factors are key to success with PSC?
- Based on your experiences, what are the challenges to succeed with PSC?
- What are the risks when working with PSC?
- What do you think that the drivers are for the private sector to collaborate with Sida in PSC?
- What synergies do you see between different PSC tools/ways of working? (E.g. Challenge Funds, guarantees, PPDP)?
- What synergies do you see between different PSC projects?
- Do you see any synergies between PSC and Broader Relations?
- Do you see any synergies between PSC and Market System Development?
- Do you have any experience of working with financial institutions?
- What tools, manuals or educational material for PSC have you used?
- In which thematic areas are the conditions for PSC favourable, and why?
- In which thematic areas are the conditions for PSC less favourable, and why?
- How can the result of PSC projects be measured?
- What kind of further training, support or guidance do you need to better implement and succeed with PSC?
- Do you have any experience from PSC projects that failed?

Example of a successful PSC project

- What defines a successful PSC project?
- What were the (internal and external) key success factors in this project?
- What were the (internal and external) challenges in this project?
- What were the learnings from this project?

Annex 7: List of interviewees

Sida and Swedish embassies

(Stockholm if nothing else is indicated)

Andreas Johnsson, Phnom Penh

Anders Arvidson

Anna Rahm

Anna Thu vesson, Nairobi

Anne Kullman

Anne-Charlotte Malm

Annette Dahlström, Addis Ababa

Annika Johansson Jerusalem

Annika Åhsberg, Lusaka

Carmen Lopez-Clavero

Catalina Hoyos, Bogota

Cecilia Brumer, Lusaka

Daniel Gronvius, Kiev

Elena Sahlin

Elin Carlsson, Addis Ababa

Elisabeth Montgomery

Esther Njuguna, Somalia

Eve Juthathip, Bangkok

Felix Osok, Nairobi

Helena Zoergel

Henrik Riby

Ibrahim Kasso, Addis Ababa

Ida Reuterswärd, Zagreb

Jonathan Francis

Julia Ekstedt

Karin Lindblad

Karin Svensson,

Lena Berglöw-Elm, Nairobi

Leul Wondemeneh, Addis Ababa

Lollo Darin

Louise Herman, Bangkok

Mabel Flores, Guatemala

Magdalena Svensson, Lusaka

Malena Rosman

Maria Stridsman

Moa Lagercrantz, Addis Ababa

Ola Andersson, Zagreb

Ola Sahlén

Paula Kermfors, Nairobi

Petter Kjellgren

Pia Lindström

Sandra Lima

Senait Regassa, Addis Ababa

Snezana Vojcic, Zagreb

Sofie Berghald

Suzanne Krook

Susanna Nyström, Guatemala

Svetlana Nesovic, Zagreb

Torbjörn Pettersson, Addis Ababa

Ulf Ekdahl, Addis Ababa

Ulla Andrén, Addis Ababa

Ulrika Hessling-Sjöström

Ylva Festin, Dhaka

Ylva Sahlstrand, Dhaka

Zahra Ayadi

Zlatan Milosevic, Zagreb

Åsa Hedén, Bangkok

Åsa Heijne, Bangkok

Åsa Trulsson, Sarajevo

External Interviewees

(Various locations)

Abere Melesse Ayalneh, UNIDO (Selam), Ethiopia

Alexio Musindo, ILO, Ethiopia

Ben Taylor, Agora Global, UK

Eldad Girma, SNV (IAP), Ethiopia

Gabriel Mumba, Emerging Cooking Solutions, Zambia

Getachew Regassa, Secretary General Addis Chamber of Commerce, Ethiopia

Gurpreet Kenth, T3, Kenya

Johan Köhler, Scania, Sweden

Johan Reiman, Volvo, Sweden

Katarina Eriksson, Tetra Laval, Sweden

Kidist Chala, ILO, Ethiopia

Lars-Åke Bergqvist, H&M, Sweden

Noel Atino, AECF Africa, Kenya

Per Löffberg, Emerging Cooking Solutions, Zambia

Pierre Börjesson, H&M, Ethiopia

Victor Ndiege, AECF Africa, Kenya