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Sida Decentralised Evaluation

Mikael Söderbäck

# Desk Study of Sida's Experience from Private Sector Collaboration

Final Report



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**Final Report  
November 2015**

**Mikael Söderbäck**

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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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## **FOREWORD**

I would like to thank my contact persons and all interviewed at Sida and elsewhere for all help in the preparation of this desk study. I especially appreciated the interest shown by the many staff members who participated at the internal Sida seminar on September 7 as well as the wealth of constructive comments received in writing. Hopefully this will be the start of an interactive process helping to further integrate private sector collaboration in Sida's operations and creating synergies between the different working modalities applied within the organisation.

A special thanks to Oscar Idman who assisted with data collection in the middle of the vacation period. I was supported by Nina Söderbäck in some of the work with processing data and information.

It should be emphasized that the findings and recommendations presented in this report do not necessarily reflect the views of Sida.

Stockholm, November 2015

Mikael Söderbäck

## ACCRONYMS

AECF	African Enterprise Challenge Fund
B2B	Business to Business
B4D	Business for Development
BAE	Bilateral Associate Expert
BCtA	Business Call to Action (UK)
BDS	Business Development Services
BiH	Bosnia Hercegovina
BITS	Beredningen för internationellt tekniskt samarbete
BMO	Business Membership Organisation
CF	Challenge Fund
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee (OECD)
DCED	Donor Committee on Enterprise Development
DFI	Development Finance Institution
DFID	Department for International Development (of the United Kingdom)
DoC	Drivers of Change
EBA	Expert Group for Aid Studies (Sweden)
EPOPA	Export Promotion of Organic Products from Africa
FARMA	Fostering Agriculture Market Activity
FSD	Financial Sector Deepening
GDA	Global Development Alliances (US)
GOLD	Growth Oriented Local Development (Bosnia Hercegovina)

HER	Health Enables Return
HR	Human Rights
IAP	Innovations against Poverty
ICAI	Independent Commission for Aid Impact (UK)
IFC	International Finance Corporation (World Bank group)
IFI	International Finance Institution
JDI	Joint Development Initiative
LED	Local Economic Development
LDC	Least Developed Country
M4P	Making Markets Work for the Poor
NIR	Näringslivets Internationella Råd (Sweden)
NGO	Non-government Organisation
PPP	Private Public Partnerships
PPDP	Public Private Development Partnership
PSC	Private Sector Collaboration
PSD	Private Sector Development
REACT	Renewable Energies and Adaptation to Climate Change Technologies
SME	Small and Medium Enterprise
SWEDECORP	Styrelsen för internationellt näringslivsbistånd
ToR	Terms of Reference
UNIDO	United Nations Industrial Development Organisation
WWF-MTI	World Wildlife Foundation – Market Transformation Initiative

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## **EXECUTIVE SUMMARY**

This report deals with experiences from private sector collaboration (PSC). It has its focus upon the Business for Development (B4D) programme that Sida launched in 2010. Sida has found that time is now ripe to collect experience from PSC and for drawing conclusions for continued method development and learning. The study is seen as a first step in a larger learning initiative.

### **The Terms of reference**

The purposes of the study are (i) analysis and conclusions regarding Sida's collaboration with the private sector and its results (ii) analysis and conclusions regarding international experience of such collaboration and (iii) conclusions regarding the knowledge front in the area of private sector collaboration. The study should cover all sectors and thematic areas as well as all modalities and approaches which Sida is using in its collaboration with the private sector. Sida's guarantee instrument which is seen as an integral part of Sida's PSC tool box is part of the overall portfolio mapping. As guarantees have recently been subject to several studies, this instrument should not be included in the review of Sida's experiences.

### **The terminology**

As a point of departure for discussing terminology, it is useful to distinguish between three different roles played by private companies in the context of development cooperation: (i) as **supplier/contractor** of goods and services, (ii) as **beneficiary** of support, and (iii) as **partner**, sharing the costs of a project with a development purpose.

The terms **Private Sector Development (PSD)** and **Market Development** are used to describe efforts to strengthen the private sector and/or develop the market economy in partner countries and consequently looks upon private actors like local SMEs as the (primary) beneficiaries of donor support (while poor people in their role as consumers, producers or workers are seen as the ultimate target group). The term **Private Sector Collaboration (PSC)** and various variants, like Business for Development (B4D), refer to the private sector actors in their third role, i.e. as partners in development cooperation.

### **Implementation of the desk study and structure of the report**

Our study started with two main activities: (i) identification of PSC projects and generation of a data base (performed by Sida) and (ii) a broad inventory of Sida documentation and international literature. The database has been used as the point of departure for a portfolio mapping exercise. The review of international literature demonstrated the huge interest that has been triggered by the gradually increasing involvement of the private sector in development activities.

### **Sida's collaboration with the private sector: history in brief**

Collaboration with the private sector has been present in one form or another in Swedish development cooperation since its start in the 1960's. Towards the end of the 2000's the view on the role of the private sector in development cooperation gradually changed internationally, in Sweden and in Sida. These parallel developments triggered Sida to launch a Business for Development (B4D) programme. Although the debate in Sweden to some extent had been emphasising the benefits of collaboration between Sida and the Swedish industry, Sida decided that the new B4D programme should be open for private actors from all countries. Since then Sida's B4D programme has undergone a major expansion and development.

### **Modalities for collaborating with the private sector**

As described by the Donor Committee for Enterprise Development (DCED) there has been little clarity regarding the concepts used to describe partnerships with the private sector as well as a lack of guidance on the most appropriate forms for support based on such partnerships. While the report describes international experiences from working with different approaches, its main focus is on the three modalities applied by Sida in the B4D programme launched in 2010: (i) **Enterprise Challenge Funds (CFs)**, (ii) **Public-Private Development Partnerships (PPDPs)** and (iii) **Drivers of Change (DoC)** partnerships. In addition, the report also analyses the collaboration with private actors that takes place in Sida's support to e.g. market-based approaches, public-private dialogue and local economic development projects.

### **Mapping of Sida's collaboration with the private sector 2009-2015**

The mapping is based on data from Sida's accounting system PLUS. Apart from Sida's guarantees, there has unfortunately been no easy way to identify PSC projects in the PLUS system. This means that PSC projects have had to be recorded "manually". Consequently it has not been feasible to establish a baseline describing the volume of PSC projects in 2009.

From its start in 2010 the B4D programme with its three modalities increased rapidly to reach a peak in the volume of new projects in 2012 at above 600 million SEK. Since then the volume of new projects has stabilised at around 400 million SEK in annual agreed amounts. The volume of new guarantee commitments reached a peak in 2013 at close to 1100 million SEK and stabilised at 530 million in 2014.

Our analysis of the PSC portfolio presented in this chapter largely confirms our expectations regarding the various dimensions of the portfolio. More than 50% of the volume of agreed amounts of the B4D programme in July 2015 relates to global projects, which is mainly explained by the fact that challenge funds to large extent are used for projects at the global level. In respect of the regional distribution of the portfolios, Sub-Saharan Africa and to smaller extent Asia dominates. When it comes to sector focus, the market development and agriculture sectors constitute more than 60% of the present agreed volumes within the B4D programme. The most

common types of implementing agencies within the B4D portfolio are international NGOs and donor country NGOs which together constitute more than 60% of the portfolio. Some observations stand out, e.g. the high focus on LDC-countries in the B4D-portfolio and the high frequency among B4D-projects of themes like democracy and human rights, gender equality and environment.

### **Review of 12 projects within Sida's PSC portfolio**

In order to make our assessment of the results and experiences of Sida's PSC interventions as objective as possible we have chosen to review all B4D projects which have been subject to evaluations or external reviews. In total 12 projects have been reviewed. There are obviously several challenges to this kind of assessment including (i) the time factor, i.e. that many of the evaluated projects are still ongoing or have just been completed; (ii) the diversity of the PSC portfolio; and (iii) the weaknesses in the analysis of results in evaluations of PSC projects. In summary, the conclusions from the review of the 12 evaluated PSC projects are as follows:

- i. Most projects have been well implemented and produced **outputs** of acceptable quality and quantity. In the cases where there are documented **outcomes** these appear to be fully satisfactory.
- ii. There is evidence of results at the **impact** level in five of the projects. In some of these cases impressive impacts have been reported. Impacts through systemic changes have been reported in three cases.
- iii. While only some of the evaluations explicitly address the issue of **input or output/outcome additionality**, we find it likely that Sida has achieved additionality in almost all evaluated projects.
- iv. Only a few projects allow easy identification of a **target group** of poor people.
- v. While there are a number of very good examples of projects which give high attention to the promotion of a **specific thematic priority**, in general it appears that attention to these issues is uneven.
- vi. Although in some projects the management costs appear to have been on the high side, the level of **efficiency** is generally considered satisfactory.
- vii. There are some interesting cases where **market-based** or similar approaches have been applied. In several other projects there are concerns regarding **sustainability** of the outcomes/impacts.

### **What works?**

International experiences have primarily been retrieved from meta-studies of donor evaluations as well as from the growing flora of research papers and policy studies. We find it somewhat challenging to distil from this literature generic lessons that Sida may apply in future PSC projects as the diversity of approaches and contexts make it hard to generalise project experience. The most relevant overview of partnership mechanisms that we have identified is DCED's

working paper “Donor partnerships with business for private sector development: what can we learn from experience”. This report highlights success factors for partnership projects including (i) the **management skills** and “**right mind-set**” of business partners, (ii) a **good matching** of business partner, (iii) in multi-stakeholder coalition’s **communication and trust-building**, (iv) adequate **sequencing** of partnership activities and (v) appropriate **timing** of funding and (vi) **improved scrutiny** of expected development impacts at the application stage.

### ***Challenge Funds***

Although challenge funds have been subject to an increasing level of critique during the last few years, we still find that they offer interesting opportunities to Sida. They are highly flexible instruments which easily may be adapted to different sectors, themes, countries, environments (like conflict situations). Experience shows the need of strong capacity for assessing market system impacts and for setting up and operating results measurement systems. Challenge funds which have a sector or geographical focus are more likely to achieve systemic change. While there may still be situations when challenge funds could serve a useful purpose at the global or regional level, we find that there is sufficient evidence for Sida to primarily direct the use of challenge funds towards specific sectors and/or themes at sub-regional or national level.

### ***Public Private Development Partnerships (PPDPs)***

PPDPs enable Sida to support partnerships in a highly flexible way which may be adapted to specific country contexts as well as a wide spectrum of sectors and types of development challenges. The objectives and purposes of the partnership should always be the starting point for defining the roles of different actors. PPDPs which depend upon public finance to sustain the outcomes and/or impacts of the partnership carry a higher risk than other partnerships. Such risks should be taken into account at an early stage of partnership formation.

The current trend to increase the integration of PPDPs into existing country programmes appear to offer substantial advantages. Such integration makes it easier to increase local ownership by involving all relevant actors who have a stake in a sector and project. It also makes it easier to link a project to overall Sida policy and to increase systemic impact and sustainability. PPDPs do not necessarily require more staff capacity than more traditional projects. However the skills requirement of Sida staff both at headquarters and in the Embassies are to some extent different as the management of PPDPs require a good understanding of business incentives as well as of relation-building and communication within partnerships involving different kinds of actors.

### ***Drivers of Change (DoC)***

Sida’s experiences from working with the DoC modality clearly demonstrate the strengths of this modality. Ownership of the basic aims of the partnership is firmly anchored with the implementing agency, usually an NGO or a UN agency with an agenda related to one of the dimensions of sustainable business. Through the pro-active role played by the NGO in identifying private partners and forming partnerships, DoCs become a well-targeted and effective

partnership mechanism. International and Sida experience shows that DoCs also carry some risks. E.g. the impact of certification schemes on poor target groups should be carefully assessed.

### ***Other approaches that include collaboration with private actors***

Our review clearly shows that there are also other approaches than the one characterised as B4D where Sida to a large extent cooperates with private sector actors. We have identified four other approaches and note the high frequency of partnerships with private actors especially within the market-based approaches. International and Sida experiences demonstrate the strengths of such approaches. There are also interesting potential complementarities between these approaches and the B4D modalities. However there are also examples of considerable challenges relating to the facilitation function in market-based projects. In situations when it is difficult to identify a suitable “owner organisation” market-based approaches may not be a feasible option,

### **Some opportunities and challenges**

#### ***Creating synergies between different instruments***

During our review of projects and literature we have encountered a number of arguments for an increased problem-focus and for creating stronger synergies between different modalities and approaches. Sida has taken several steps in this direction, primarily through the decentralisation of the use of B4D modalities to regional departments and embassies and the increasing integration of especially the PPDP modality into country programmes. Zambia provides an interesting illustration of how Sida could combine different modalities which directly or indirectly support small-holder farming.

While there are good reasons for focusing private sector collaboration on sectors and problems identified by Sida, it is also important that business partners have the necessary degree of freedom to be able to identify and develop innovative partnership proposals. This leads us to the conclusion that Sida needs to work with a mix of reactive and pro-active approaches, where the reactive approaches give companies higher degrees of freedom, while the pro-active ones usually allow a stronger problem focus.

#### ***Crossing sectoral boundaries***

Cross-sectoral collaboration (and avoiding working in “professional silos”) is a constant challenge to development agencies. It is therefore interesting to note that the B4D modalities and especially the DoC modality offer opportunities to link business development with other dimensions of development. There are several interesting examples, e.g. the recently initiated industrial relations project in Ethiopia which provides an interesting illustration of how a PPDP could help to promote objectives related to democracy and human rights. Another interesting example is a challenge fund which promotes peace-building efforts by private actors in Colombia.

#### ***Cost-sharing and capital mobilisation***

The sharing of project costs between involved partners is seen as a basic element in private sector

collaboration. One obvious reason is that it reinforces the role of private actor(s) as partners in development rather than beneficiaries or service providers. Another important dimension of cost sharing is that it contributes to the mobilisation of funds for development purpose. There might be a risk that an excessive focus on cost sharing in PSC projects may to some extent deviate interest from the most important issue, i.e. the development outcomes and impacts of project activities. It should be kept in mind that the catalytic impacts triggered by a partnership arrangement, whereby e.g. other actors are replicating new business models, may contribute to much higher leverage of capital than can be achieved through the sharing of project costs.

***“I did it my way”: organisational challenges***

There are many reasons why Sida often choose to “piggy-back” on innovative mechanisms invented by other donors rather than doing the pioneering work itself. Although such “piggy-backing” is understandable for a small donor with clear capacity constraints, there are also good reasons for Sida to seek a balance between relying on work by other donors and doing its own pioneering work. Too much outsourcing may undermine learning and accumulation of experience over time.

**Knowledge gaps**

Given this relatively short history and the long time that it takes until the full impact of PSC activities emerge, it is not strange that there are still many knowledge gaps and lack of clear guidance. The international donor community is making concerted efforts to improve the common knowledge in this field mainly through the DCED. Sida should closely follow DCED’s work. During our work we have identified various knowledge gaps and actions of special importance to Sida, which are summarised below:

1. Learn more about how to combine pro-active and reactive approaches
2. Review the design and definitions of modalities within PSC
3. Introduce a policy marker for PSC
4. Review the guidance for measurement of capital mobilisation
5. Support research on long-term impacts on poor people
6. Highlight cost effectiveness and transaction costs
7. Learn more about the efficiency of implementation arrangements:



## **1. INTRODUCTION**

### **1.1 The report**

This report deals with experiences from private sector collaboration (PSC). It has its focus upon the Business for Development (B4D) programme that Sida launched in 2010 and which thereafter has undergone a major expansion. From having initially been managed by a small group in Sida's Headquarter, it has since then gradually been decentralised and is today operated by regional departments and embassies. A central unit, NÄRSKAP, is today responsible for providing guidance within the organisation, and for the development of competence and methods related to PSC.

Sida has found that time is now ripe to collect experience from the collaboration with private sector and for drawing conclusions for continued method development and learning. The study which is presented in this report is seen as a first step in a larger learning initiative. Later this year it will be followed by an internal process of collection of experience and learning and possibly also by one or several independent evaluations of PSC projects.

### **1.2 The Terms of reference**

According to the Terms of Reference (ToR) the purposes of this study are:

- i. analysis and conclusions regarding Sida's collaboration with the private sector and its results
- ii. analysis and conclusions regarding international experience of such collaboration: which approaches are applied and what has been learnt regarding their impacts and efficiency ("what works")
- iii. conclusions regarding the knowledge front in the area of private sector collaboration. What evidence is available and what are the needs for further studies.

The main target group of the study is Sida staff engaged in the forth-coming learning process regarding private sector collaboration.

The study should cover all sectors and thematic areas where PSC is applied in one form or another. It should include all modalities and approaches which Sida is using in its collaboration with the private sector. This means that approaches like the Making Markets Work for the Poor (M4P) and other modalities applied in Sida's support to Private Sector Development (PSD) should be part of the study (provided that they include collaboration with private sector actors).

Sida's guarantee instrument which is seen as an integral part of Sida's PSC tool box has recently been subject to several studies. For this reason the ToR states that this instrument should not be included in the review of Sida's experiences from PSC. However, the guarantees should still be part of the overall portfolio mapping.

According to the ToR the study should include Sida's financial instrument Development and Environmental Loans. However from a recent mapping of Sida's private sector engagement in Europe and Latin America, it is evident that these loans have in practise not been used to support partnerships with the private sector (nor used in a way that could be considered as "innovative finance").<sup>1</sup> For this reason it has been agreed that the Development and Environmental Loans should not be covered by the present study.

The study is primarily a desk study based upon data and documentation provided by Sida and a limited number of interviews with key Sida staff. The study should draw upon available international reports and evaluations. Interviews with private sector representatives and other Sida partners would definitely have enriched the study, but were not foreseen in the ToR (and would not have been possible due to the tight time schedule of the study).

The Terms of Reference are attached (Annex 1).

### **1.3 The terminology**

The terminology used to describe the relations between donor agencies and the private sector has since long been characterised by a lot of confusion.<sup>2</sup> Although it seems that at least within Sida the general understanding of private sector collaboration has improved over time, there are remaining challenges related to the terminology.

As a point of departure for discussing terminology, it is useful to distinguish between three different roles played by private companies in the context of development cooperation<sup>3</sup>:

- (i) **supplier/contractor** of goods and services, e.g. for the construction and management of public infrastructure
- (ii) **beneficiary** of support, e.g. in the form Business development Services (BDS) and/or grants/credits provided to small and medium-sized firms (SMEs) in developing countries
- (iii) **partner**, sharing the costs of a project with a development purpose which also carries some kind of benefits to the private actor

The terms **Private Sector Development (PSD)** and **Market Development** are used to describe efforts to strengthen the private sector and/or develop the market economy in partner countries and consequently looks upon the private actors like local SMEs as the (primary) **beneficiaries** of donor support (while poor people in their role as consumers, producers or workers are seen as the ultimate target group). The term **Private Sector Collaboration (PSC)** and various variants, like

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<sup>1</sup> DEVFIN Advisers (2014), *Mapping of private sector engagement and innovative financing solutions in Sida's work in Europe and Latin America and Environmental Infrastructure and Partner-Driven Cooperation*

<sup>2</sup> Callan et al. (2013) commented that "it is a problem that the term 'public-private partnership' is so bewilderingly catholic. Its meaning needs to be broken down in some way to permit sensible discussion".

<sup>3</sup> In specific situations these roles may be combined.

Business for Development (B4D), obviously refer to the private sector actors in their third role, i.e. as partners in development cooperation. At Sida's web site PSC is described in the following way: *“Sida's collaboration with the private sector engages corporate actors in global development. Through partnerships, the objective is to leverage the contribution of the private sector to global poverty reduction and to promote inclusive and sustainable business models that enable people living in poverty to improve the quality of their lives.”*

The mapping of Sida's Private Sector Collaboration included in this study is complicated by the fact that similar kinds of partnerships may occur under different headings and be monitored in different ways. One example is support to industrial relations and trade unions which is an element in several B4D projects but since many years also subject to a substantial flow of support through Swedish trade unions LO and TCO within the frame of Sida's support to Civil Society Organisations (CSOs). Support to industrial relations and trade unions are also an important part of Sida's support to the ILO. It has been decided that the general CSO-support to LO/TCO and the overall cooperation with ILO should not be part of this study.

#### **1.4 Implementation of the desk study and structure of the report**

The study started with two main activities: (i) identification of PSC projects and generation of a data base (performed by Sida) and (ii) a broad inventory of Sida documentation and international literature. The database has been used as the point of departure for a portfolio mapping exercise where in line with the ToR various dimensions of the portfolio have been analysed. The results of this portfolio mapping are presented in chapter 3.

The review of international literature demonstrated the huge interest that has been triggered by the gradually increasing involvement of the private sector in development activities which traditionally has been a sphere dominated by public development agencies and international and national NGOs. As this is still a fairly new (and not fully mature) field of research, it is not easy to draw firm conclusions from existing literature.

We have been able to benefit substantially from a draft version of a forthcoming report *“Now Open for Business; Joint Development Initiatives between the Private and Public Sectors in Development Cooperation”* written for The Expert Group for Aid Studies (EBA).<sup>4</sup> The purpose of this report has similarities with the ones defined by our ToR. However the scope of the EBA study is somewhat broader than ours. It gives a useful overview of the changing international investment landscape in developing countries and of the development of the Corporate Social Responsibility (CSR), “inclusive business” and “sustainable business” agendas. Another report

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<sup>4</sup> Johansson de Silva S. et.al. (forthcoming 2015), *Now Open for Business; Joint Development Initiatives between the Private and Public Sectors in Development Cooperation*, Report prepared for The Expert Group for Aid Studies (EBA).

which is relevant to our study is the report “Swedish Development Cooperation and the Private Sector” published by University of Gothenburg in 2012.<sup>5</sup>

In order to avoid duplication, we have chosen to be quite brief in our background description of the international developments. Instead we have concentrated our work, in line with our ToR, on (i) the portfolio mapping, (ii) the detailed review of existing evaluations of Sida-supported PSC projects and (iii) the analysis of “what works” within the different modalities and approaches used by Sida.

The methodology for the portfolio mapping and for the review of evaluations will be further discussed in each respective chapter. Finally it should be mentioned that we have chosen not to present our review of international literature as a separate chapter. Instead we have integrated the conclusions from this review in the analysis of “what works” in chapter 5.

## **2. BACKGROUND AND OVERVIEW**

### **2.1 Sida’s collaboration with the private sector: history in brief**

Collaboration with the private sector has been present in one form or another in Swedish development cooperation since its start in the 1960’s. When five Swedish development agencies were merged into one - the new Sida - in 1995, the approaches for cooperating with the private sector that had been developed by the previous agencies BITS and SWEDECORP were integrated into the toolbox of the new Sida. Examples of such approaches were market development programmes, alliance programmes and business-to-business programmes.

After some initial resistance within Sida towards the concept of supporting private sector development, the first PSD policy in the history of Sida was adopted in 2003.<sup>6</sup> This policy was influenced by several negative experience of projects which included direct support to firms<sup>7</sup> as well as by the early ideas of “making markets work for the poor”.<sup>8</sup> This is e.g. reflected in a strong emphasis on the importance of reforming the national business environment in partner countries. The policy also emphasised the cross-cutting nature of PSD and the need to create linkages with other sectors and themes across Sida’s organisation.

In the later part of the 2000’s the view on the role of the private sector in development cooperation gradually changed internationally, in Sweden and in Sida.<sup>9</sup> These parallel

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<sup>5</sup> Billing A., Forslind M. and Metell-Cueva K. (2012)

<sup>6</sup> Sida (2004), *Policy Guidelines for Sida’s Support to Private Sector Development*

<sup>7</sup> One example is illustrated by an evaluation of Sida’s support to enterprise development in Tanzania and Zambia (see Forss et.al. 2003)

<sup>8</sup> Sida (2003), *Challenges to Sida’s Support to Private Sector Development: Making Markets Work for the Poor*

<sup>9</sup> The debate at that time is illustrated by several report published by the Swedish Institute for Foreign Affairs (UI), e.g. Andersson J. and McNeil H. (2009), *Det svenska näringslivet i utvecklingssamarbetet*, Occasional Paper No 23, Stockholm UI

developments triggered the start of the preparation of a Sida Business for Development programme in 2009 and its launch in 2010. Initially Sida commissioned two reports: one on the international developments and other donor agencies by Adam Smith International (2009)<sup>10</sup> and one on the earlier and ongoing Swedish collaboration with the private sector by Lindahl (2009)<sup>11</sup>.

A milestone at the international level was the High Level Forum on Aid Effectiveness that took place in Busan, Korea in December 2011. In the Busan Declaration the private sector was for the first time described as an active partner in development.

Although the debate in Sweden to some extent had been emphasising the benefits of collaboration between Sida and the Swedish industry, Sida decided that the new B4D programme should be open for private actors from all countries. For an in-depth discussion on the issue of tied aid we refer to the above-mentioned reports by Johansson de Silva et.al. (2015) and Billing et.al. (2012).

The initial work gave priority to (i) developing, adapting and piloting methods for collaboration with the private sector, (ii) training of Sida and Embassy staff in planning and implementing B4D projects and in creating and developing a dialogue with the local private sector and other relevant actors, and (iii) advocacy at the international level. Support to social entrepreneurship and innovation were also early elements in B4D.

The Government's desire to expand cooperation and dialogue with the private sector was demonstrated both in the Government's Appropriations to Sida and in Sida's Instruction. In the Appropriation 2011/12 the Government established for the first time that the private sector should be regarded as a **partner in development equal to e.g. the civil society**, and that collaboration with private actors should be promoted in all sectors.

Sida's internal organisation and capacity to work with PSC was gradually strengthened in parallel with an extensive dialogue with both the Swedish private sector and with relevant international actors. The B4D programme was managed by a central unit (KAPSAM) which was responsible for the new Government Strategy for Capacity Development and Cooperation 2011-2013. In 2011 a first step was taken towards decentralising the management of B4D projects, when a dedicated B4D group was established within Sida's Department for Program Cooperation (PROGSAM). In 2012 Sida's Department for Partnership and Innovation (PARTNER) made a large investment for future capacity by recruiting 15 Bilateral Associate Experts (BAEs) most of whom were placed at embassies with responsibility for integrating the B4D modalities into the work of the embassies.

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<sup>10</sup> Adam Smith International (2009), *Support to Business for Development (B4D): A Review of new Approaches and donor agency experiences*

<sup>11</sup> Lindahl C. (2009), *Business for Development. En kartläggning av svenskt B4D och några tankar kring ett metaprogram*

Based on the early learning processes a substantial B4D portfolio was gradually developed. In 2013 Sida took the initiative to form the Swedish Leadership for Sustainable Development.<sup>12</sup> In the beginning of 2015 a substantial step was taken towards further decentralisation of the B4D portfolio when the ENICT unit, which had been responsible for the PSC portfolio at Hq level, handed over a large part of this portfolio to regional departments and embassies. A unit for Private Sector Collaboration and Partnerships (NÄRSKAP) was created to assume the responsibility for providing guidance to departments and embassies and for competence and method development.

## **2.2 Modalities for collaborating with the private sector**

### ***A large flora of partnership concepts***

The lack of an established international terminology is illustrated by the use of the term public-private partnership (PPP). Some, like the Netherlands Ministry of Foreign Affairs, use it to describe partnerships based on formal contractual relationships, e.g. for the provision of infrastructure services.<sup>13</sup> Others use it more or less as a synonym to private sector collaboration (PSC).

The Donor Committee for Enterprise Development (DCED) which plays a central role in collecting experience and providing standards for results monitoring has made considerable efforts to bring some clarity, e.g. by publishing in 2013 a working paper on experiences from partnerships.<sup>14</sup> This paper suggests that the models/mechanisms for partnering with the private sector can be broadly distinguished by (i) the processes for awarding support, (ii) the leadership (donor-led, company-led, NGO-led), (iii) the level of cooperation (global, regional, country), (iv) the number and type of partners involved (from donor-business to multi-stakeholder) and (v) the scope or focus (like a sector initiative). The paper provides the following broad typology:

1. **Structured donor-led mechanisms for providing grant support for private investments at (a) the global level or (b) country level:** examples are business-to-business (B2B) programmes or challenge funds
2. **Semi- or non-structured partnership approaches at the regional and country level:** examples are GIZ's "integrated partnerships" and USAID's Global Development Alliance partnership programme. This category often involves NGO's in the partnerships.
3. **Sectoral public-private or multi-stakeholder coalitions,** where DCED mentions the Better Cotton Initiative (supported by Sida in the 2000's) as one example.

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<sup>12</sup> Swedish Leadership for Sustainable Development, Joint statement issued on May 13th 2013

<sup>13</sup> IOB (2013a), *Public-Private Partnerships in developing countries. A Systematic Literature Review*, Ministry of Foreign Affairs in the Netherlands, IOB Study 378

<sup>14</sup> Heinrich M. (2013 b), "Donor Partnerships with Business for Private Sector Development: What can we Learn from Experience", Donor Committee for Enterprise Development Working Paper

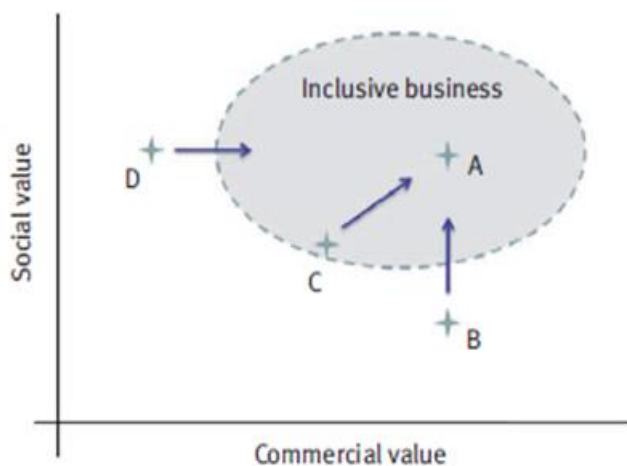
The paper provides a detailed analysis of these different models, but at the same time takes note of the fact that “there is little clarity for donor staff designing partnership mechanisms on the most appropriate forms and specific formats of supporting business” and that “no guidelines are available on this”.

While our report will describe international experiences from working with different approaches, we will look especially at the three modalities applied by Sida in the B4D programme launched in 2010: (i) enterprise challenge funds (CFs), (ii) public-private development partnerships (PPDPs) and (iii) drivers of change (DoC) partnerships. As a starting point for describing these modalities we will refer to a simple model for describing how commercial and social values are combined in the concept “inclusive business”.

### ***Moving towards “inclusive business”***

In an ODI-paper published as early as 2009, Caroline Ashley described how thinking on CSR has evolved from “corporate philanthropy” to “inclusive business” where both commercial and social values are endeavoured.<sup>15</sup> The basic idea is that a stronger social impact could be achieved by focusing on how the core business of private companies could be “harnessed for development impact”. Ashley used the model in the figure below to illustrate various ways to move towards an “inclusive business” situation through modifications of the core business models of private actors. This model may be used to describe the differences between Sida’s B4D modalities.

Figure 1: Moving towards “inclusive business”



Source: Ashley (2009)

Ashley exemplifies **point A** with mobile phones or banking services which at the outset combine high commercial with social values and consequently are appropriate for poor people (“the

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<sup>15</sup> Ashley C. (2009), *Harnessing core business for development impact*, ODI Background Note

bottom of the pyramid”). Commercial drivers could in principle drive an expansion process, but a matching grant from a *challenge fund* may help to start it. **Arrow B** illustrates that there is scope for increasing the social value generated by a profitable business e.g. by applying more sustainable production methods. The drivers of change modality managed by an NGO may support such a process. **Arrow D** illustrates a business venture with a high social value but without commercial viability. A PPDP may help to remove the barriers to commercial viability, for example by organising training and capacity development of small producers involved in a value chain. Finally **arrow C** may illustrate a market approach which involves SMEs in changes with both commercial and social impacts.

### ***The Challenge Fund (CF) modality***

Sida published about two years ago a comprehensive guidance for its work with challenge funds<sup>16</sup>. Several international papers refer to this document and its definition of a challenge fund as a *“financing mechanism to allocate funds for specific purposes using competition among organisations as lead principle. A challenge fund invites companies, organisations or institutions working in a targeted field to submit their proposals”*.

A recent research report examines the definitions and characteristics of challenge funds.<sup>17</sup> It makes a clear distinction between on one hand **enterprise challenge funds** and on the other **social challenge funds**. Given that the focus of our paper is on collaboration with the private sector, it is strictly focused on enterprise challenge funds. Even within this category of challenge funds there is a great variation depending on characteristics such as the scope (from global to one country), purpose (multiple sectors or single sector/activity), eligibility (enterprise, CSO, etc.), and terms of funding (like the maximum size of grant or loan, required cost sharing etc.).

The diagram below demonstrates the impressive surge in the global use of the enterprise challenge funds that took place between 2007 and 2013.

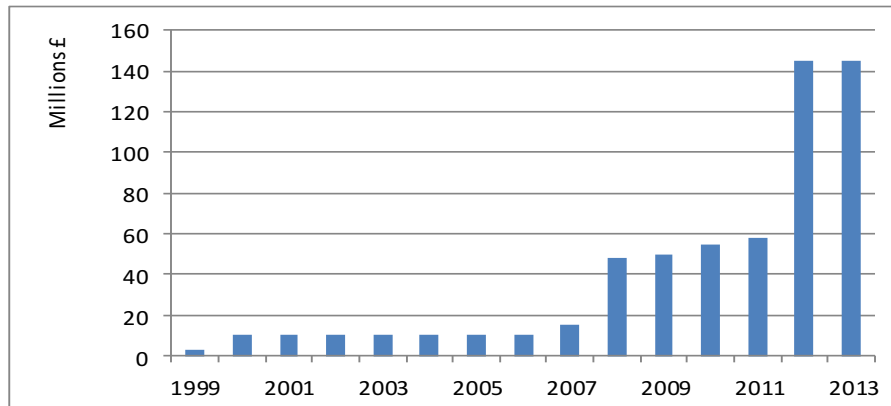
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<sup>16</sup> Sida, (xxx), Guidelines, Challenge Funds: *A guide based on Sida's and other actors' work using Challenge Funds in development cooperation/as a method for development*

<sup>17</sup> Copestake J. and O’Riordan A-M. (2015), *Challenge funds in international development: definitions, variations and research directions*, Wiley Online Library



Figure 2: Funds disbursed through enterprise challenge funds 1999 – 2013



Source: Brain A. et.al. (2014)

### ***The Public-Private Development Partnership (PPDP) modality***

As already mentioned the spectrum of existing partnership is large. The partnership model that Sida has developed, i.e. Public-Private Development Partnership (PPDP) belongs to what the DCED describes as “semi- or non-structured partnerships”. These are flexible modalities where individual projects financed under a partnership programme may take many different forms. The process that leads to agreement on a partnership may be described as more “opportunistic” and less governed by strict rules compared to “structured partnerships” like challenge funds.

Sida’s website describes the PPDP modality in the following way: “*In a Public Private Development Partnership, the public and private sectors make a joint investment in a project implemented by a third party. The objective is to create conditions for people living in poverty to improve their lives*”.

This definition provides two clear characteristics: (i) an involvement of the public sector and emphasis on “joint investment” and (ii) implementation by a (non-profit) third party:

The **involvement of the public sector** in a joint investment implies that the partnership results in some kind of public good. This is clearly illustrated by two of the PPDP projects that were part of our review of projects in chapter 4; i.e. the Pilot Milk for Schools project in Zambia and the Vocational Training project in Iraq, both of which are in the public domain.

This makes the Sida PPDP modality to some extent different from other types of partnership modalities. Many of those, including the one promoted through enterprise challenge funds, are clearly focused on the core business of the partner company. As we will see, this may create some challenges for the PPDP modality, which are not fully covered in the literature on private sector collaboration.

The second characteristic, i.e. **implementation through a third party**, usually a non-governmental organisation or an international organisation (e.g. an IFI or UN agency), clearly deviates from the partnership programmes based upon donor-business or business-to-business (B2B) models. Instead it has similarities with alliance programmes like USAID's Global Development Alliance (GDA) programme. GDA has been operating for more than 15 years and is the most well-known example of a modality aimed at bringing non-traditional partners together in an alliance. Potential alliance partners are private companies, governments and a wide spectrum of non-profit organisations.

A detailed look at Sida's PPDP portfolio (see Annex 4) reveals that some projects in the portfolio deviate from the main characteristics described here. E.g. the project list includes a group of global or regional learning and knowledge management facilities. Although facilities such as the vocational training facility managed by UNIDO are set up to support sustainable business activities of private companies, the nature of their operation and funding is to some extent different from e.g. the Zambia and Iraq PPDPs.

Although Sida's PPDP projects always appear to focus on some kind of public goods, it is also obvious from the present portfolio that Sida is quite flexible when it comes to the role and contribution of the public partner(s) in PPDPs. This is one reason why the borderline between PPDPs and DOCs in Sida's PSC portfolio is not always quite clear. While the challenge fund modality is easily recognised, PPDPs and DoCs may overlap and various kinds of hybrids emerge between the modalities. We will revert to this issue in chapter 6.

### ***The Drivers of Change (DoC) modality***

Sida's website describes a DoC in the following way: *"Drivers of Change are civil society organisations or other change agents transforming current ways of doing business so that they become more sustainable and inclusive of people living in poverty. Drivers of Change are contributing to transforming markets, better business practises, long-term systemic change and a sustainable development."*

As described on Sida's web page, DoCs can be applied within a wide spectrum of activities e.g. (i) promoting the development of CSR and better business practises and contributing to transforming markets, (ii) influencing governments to improve the business climate and facilitate for sustainable business practises, (iii) facilitating relations between civil society organisations and the business community, (iv) supporting social entrepreneurship and innovation to achieve poverty alleviation, (v) identifying unacceptable business conduct, (vi) working together with companies and other private sector actors to improve business conduct and the inclusion of poor people in company core operations and value chains.

While these kinds of activities can be supported through various other modalities, the **basic principle** underlying the DoC modality is that Sida's channels support through a **change agent**, usually a civil society organisation or multilateral agency playing a similar role. Examples of

such organisations may range from international environmental NGOs like the WWF to the UNDP in its role as manager of the Business Call to Action (BcTA) initiative and a “watchdog” NGO like Swedwatch.

A report prepared jointly by the group of Bilateral Associate Experts recruited by Sida in 2012 finds that the DoC programme is just another form for “regular organisational support”.<sup>18</sup> Such support is very common in many of Sida’s operations. While it is true that there are strong similarities between the DoC programme and normal organisational support to capacity building, dialogue and advocacy, it is also important to remember that trying to influence the behaviour of private companies offer special challenges different from other types of target groups and partners of Swedish CSOs. At the same time the BAEs have a point in that there is a vast source of experience within Sida from organisational support and that Swedish CSOs and trade unions have a huge capacity, which could benefit the DoC programme.

***Collaboration with the private sector is also being applied in various other areas***

As already mentioned, this study should take account not only of the three B4D modalities, but also of other areas (approaches) where collaboration with actors in the private sector is applied. Within Sida’s support to market development we have identified several approaches which to smaller or larger extent involve partnerships with private actors.

Table 1: Examples of “other approaches” involving partnerships with the private sector

<b>Approach</b>	<b>Example(s)</b>
Market-based approaches/M4P	The Financial Sector Deepening (FSD) project in Kenya and the MUSIKA agriculture project in Zambia
Public-private dialogue in business environment reforms	The PSD Hub project in Ethiopia and the BEST Advocacy (BEST-AC) project in Tanzania
Local economic development approaches	The Growth oriented local development (GOLD) project in Bosnia Hercegovina
Supply-oriented PSD approaches	The Fostering Agriculture Market Activity (FARMA) project in Bosnia Hercegovina

While evaluations and reviews of projects within the B4D modalities provide a lot of information on the processes to form and operate partnerships, such information is much scarcer in programmes like the ones mentioned in the above table. The main reason is probably that such cooperation is seen mainly as a means to reach project objectives, and not as a feature that defines the whole approach as is the case with e.g. challenge funds.

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<sup>18</sup> Sida (2014), *Private Sector Collaboration: Experiences and conclusions from 15 Bilateral Associate Experts (BAEs)*

### **2.3 The challenge of assessing results in private sector collaboration**

One of the most common comments in the literature on PSC concerns weaknesses in the assessment of results and impacts. The above-mentioned paper by the DCED in 2013 described an “evidence gap” and claimed that “there are virtually no widely available, credibly reported results of donor partnerships with business”<sup>19</sup>. A Dutch Government evaluation came to similar conclusions in 2014<sup>20</sup>. Among the reasons for this situation identified by the DCED were:

- (i) the objectives of partnership mechanisms and individual projects are often not clearly defined,
- (ii) few projects seem to have articulated a clear logic of expected results, and defined indicators based on that logic,
- (iii) the responsibilities for results measurement are often not clearly defined, and
- (iv) partnership mechanisms have often tended to openly create adverse incentives for a culture of regular monitoring and transparent reporting of results.

Against the background of this kind of critique, considerable efforts have been made during the last few years to improve the methods for results monitoring and evaluation in PSC projects. An important tool in this work is the DCED Standard for Results Measurement<sup>21</sup> originally launched about five years ago. In addition the DCED has developed practical guidelines for measuring results in challenge funds<sup>22</sup>.

The first challenge in assessing PSC projects ex-ante and evaluating them ex-post is to establish that there is “**input additionality**”, i.e. that the project would not go (have gone) ahead without donor support. In case there is no such additionality, the support would in principle end up as a subsidy to a private company. The next challenge is to assess the extent to which observed results/impacts can actually be **attributed** to the partnership project. In order to establish ex-post whether this is the case, it is necessary to establish a **counterfactual**, i.e. describe what would have happened in the absence of the project. Scientifically rigorous methods to establish such counterfactuals have e.g. been applied as a part of policy research efforts by the World Bank<sup>23</sup>, but it is usually not feasible to apply these methods within the field of PSC. In the absence of such tools there are various ways through which ex-ante assessments and ex-post evaluations may be improved.<sup>24</sup>

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<sup>19</sup> Heinrich M. (2013 b)

<sup>20</sup> IOB (2014)

<sup>21</sup> [www.enterprise-development.org/page/measuring-and-reporting-results](http://www.enterprise-development.org/page/measuring-and-reporting-results)

<sup>22</sup> Kessler A. (2013), *Measuring Results in Challenge Funds Practical Guidelines for Implementing the DCED Standard*, Donor Committee for Enterprise Development Working Paper

<sup>23</sup> McKenzie D. (2009), *Impact Assessment in Finance and Private Sector Development; What Have We Learned and What Should We Learn?* Policy Research Working Paper 4944, World Bank

<sup>24</sup> Heinrich M. (2013, a), *Demonstrating Additionality in Private Sector Development Initiatives: A Practical Exploration of Good Practice for Challenge Funds and other Cost Sharing Mechanisms*, DCED Working Paper

A practical approach available to an evaluator ex-post is to establish a plausible counterfactual by verifying the theory of change that the project is based on, while paying serious attention to other factors along the result chain that may influence observed outcomes. An interesting example of how such an approach has been applied in practise is an impact assessment made in 2010 of the Financial Sector Deepening (FSD) programme in Kenya.<sup>25</sup>

It is important to remember that even if we are able to establish that a project has had positive impacts this does not necessarily mean that it has been cost effective, i.e. that it has provided “**value for money**”. Making estimates of cost effectiveness requires a model through which we can measure the value of the outcomes/impacts that the project has generated. Such assessments are usually quite rare, but our review of the 12 PSC evaluations actually includes four examples of such assessments.

### **3. MAPPING OF Sida’s COLLABORATION WITH THE PRIVATE SECTOR 2009-2015**

#### **3.1. Methodological challenges**

The purpose of the mapping presented in this chapter is to give an overview of developments since 2009 in Sida’s collaboration with private sector actors. This overview will describe the trends over time within the B4D modalities as well as the distribution of projects between regions, sectors, implementing agencies etc. We will also comment on the extent to which Sida’s support has contributed to mobilising private capital.

Our mapping is based on data from Sida’s accounting system PLUS. Apart from Sida’s guarantees, there is unfortunately no easy way through which PSC projects can be identified in the PLUS system.<sup>26</sup> This means that PSC projects have to be recorded “manually”. Although the management of the B4D modalities (CFs, DoCs and PPDPs) to large extent has been decentralised to regional departments and embassies, these projects are reasonably easy to identify as most of them until recently were managed centrally.

As described by Lindahl (2009)<sup>27</sup> in the report that became a starting point for the preparation of Sida’s B4D-programme, there were already at that time a number of on-going activities of a similar character as the ones that today are defined as B4D. In addition, there were also like today a number of established market development and PSD programmes which included partnerships and collaboration with the private sector. As it is not possible today to get a full picture of these

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<sup>25</sup> Stone R. et.al. (2010), *FSD Kenya: Impact Assessment*, Oxford Policy Management, Centre for Development Studies

<sup>26</sup> The system contains numerous “policy markers” which facilitate identification of projects with specific characteristics, but there is no such marker for PSC.

<sup>27</sup> Lindahl C. (2009) *Business For Development. En kartläggning av svenskt B4D och några tankar kring ett metaprogram*

activities, we are not able to establish a sufficiently precise **baseline** describing Sida's engagement with the private sector at the start of the period that we are mapping.

For this reason we will not be able to describe how the **overall volume** of private sector collaboration has developed as from 2009. Our mapping will have to be limited to the following two dimensions

- 1) The development of Sida's new B4D programme since its start in 2009/2010 and of Sida's guarantee programme 2009-2014.
- 2) Sida's current PSC portfolio in July 2015 including (i) the B4D programme, (ii) other approaches involving partnerships with private actors and (iii) the guarantee programme.

Annex 4 contains an extract from our portfolio mapping providing basic pieces of information on all projects included in our database.

The identification of projects within the category "other approaches" has been based on various PSC inventories carried out by Sida's regional departments. As no clear definition of PSC has been established within Sida, the interpretation of what constitutes a PSC project varies within the organisation.<sup>28</sup> There is also a "grey zone" of projects which only to limited extent engage in partnerships with private actors.

As a part of our mapping exercise we have made some efforts to verify that input data are as correct as possible. We have reason to believe that although there might be some remaining problems in the data base, the mapping will give a reasonably accurate overview of Sida's current PSC portfolio. What has to be remembered though is that the indicated total agreed amounts within the category "other approaches" represent the total Sida contributions to such projects in spite of the fact that only part of the budget is allocated to activities involving private actors. It should also be noted that there is a clear difference between a contribution to a B4D project and an agreed guarantee commitment (which apart from administrative costs and possible subsidies of guarantee premiums will not lead to any disbursement unless a loss event has occurred).

### **3.2 The development of Sida's PSC programme 2009-2014**

Although as described by Lindahl (2009) there were already B4D activities ongoing at the launch in 2010 of Sida's B4D programme, there is no doubt however that an impressive development has taken place since then. The two diagrams below illustrate the rapid growth of this programme from its inception until today. It appears that the preparation of new projects reached a peak in 2012-2013. We have not reviewed disbursement data but given the normal time-lag it could be expected that disbursement volumes will peak in between 2014 and 2016.

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<sup>28</sup> There are also other problems within the PLUS-system which have had to be corrected "manually". E.g. each of the 66 grants within IAP has been recorded as a separate intervention. If not corrected this would obviously have distorted the portfolio overview.

Figure 3: Number of new agreements per B4D modality and year during 2009-2014

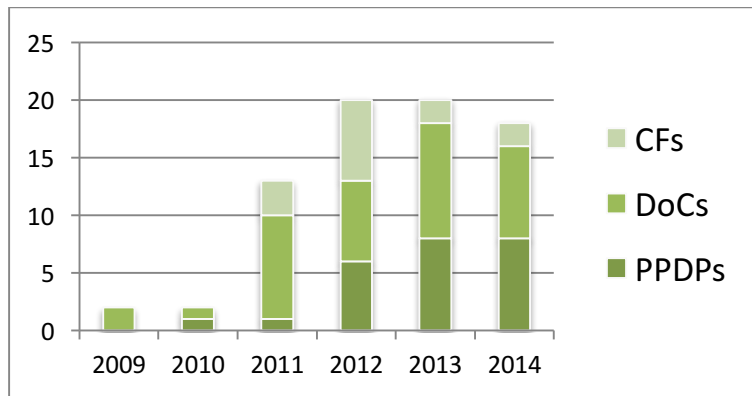
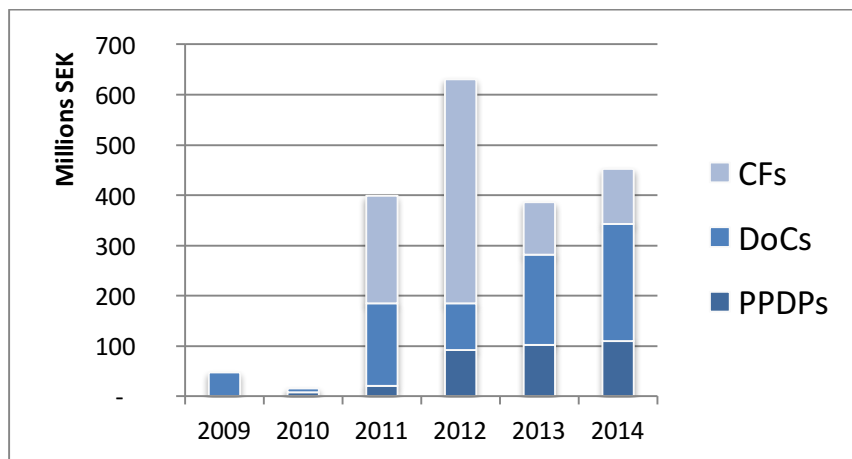


Figure 4: Agreed amounts of new agreements per B4D modality and year during 2009-2014



The two diagrams below show the development of Sida's guarantee programme during the period 2009-2014. The annual number and volume of new guarantees increased rapidly during this period.

Figure 5: Number of new guarantees per year during 2009-2014

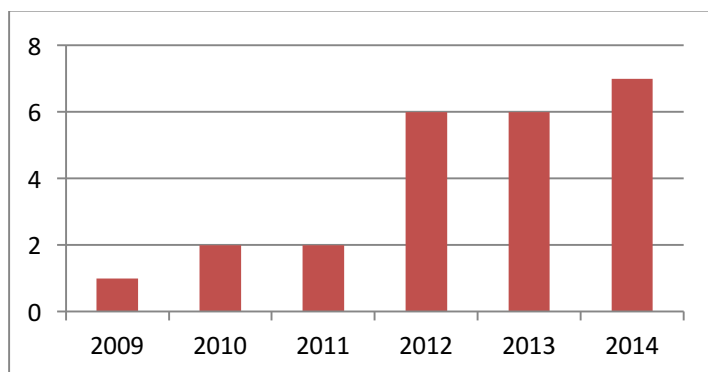
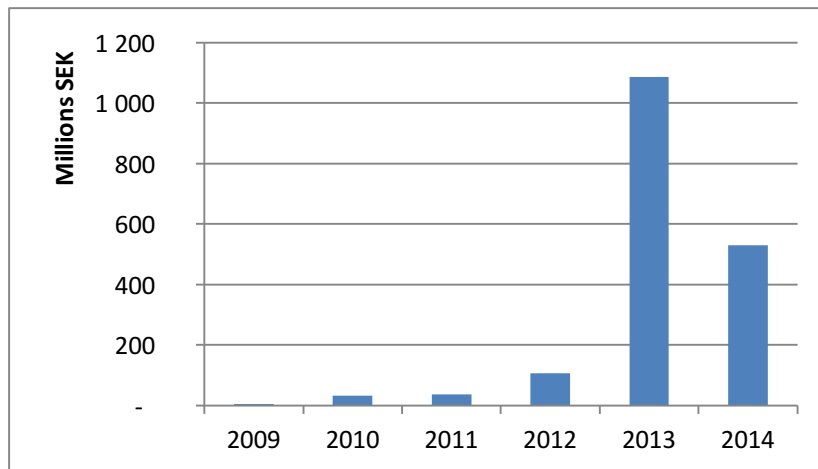


Figure 6: Volume of new guarantees per year during 2009-2014



### **3.3 Sida's currently active PSC portfolio**

The following two diagrams provide snapshots of Sida's current PSC portfolio. Given the large average size of each guarantee, this modality stands for 54% of Sida's total commitments, while the number of guarantee projects is only 29% of the total. Among the B4D modalities the challenge funds (12) are fairly few compared to DoCs (30) and PPDPs (22), but the total agreed amount is somewhat higher than for DoCs and considerably higher than for the PPDPs. Of the total committed amounts to B4D projects, challenge funds constitute 46%, DoCs 35% and PPDPs 19%.

Figure 7: Number of agreed projects per PSC modality, July 2015

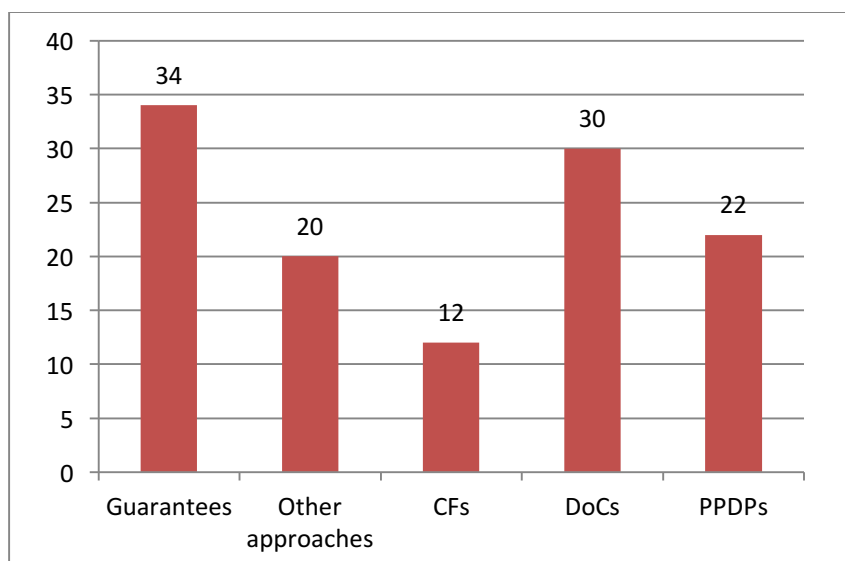
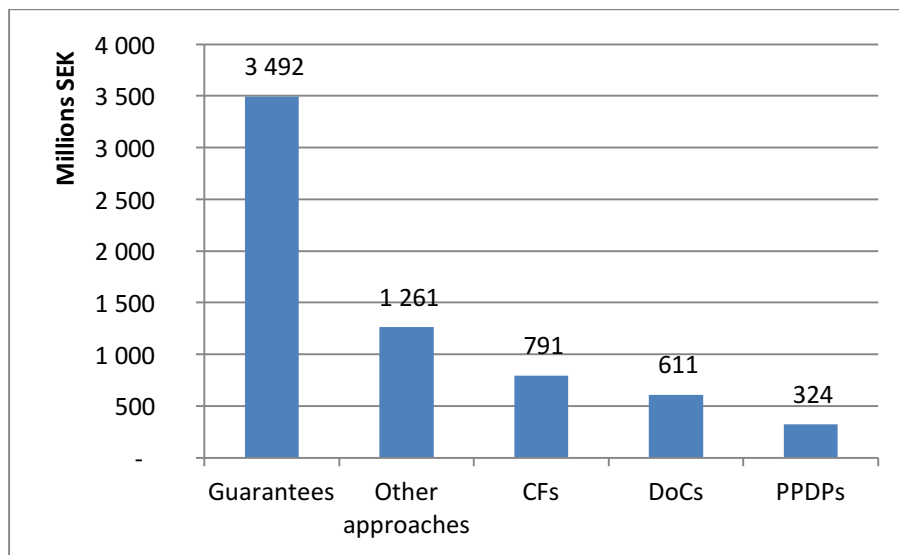




Figure 8: Total agreed amounts per PSC modality, July 2015



### **3.4 How does Sida's current portfolio of PSC projects compare to Sida's overall project portfolio?**

In July 2015 the agreement volume of B4D projects amounted to 1.7 billion SEK. If we add projects applying “other approaches” the volume almost reached 3 billion SEK. These amounts correspond to respectively 2.1% and 3.7% of Sida's total current portfolio volume. If we add the volumes of guarantee commitments, the overall volume of PSC reached 8.1% of Sida's total portfolio. It should of course be observed that guarantee commitments are of a different nature than other commitments within the PSC programme.

Table 2: The share of PSC agreement volume of Sida's portfolio in mid 2015

Modality	Agreed amounts MSEK	% of Sida's total agreed portfolio
CFs	791	1.0%
DoCs	611	0.7%
PPDPs	324	0.4%
Other approaches	1261	1.6%
Total PSC (excluding guarantees)	2987	3.7%
<i>Guarantee commitments 2014</i>	<i>3492</i>	<i>4.4%</i>
<i>Total PSC</i>	<i>6 479</i>	<i>8.1%</i>
Sida's total portfolio approx.	80 000 000	100%

### **3.5 To what extent did Sida's PSC programme help to mobilise private capital?**

Over the last decade the donor community and the OECD/DAC has shown an increasing interest in the role of development assistance in relation to private flows of capital. By helping to mobilise private capital flows for development and poverty reduction purposes, it is expected that the impact of donor assistance may be multiplied. The OECD/DAC is presently working to develop an international “standard for measuring the leveraging effect of private-sector instruments”.<sup>29</sup>

Sida is expected to report annually to the government on how the collaboration with the private sector helps to mobilise private flows of capital. Sida has recently made an estimate of the volume of capital mobilisation during 2014, which is summarised in the table below.<sup>30</sup>

Table 3: Mobilisation of capital 2014<sup>31</sup>

	<b>Amounts million SEK</b>
Sida grant disbursements	1 089
Sida new guarantee commitments	573
Mobilised capital approx.	8 000

These figures give an indication that the overall leverage effect of Sida's contributions is very strong, e.g. compared to challenge funds which often demand a cost sharing that imply a leverage factor at 1:1. The reported leverage factor is also much stronger than the factors usually reported for guarantees. We will revert to the issue of measuring mobilisation of capital later in the report.

### **3.6 How is the PSC programme located geographically?**

The table below shows that a large share of the B4D portfolio and a substantial part of the guarantees are located at the global level. A large part of the projects characterised as “other approaches” took place in Sub-Saharan Africa. It is also noted that the volume of projects in Latin-America and Middle East-North Africa is very small compared to the volumes in other regions and to the volume of the global projects.

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<sup>29</sup> OECD/DAC (2014), *Background paper: A first international standard for measuring the leveraging effect of private-sector instruments*, DAC High Level Meeting December 2014

<sup>30</sup> Memo by Elisabeth Ekelund 2015-07-28 “Återrapportering av uppdrag U1 – mobiliserat kapital” in which capital mobilisation is described as “the private financial resources which have been mobilised through (Sida's) use of guarantees, development loans and/or grant aid”.

<sup>31</sup> As described in the Memo information is lacking on grants/guarantees for three countries in Africa (while the estimate of mobilised capital obviously covers all relevant countries).

Table 4: Regional distribution of agreed amounts in current portfolio (July 2015)

Region	B4D	Other approaches	Guarantees
Africa	31%	88%	32%
Asia	10%		14%
Central and Eastern Europe	3%	11%	7%
Latin America	1%		
Middle East and N.Africa	1%		6%
Global projects	54%	1%	41%
	100%	100%	100%

If we look at the distribution of B4D projects along the global - regional - bilateral dimension, the following table shows that there are expected differences between the three modalities. The CFs are to a much higher degree funded at the global level, while the PPDPs to a larger extent than the other modalities are implemented bilaterally.

Table 5: Distribution between global, regional and bilateral projects among the B4D modalities

Type of funding	CFs	DoCs	PPDPs
Global	69%	48%	24%
Regional	19%	19%	14%
Bilateral	12%	33%	61%
	100%	100%	100%

Finally the geographical distribution may also illustrate the degree to which collaboration with private sector is focused upon countries with high levels of poverty. The following table shows the share of funding at the bilateral level that is allocated to the Least Developed Countries (LDCs).<sup>32</sup> It clearly demonstrates that the B4D modalities to a large extent are used in the poorest countries, whereas most of the guarantee volumes are benefitting other low-income and middle-income countries. Although we had expected that there would be differences between the programmes, the magnitude of these differences is striking.

Table 6: LDCs share of agreed amounts for projects funded bilaterally (July 2015 portfolio)

Type of PSC programme	Share of bilateral funding to LDCs
B4D	74%
Guarantees	28%
Other approaches	48%

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<sup>32</sup> It is not feasible to assess the extent to which globally and regionally funded projects are benefitting the poorest countries.

### **3.7 Which sectors are in focus?**

The below table shows that market development is the largest sector among the B4D projects as well as among guarantee projects. Agriculture & forestry is the largest sector among projects carried out with “other approaches”. Together with market development it constitutes as much as 83% of the total value projects in this category. Other sectors of certain magnitude are democracy, HR and gender equality within the B4D modality and health and environment within the guarantee programme.

Table 7: Sector distribution of agreed amounts in current portfolio (July 2015)

<b>Sectors</b>	<b>B4D</b>	<b>Other approaches</b>	<b>Guarantees</b>
Agriculture & forestry	18%	53%	5%
Conflict, peace & security	1%		
Democracy, HR & gender eq.	18%	12%	
Education	6%		
Environment	3%		14%
Health	3%	3%	22%
Market development	44%	30%	31%
Sustainable infrastr. & serv.	7%		8%
Research		2%	7%
Other sectors			13%
	100%	100%	100%

### **3.8 To what extent does the PSC programme take account of thematic (mainstreaming) issues?**

The PLUS-system contains policy markers for mainstreaming issues (democracy and human rights, gender equality and environment), which makes it possible to analyse the extent to which these themes occur as significant or principal objectives in the B4D portfolio. The table below shows interestingly enough that democracy and human rights are a principal or significant objective in 86% of the DoC projects and in 73% of the PPDPs. It is also interesting to note that gender equality is a principal or significant objective in more than 70% of the CF and DoC projects and in 64% of the PPDPs. Finally it is noted that environment is a principal or significant objective in 50% or more of the projects within each of the B4D categories.

These figures give the impression that high attention is given to these mainstreaming issues within the B4D programme. This is probably connected to the fact that this programme to a large extent is geared at promoting “sustainable business” practises.

Table 8: Frequency of selected policy markers within the current B4D modalities portfolio (July 2015)

<b>Policy marker</b>		<b>CFs</b>	<b>DoCs</b>	<b>PPDPs</b>
Democracy and Human Rights	Not relevant	75%	14%	27%
	Significant objective	17%	43%	55%
	Principal objective	8%	43%	18%
Gender equality	Not relevant	25%	27%	36%
	Significant objective	67%	50%	64%
	Principal objective	8%	23%	0%
Environment	Not relevant	42%	43%	50%
	Significant objective	50%	45%	18%
	Principal objective	8%	14%	32%

### **3.9 Which are the implementing agencies?**

As shown in the below table international and donor country NGOs dominate among the implementing agencies within the current B4D portfolio. Almost no projects are carried out by local NGOs or by other local institutions. We will revert to this issue in connection with our review in the following chapter of project evaluations.

Table 9: Implementing agencies' share of agreed amounts within the current portfolio of B4D projects (July 2015)

<b>Type of implementing agency</b>	<b>CFs</b>	<b>DoCs</b>	<b>PPDPs</b>	<b>Average B4D modalities</b>
International NGO	37%	57%	32%	43%
Donor Country NGO	14%	26%	17%	18%
Third country gov. del. cooperation	34%	0%	0%	16%
Other	14%	5%	0%	8%
UN agency	0%	2%	31%	7%
Regional Development Bank	0%	9%	0%	3%
PPP Public Private Partnership	0%	0%	15%	3%
Multilateral Finance Institution	0%	0%	4%	1%
Dev. country based NGOs	1%	1%	1%	1%
	100%	100%	100%	100%

### **3.10 Concluding observations on the development of Sida's PSC portfolio**

The absence of a baseline describing the starting point of the present B4D programme prevents us from giving the full picture of the development of private sector collaboration since 2009. There

is no doubt however that, in line with international declarations and priorities expressed by the Swedish government, there has been a substantial development and expansion of the collaboration with the private sector during the last 5-6 years.

From its start in 2010 the B4D programme with its three modalities increased rapidly to reach a peak in the volume of new projects in 2012 at 631 million SEK. Since then the volume of new projects has stabilised at around 400 million SEK in annual agreed amounts. The volume of new guarantee commitments reached a peak in 2013 at close to 1100 million SEK and stabilised at 530 million in 2014. The total agreement volume of the B4D portfolio and of “other approaches” in July 2015 amounted to 3.7% of Sida’s total project portfolio. If we include Sida’s guarantee commitments the overall volume of PSC projects reached 8.1% of Sida’s total portfolio.

Our analysis of the PSC portfolio presented in this chapter mainly confirms our expectations regarding the various dimensions of the portfolio. More than 50% of the volume of agreed amounts of the B4D programme in July 2015 relates to global projects, which is mainly explained by the fact that challenge funds to large extent are used for projects at the global level. In respect of the regional distribution of the portfolios, Sub-Saharan Africa and to smaller extent Asia dominates. Almost 90% of agreed amounts of projects belonging to the category “other approaches” are located in Sub-Saharan Africa.

When it comes to sector focus, the market development and agriculture sectors constitute more than 60% of the present agreed volumes within the B4D programme, while the agriculture sector alone covers more than 50 % of the volume of projects within “other approaches”. The most common types of implementing agencies within the B4D portfolio are international NGOs and donor country NGOs which together constitute 61% of the portfolio.

Some observations stand out, e.g. the high focus on LDC-countries in the B4D-portfolio and the high frequency among B4D-projects of themes like democracy and human rights, gender equality and environment.

## **4. REVIEW OF RESULTS OF PROJECTS WITHIN Sida’s PSC PORTFOLIO**

### **4.1 Review methodology**

#### ***Selection of projects to be reviewed***

According to the TOR this study should answer to a series of questions relating to results and effects achieved within Sida’s PSC portfolio. These questions relate to the intervention process as such as well as to short-, medium- and long-term effects. Some of the questions are close to the OECD/DAC evaluation criteria (relevance, effectiveness, efficiency, impact and sustainability).

In order to provide objective evidence it is essential to rely on independent mid-term reviews and/or evaluations. Project reporting by an implementing agency may have a bias in overstating

the results, or omitting evidence which indicate poor performance. They usually represent the perspective of the implementing agency rather than the beneficiaries of the project.

Due to the fact that the share of projects, where evaluations/reviews exist, is fairly small, we have chosen to review all B4D projects where such documents have been identified; in total 10 projects. From the category “other approaches” we have selected two projects which were part of an initial mapping provided by Sida<sup>33</sup>. The following table provides basic information on these 12 reviewed projects.

Table 10: Selected PSC projects for review

<b>Approach/Project</b>	<b>Period</b>	<b>Country/sector</b>	<b>Sida funding million SEK</b>	<b>Implementing agency/partner</b>	<b>Means of assessing results</b>
<b><i>Challenge Funds</i></b>					
1. Innovations against poverty (IAP)	2011-2015	Global/ multiple sectors	83.5	PwC	Sida decentralised evaluation
2. BiH Enterprise Challenge Fund	2013-2015	BiH/ multiple sectors	5.0	Swedish Embassy	Evaluation
3. REACT African Enterprise Challenge Fund (AECF)	2013–2018	EAC-Tanzania/ market development (renewable energy)	12.5	AGRA/KPMG	Donor review, annual report, impact study
<b><i>Public Private Development Partnership (PPDP)</i></b>					
4. Pilot Milk for Schools Programme	2010-2015	Zambia/ Agriculture	8.2	WFP/Tetra	Independent WFP evaluation
5. Learning and Knowledge Management Facility UNIDO	2012-2016	Global/vocational training	10.7	UNIDO	Independent UNIDO evaluation
6. Vocational training, Scania	2011-2015	Iraq/ vocational training	18.5	UNIDO	Independent UNIDO evaluation
7. WRG Water Resource Group	2013-2017	Global/Water	14.0	IFC, International Finance Corporation	WRG independent evaluation
<b><i>Drivers of Change (DoCs)</i></b>					
8. WWF market transformation, phase 1	2010-2013	Global/trade and environment	31.2	WWF	Sida decentralised evaluation
9. NIR Core Support	2009-2013	Global/market development	42.0	NIR	Sida decentralised evaluation
10. HER Catalyzing partnerships	2010-2014	Global/reproductive health care	14.4	BSR, Business for Social Responsibility	Sida decentralised evaluation
<b><i>Other approaches</i></b>					
11. Financial Sector Deepening Trust, Kenya (FSD-K)	2011-2015	Kenya/ financial sector	50.0	KPMG	Donor review, independent mid-

<sup>33</sup> The list of projects belonging to the category "other approaches" was later expanded and there are most probably more projects within this category which have been subject to evaluations or reviews. However for practical purpose we have chosen not to include any more projects of this kind in our review.

					term review, impact study etc
12. Fostering Agriculture Market Activity, FARMA	2009-2015?	Bosnia Herzegovina/ agriculture	22.2	USAID	Sida decentralised evaluation
<b>Total</b>			312,2		

***To what extent do these projects give a representative picture of results and experiences from Sida's PSC portfolio?***

Based on the mapping exercise described in the previous chapter, the 12 selected projects represent 12 % of the total number of projects and 9 % of the total funding within Sida's PSC portfolio 2009-2015 (excluding the guarantee projects). The selection of projects has a fairly good distribution between the three B4D categories (CFs, PPDPs and DoCs). It also covers projects with a global orientation as well as country-focused projects and includes multiple-sector projects as well as sector-focused ones. A fairly broad selection of sectors is included: agriculture, water, energy, health, financial sector and vocational training.

Could the selection principle, i.e. to select only evaluated/reviewed projects, lead to a bias towards projects which on average are different from the PSC portfolio, e.g. that Sida has chosen to evaluate successful projects more often than non-successful? While there might be such a tendency, it is also quite common that evaluations/reviews are initiated in cases when projects suffer from implementation problems. On the other hand it seems likely that by including only projects with evaluations/independent reviews, more long-term projects will be overrepresented. We don't see any major problem with such a bias.

An inevitable consequence of relying on evaluations and independent reviews is that projects recently initiated will not be part of our review. For this reason it has to be noted that the review in this chapter reflects results and experiences from a "first generation" of B4D projects which to some extent may differ from later generations.

We conclude that although we have not made a statistical sample of projects, we feel that selecting all B4D projects which have been subject to evaluations or independent reviews serves the purpose of this part of the study, i.e. to analyse experiences and actual results within Sida's PSC portfolio.<sup>34</sup>

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<sup>34</sup> An alternative approach could have been to make a statistical sample from all projects in the sample. However this would in most cases have meant that the only external documentation that would have been available would have been Sida's completion reports. These are usually quite brief and provide much less information than external evaluations/reviews.



### ***Challenges to the assessment of results***

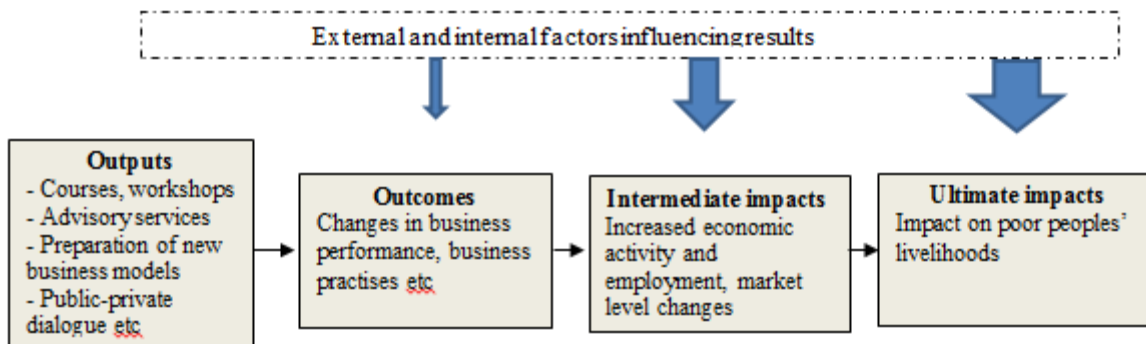
According to our ToR, we are expected to describe the short-, medium and long-term outcomes and impacts that have been achieved. There are obviously several challenges to this kind of exercise, e.g.

**(i) The time factor:** Many of the evaluated projects are still ongoing or have just been completed. As it takes time until outcomes and even more so impacts can be observed and measured, it is obviously not possible to draw any final conclusions in such cases. However, we note that in most cases evaluations identified some kind of outcome.

**(ii) The diversity of the PSC portfolio:** There is a high level of diversity in Sida's PSC portfolio with projects ranging from heavy mechanics vocational training in Iraq to provision of milk to school children in rural areas in Zambia and from sales models for solar panels in Tanzania to international networking in the field of water management. For some of the evaluated projects it may be possible to identify variables that allow some kind of aggregation of results, e.g. the volume of economic activity generated by enterprise challenge funds. However given the diverse character of the overall PSC portfolio, it is not feasible to aggregate results more broadly.<sup>35</sup>

In order to facilitate our assessment of results, we have based our review of the projects on a generic result chain for PSC projects as illustrated in the figure below.

Figure 9: A generic results chain for PSC projects



<sup>35</sup> E.g. the IFC has established a generalised set of outputs, outcomes and impacts of business environment reforms. This facilitates thematic monitoring and evaluation of IFC's achievements in this field.

The implication of this model is that we consider all direct results produced by actors within a partnership as outputs.<sup>36</sup>

**(iii) Weaknesses in the analysis of results in evaluations of PSC projects:** We have already discussed the challenges related to results measurement in PSC projects. It is obvious that there is a considerable variation in the quality of results monitoring systems and evaluations of PSC projects. This especially concerns issues related to attribution and additionality of donor support. We will revert to this issue when summing up our conclusions from the assessment of the 12 PSC evaluations.

## **4.2 Documenting project assessments**

In order to document the assessment of project evaluations and reviews we have designed an *assessment sheet* which provides a standardised format for describing the major features of each project. Brief extracts from evaluation reports have been inserted to describe e.g. outputs, outcomes and impacts.

Such assessment sheets for all 12 projects are found in Annex 5. The below table provides a summary of the assessments with special focus on results at various levels of the results chain for each project.

**Table 11: Summary of documented results**

Symbols used:   \*\*\* Strong evidence of results<sup>37</sup>  
                      \*\*  Some evidence of results  
                      \*  Certain signs of results

Project	Examples of outcomes and/or impacts	Results			
		Outputs	Outcomes	Impacts	Systemic change
<b><i>Challenge Funds</i></b>					
1. Innovations against poverty (IAP)	Too early to assess, but clear signs of IAP contributions to business expansion in Uganda	***	*		
2. BiH Enterprise Challenge Fund	Too early to assess, but there appears to be a clear potential for impacts on youth entrepreneurship, innovation and, in some cases, export development	***	*		
3. REACT African Enterprise Challenge Fund (AECF)	As a result of the overall REACT programme, 451,000 rural people were being served by the end of 2013 by low cost clean energy products and services provided by REACT companies.	***	***	***	*

<sup>36</sup> We note that the “calibration” of the logical framework varies between different challenge fund projects. In some cases only grants and services provided by the fund manager are described as outputs of the project, while what comes out from the grantee activity is described as outcomes.

<sup>37</sup> “Strong evidence” refer to “normal” standards for results measurement in PSD/PSC projects

<b>Public Private Development Partnership (PPDP)</b>					
4. Pilot Milk for Schools Programme, Zambia	(i) 18,500 children in 39 schools received milk three times a day, (ii) 7.4% increase in enrolment in participating schools, (iii) 8.2% higher BMI for pupils in participating schools. N.b. that these outcomes may not be sustained due to a lack of sustained public funding	***	***	**	
5. Learning and Knowledge Management Facility UNIDO	(i) Lessons from previous PPDPs were fed into the design of newly developed PPDPs in Zambia and Morocco, (ii) LKD learning network and website established and (iii) PPDP pipeline of projects developed (since the start in total 13 projects, 2 of which are fully funded)	**			
6. Vocational training, Scania, Iraq	(i) A fully functional training academy on operations and maintenance of heavy duty vehicles and industrial machinery has been established in Erbil, Iraq, (ii) Trainers of the Academy deliver up-to-date training courses of high quality, (iii) 296 mechanics have been trained	***	***		*
7. WRG Water Resource Group	Apart from South Africa, where WRG is reported to have been successful in anchoring its activities in local institutions, the results so far appear to be limited.	*			
<b>Drivers of Change (DoCs)</b>					
8. WWF market transformation	Substantial outcomes documented relating to systemic changes at market level, e.g. new markets developed for certified cotton, palm oil and tuna, while 50 large companies have made commitments to source against credible certification (this is an increase from 20 to 50).	***	***	**	***
9. NIR Core Support	Some results reported at outcome level, e.g. NIR has contributed to the establishment of the Jerusalem Arbitration Centre (JAC) and to the unification of BMOs in Zimbabwe.	**	**		
10. HER Catalysing partnerships	The HERproject has documented some impressive outputs and outcomes, e.g. - BSR has implemented HERprojects in 164 consumer electronics, garment, shoe and agriculture workplaces - 250 000 women have increased awareness of sexual and reproductive health - workers show demonstrated knowledge of and uptake of available women's health services .	***	***	***	*
<b>Other approaches</b>					
11. Financial Sector Deepening Programme (FSD-K)	The most important output (among many) was the technical assistance and research, which helped to develop M-Shwari, a banking product based on M-Pesa and which target low-income clients.	***	***	***	***
12. Fostering Agriculture Market Activity, FARMA	(i) Sales in participating 161 producer organisations has increased by 54 % since start of FARMA (higher than target), (ii) employment has increased by 8% (much lower than target) and (iii) 4 new products eligible to enter EU market (on target)	***	***	***	

### **4.3 Conclusions from the project assessments**

On the basis of our assessment of 12 projects we will try to respond to all questions asked in the ToR:

***To what extent is there evidence that evaluated PSC project have achieved expected outputs, outcomes, impacts and systemic change?***

**(i) Output level:** From what can be read out in evaluations, fairly few problems seem to have occurred during the implementation of the evaluated projects. Most projects have basically achieved their expected outputs, i.e. the products, services etc. that are within the control of implementing agencies and/or partner organisations. Only in few cases problems were reported: As pointed out in the evaluation of the UNIDO Learning and Knowledge Management Facility it is quite normal in projects based on “action learning” that needs arise of discussing and refining certain aspects.

**(ii) Outcome level:** Outcomes are defined as short- or medium term effects, which in the case of PSC projects may occur as changes in business performance. In most studied projects there is some kind of evidence of results at this level. In seven project cases the result evidence may be described as strong, while in three more cases there are early signs of outcomes. Given that some projects were started fairly recently (two to three years ago) and that a majority of the projects are still under implementation, we find the achievements at the outcome level to be satisfactory.

An example of a project which in a fairly short time has produced impressive results is the REACT Challenge Fund East Africa (Renewable Energies and Adaptation to Climate Technologies). By the end of 2013, 451,000 rural people in East Africa were served by low cost clean energy products or services provided by companies supported by REACT during 2013. Another project which has produced some impressive outcomes in a relatively short time is the HER project promoting reproductive health training of women factory workers. Decreased absenteeism due to improved health and decreased turnover of staff has been recorded in participating factories.

A special case is the Pilot Milk for Schools project in Zambia which provides evidence of highly positive outcomes like a 7.4% increase in pilot school enrolment, a 25% average weight gain, and a drop of the number of early leavers from 35% to 2%.<sup>38</sup> Unfortunately it may be impossible to sustain these impacts as the government has so far not been willing to allocate the necessary funds for continuing the free provision of milk to pupils. So while the project has succeeded in demonstrating the positive effects of providing milk to schools, it appears at least at present to have failed to persuade government to change its policy regarding milk provision. It should be noted however, that there are other outcomes of the project, such as integration of small farmers

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<sup>38</sup> The evaluation report expressed concerns about the way that control groups were selected. We will revert to this issue later in the report.

in the milk value chain, which are likely to be sustained over time (in spite of the problem with the funding of milk for school children).

**(iii) Impact level:** Five project evaluations provide some evidence of intermediate impacts (e.g. increases in aggregate economic activity, productivity or employment) or ultimate impacts on livelihoods and poverty. These are Pilot Milk for Schools Zambia, the REACT-Tanzania, the WWF-MTI, the HERproject, the FSD-Kenya and the FARMA-BiH. As exemplified in table 11 above, in some of these cases the impacts are quite impressive.

Obviously there are several projects where it is too early to expect any such impacts but where there seems to be a potential for future results at impact level. However there are also projects where we have doubts whether it at all will be possible to establish a result chain which would allow measurement e.g. of changes in economic activity or in the livelihoods of poor people due to the project.

**(iv) Systemic changes in specific sectors, market and services:** In three of the five projects listed in the previous paragraph, there are clear signs of systemic changes within relevant markets or sectors. These are REACT-Tanzania, WWF-MTI and FSD-Kenya.<sup>39</sup> As we will see below such changes increase the chances that achieved impacts will be sustained over time. Systemic changes also create a stronger potential for replication and gradual scaling up of results after the completion of donor-financed activities. The FSD-Kenya project provides several examples of such mechanisms.

### ***Additionality of Sida support***

As discussed above, the additionality of Sida's support relates to the question whether Sida is actually making a difference and not paying for something that companies would have done or achieved anyway. The risk that input additionality is lacking is obviously greater in the case of challenge funds (where grants are provided to private companies) than in the PPDP and DoC modalities. This is also reflected in the fact that it is only the evaluations of challenge fund projects which consistently bring up the question of additionality. In all three CF cases, evaluations find that there has been additionality. The evaluation of the REACT Challenge Fund<sup>40</sup> commented that

*On input additionality: "Although establishing the counter-factual is particularly unreliable in a semi-structured interview process, our interviews with 13 grantee companies found that eight may have proceeded with their innovation if REACT funds had not been forthcoming, but would have been forced to (a) resort to a slower pace of start-up (typically a period of up to two years was cited) and (b) scour alternative financial sources for development funds, which would have diverted attention from more urgent innovation tasks".*

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<sup>39</sup> In addition, the Vocational Training project in Iraq provides an example of a first step towards systemic change as the Kurdistan Regional Government has decided to adopt at the regional level the mechanics training curriculum developed by the project (information provided by Sida).

<sup>40</sup> DFID Annual Review of AECF-REACT, October 2013

*On outcome additionality: “Can the broader results be attributed wholly or partly to REACT? Some of the results, such as matching funds raised, jobs created and businesses generated can be fully attributed to REACT as they exist only because of REACT. Systemic change, as described above, is likely to happen at least in part because of REACT but also as a result of local competition intensifying as the market matures.”*

Only a few of the evaluations of other modalities explicitly addressed the issue of additionality: the evaluation of the WWF-MTI project found that although changes in the markets for concerned commodities “cannot be fully attributed to the WWF-MTI”, the MTI “has made important contributions to the achievements”. Based on our own review of all the evaluations, we find it likely that Sida’s support in almost all cases has achieved additionality.

Even in the case of the Financial Sector Deepening (FSD) in Kenya, where Sida’s share of total funding is only 6%, it seems likely that Sida’s support has made a difference. It is also noted that Sida during a period chaired the influential FSD investment committee and without doubt had an influence on decisions regarding the use of donor support.<sup>41</sup>

### ***Are impacts relevant?***

DAC defines relevance as *“the extent to which the objectives of a development intervention are consistent with beneficiaries’ requirements, country needs, global priorities and partner’ and donor’s policies”*.

Evaluation reports generally describe the PSC projects as relevant in relation to one or several of these dimensions. Two evaluations expressed some concerns regarding certain dimensions of the relevance of the evaluated project. One of those is the evaluation of the WWF-MTI project which found that the overall goal of the WWF-MTI i.e. to influence global markets towards more sustainable practices was highly relevant to Swedish development cooperation. However, when coming to the forestry sub-project (one of the 15 commodity value-chains targeted by the project), the evaluation also commented that *“the relevance of the programme for poverty alleviation is not clear, since the work on forestry has had limited impact in tropical forests”*.

The second evaluation with concerns about relevance was the evaluation of the Innovations Against Poverty (IAP) challenge fund. The evaluation found that the project had been *“highly relevant for supporting individual projects with commercial and development potential”*. However the overall relevance was rated as “medium” because the evaluation found that *“The development relevance of IAP is less clear. A globally managed programme is less likely to have an impact at systemic levels and IAP’s programme logic would have needed to be clearer about this.”*

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<sup>41</sup> It should also be mentioned that the earlier mentioned impact assessment of FSD-Kenya by Stone et.al. (2010) analysed various result chains in detail to estimate the added value of FSD’s partnerships with financial institutions.

### ***Unintended impacts?***

We did not find any recorded observations of unintended impacts in the evaluation reports. However, given the high degree of freedom allowed by challenge funds for applicants to suggest innovative solutions to development problems, it may be claimed that unintended (positive) impacts has become an integral part of this modality.<sup>42</sup>

### ***Which were the most important target groups?***

In seven of the 12 projects it is indicated that poor people are the ultimate beneficiaries of the project. However, it is only in three of these projects where a group of (mostly) poor people could be identified as the target of the project. Examples of such target groups are poor rural households in the case of REACT-Tanzania, factory workers in the HER project, and rural school children in the Pilot Milk for Schools Zambia. Although a direct linkage to a poor target group is no automatic recipe for project success, such linkages facilitate the measurement of poverty impacts.

In countries like Bosnia Hercegovina (BiH) and Iraq the country strategy is not specifically focused on poverty reduction. For this reason it may seem logical that the FARMA agricultural project in BiH is focused on medium-sized farmers with economic potential and not the poorer small-scale farmers. However, as pointed out by the evaluation, creating a divided agricultural sector by leaving out a large non-competitive group of small-scale farmers may in the long term lead to considerable social costs.

### ***Results affecting people living in poverty***

In the projects where it was possible to identify poor target groups, there have not been any real efforts to follow up through socio-economic studies how people's livelihoods have been affected by the interventions. One reason is probably that projects are still ongoing or just completed. However, there are good reasons why a project like the WWF-MTI should seriously consider the recommendation in the evaluation report to initiate research on the impact of certification on poor households.

### ***To what extent has the rights perspective, the perspective of the poor and other thematic priorities been integrated in Sida's private sector collaboration?***

The evaluations paint quite a diverse picture of the attention that has been given by projects within Sida's PSC portfolio to the perspectives and thematic priorities central to Sweden's development cooperation. The programme where these dimensions are most strongly visible is the Drivers of Change programme. Under this programme Sida provides support to civil society organisations with the aim of influencing the private sector to work in a more sustainable and

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<sup>42</sup> An interesting example of an unintended challenge fund outcome, which today has become almost classic, occurred in 2004 when DFID's Financial Deepening Challenge Fund provided a one-off grant to the Kenyan telephone company Safaricom (in collaboration with several other organisations) for experimenting with the use of cell-phones for small firms' repayment of microloans. This in turn led to the development and launch of the ground-breaking mobile money solution M-Pesa which since then has transformed the financial sector in Kenya.

inclusive way. Three DoC projects included in our review illustrate this: environmental sustainability is at the core of the objectives of the WWF Market Transformation Initiative and the WRG Water Resource Group, while women's sexual rights and gender equality are central to the HER project.

It should at the same time be mentioned that even among the sustainable business projects in the DoC category, the attention to these themes is somewhat uneven; a phenomena which at least in the past has been quite typical in Sida's overall portfolio. E.g. the evaluation of the WWF Market Transformation Initiative indicates that gender and human rights principles are not included in the log-frame and recommends that WWF-MTI should "work more actively with a rights-based approach, including gender and poverty perspective throughout the programme".<sup>43</sup>

In the other two groups of modalities there are projects which promote specific thematic priorities, e.g. the REACT challenge fund which is focused on renewable energy solutions and adaptation to climate change. However, in general the attention to the thematic priorities is somewhat uneven also among the CF and PPDP modalities.

***How efficient were the partnerships with actors in private sector (and civil society)?***

DAC defines efficiency as "*a measure of how economically resources/ inputs (funds, expertise, time, etc.) are converted to results.*"

In about half of the reviewed projects, evaluations give the impression that projects have achieved a fully satisfactory level of efficiency. Among the remaining projects, evaluations express certain concerns regarding the efficiency of implementation in three projects (Water Resource Group, the UNIDO learning and Knowledge Management Facility and the NIR Core Support). In the case of the NIR core support, the problems were actually more severe and Sida decided to discontinue this support. Finally, in two projects (Innovations against Poverty and the HER Catalysing Partnerships project) the quality of implementation was reported to have been very good, but evaluators at the same pointed out that the management cost was on the high side in comparison to similar projects. In one case (the WWF Market Transformation Initiative) the evaluation did not to comment on the efficiency aspect due to a lack of data.

In the case of challenge funds, a common indicator for **cost-efficiency** is the ratio between the fund management cost and the total volume of funds invested in the project. There are several reasons why this percentage may turn out high, but the spread that exists between the six projects where such information has been recorded, appear to be quite large. While REACT's management cost was 20% of total funds invested the management cost level was far higher in the IAP, HER and NIR projects. The management cost of the FSD-Kenya was only 15% in 2014.

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<sup>43</sup> Chipeta et.al. (2014)



The term **cost-effectiveness** is usually used to describe comparisons between inputs on one hand and outcomes or impacts of a project, on the other. This indicator is often seen as one of the elements of **value-for-money** analysis. This type of analysis has been rare in Sida's as well as in other donors' work processes, but during the last few years it has been promoted by e.g. DFID. It is therefore interesting to note that some kind of measurement of cost-effectiveness is provided in four of the projects. These measurements range from (a) crude ratios between total sales generated by the project and total project cost to (b) fully-fledged cost benefit analysis.

In the case of the FARMA project the evaluation found that the ratio between annual sales generated by the project and the total costs of the project was 3.8:1, which was regarded as good performance. The evaluation of the Pilot Milk for Schools, Zambia project presented a cost benefit analysis based on data on nutritional impact on life length and concluded that the project had generated a net benefit of 63 USD per beneficiary and that benefits outweigh costs by 2:1. Finally the FSD-Kenya estimated the benefit generated by the various sub-projects based on an in-depth analysis of result-chains, counterfactuals and attribution and found that the ratio between benefits to society and project costs were between 6 and 9 to 1.

Obviously these kinds of estimates are usually based on some brave assumptions necessary to construct a hypothetical counterfactual ("what would have happened if the project had not taken place?"). One may have questions about the realism of some of the underlying assumptions in these estimates, but there is no doubt that a professional in-depth analysis of benefits and attribution helps us to better understand the mechanisms through which donor support creates value for the ultimate beneficiaries and for society.

### ***To what extent have market-based approaches been applied?***

Among the evaluated projects within the category "other approaches", one is clearly using a market-based approach, i.e. the Financial Sector Deepening (FSD) project in Kenya. As already mentioned, by applying strongly targeted intervention in segments of the financial sector, the FSD project has had a transformative impact on financial access for poor people in Kenya.

Also the DoC approach appears to offer considerable opportunities to apply market-based approaches. This is demonstrated by the WWF Market Transformation Initiative, which has contributed to substantial changes in specific markets.

There are obvious challenges to the application of market-based approaches within challenge funds and public-private development partnerships. However, we find that one project, i.e. the REACT challenge fund, through its focus on a specific problem (the lack of appropriate renewable energy products and sales models for poor rural households) has been able to promote substantial growth of this market.

In the case of the Fostering Agriculture Market Activity (FARMA) in Bosnia Herzegovina it may finally be noted that although this project appears to have been well suited to a market-based approach, it choose to apply a traditional supply-oriented approach where farmer associations

were provided with substantial inputs of technical assistance combined with some grants. This kind of supply-based approach is quite common among aid-financed projects in the Balkan region.

### ***Are the results sustainable?***

DAC defines sustainability as “*the continuation of benefits from a development intervention after major development assistance has been completed, i.e. the probability of continued long-term benefits and the resilience to risk of the net benefit flows over time*”.

For obvious reasons some of the evaluations found that it is too early to assess the sustainability of the results of the project (e.g. the IAP and BiH challenge funds). However the evaluations note that in all three reviewed challenge funds a substantial part of grants are given to start-up firms and small existing firms. In the case of the REACT challenge fund as many as 80% of the grants were given to start-up firms. Experience tells us that the risk for failure is much larger for such firms than for well-established firms. Although when investing in innovation, it is always expected that a certain share of the supported projects will fail, the high frequency of start-up firms may be a general threat to the sustainability of projects supported by Sida-financed challenge funds.

There are concerns also with regard to the sustainability of some PPDP projects. We have already mentioned the problems caused by lack of public funding of continued provision of school milk. A similar problem may threaten the continued operation of vocation training in Erbil, Iraq.<sup>44</sup> There are also sustainability challenges related to Drivers of Change projects. Although in the cases of the WWF-MTI project the chances for sustainability appear to be good for some of the impacts, there is reason for some concern. The sustainability rests on the financial viability of the business case of voluntary sustainability certification. This is complicated to assess because the business cases differ between the value chains that the MTI is involved in. The business case for sustainability of forestry certification<sup>45</sup> in Northern region markets appears to be good, while much more problematic for producers in tropical regions (which actually are crucial to Sida’s development objectives).

Finally it is interesting to note that the chances for sustainability of the impacts of the FSD-Kenya project appear to be much higher than for the FARMA project which did not apply any market-based approach.

### ***The quality of results measurement***

There is a great variation in the quality of the systems for results measurement within the group of reviewed projects. We have not been able to assess these systems in detail, but some of the

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<sup>44</sup> Sida has prolonged the support to the vocational training project in Iraq in order to increase the chances for future sustainability (and establish the project as a model for future vocational training of mechanics).

<sup>45</sup> As previously mentioned forestry is only one of a number of value chains targeted by WWF-MTI. To what extent that sustainability is a challenge also for other value chains is not discussed in the evaluation report.

projects, like AECF-REACT and FSD-Kenya appear to follow the spirit of DCED's Standard for Results Measurement. In some of the other projects the systems for monitoring results seem to be quite weak.

The Pilot Milk for Schools project is a good example of the importance of giving high attention to results measurement already at the inception of a project. Given that the project wanted to demonstrate the impacts of provision of milk to schools, it had high ambitions with regard to measurement of various variables including changes in the weight of school children. Unfortunately, according to the evaluation the schools that served as a control group "were not objectively chosen". This is a clear example of a missed opportunity to apply a randomised research method which would have increased the demonstration value of this pilot project considerably.

#### **4.4 Summing up the review of 12 projects**

We may now sum up some of our observations from review of 12 evaluated PSC projects:

1. We find that most projects have been well implemented and produced **outputs** of acceptable quality and quantity. Most projects are still ongoing or have been recently completed. In the cases where there are documented **outcomes** these appear to be fully satisfactory.
2. There is evidence of results at the **impact** level in five of the projects. In some of these cases impressive impacts have been reported. Impacts through systemic changes have been reported in three cases.
3. While only some of the evaluations explicitly address the issue of **input or output/outcome additionality**, we find it likely that Sida has achieved additionality in almost all evaluated projects.
4. Only a few projects allow easy identification of a **target group** of poor people. So far, there does not seem to have been any initiatives to carry out socio-economic studies of impacts on people living in poverty.
5. While there are a number of very good examples of projects which give high attention to the promotion of a **specific thematic priority**, in general it appears that attention to these issues is quite uneven.
6. Although in some projects the management costs appear to have been on the high side, the level of **efficiency** is generally considered satisfactory.
7. There are some interesting cases where **market-based** or similar approaches have been applied. In several other projects there are concerns regarding **sustainability** of the outcomes/impacts.

## 5. WHAT WORKS?

In this chapter we will analyse and draw conclusions from international experiences regarding private sector collaboration as well from Sida's own experience based on the review presented in the previous chapter. International experiences are primarily retrieved from meta-studies of donor evaluations as well as from the growing flora of research papers and policy studies. We find it somewhat challenging to distil from this literature generic lessons that Sida may apply in future PSC projects as the diversity of approaches and contexts make it hard to generalise project experience.

After a brief initial overview of experiences, we will comment on the modalities applied within Sida's B4D programme.

### 5.1 Overview of partnership experiences

#### *International experience*

Two years ago Sida published a thematic overview of "what works for market development".<sup>46</sup> Although this report contains a specific chapter on "instruments" which covers challenge funds, it is fairly silent on the international experience of other forms for collaboration with private sector actors.

The most relevant overview of partnership mechanisms that we have identified is DCED's working paper "Donor partnerships with business for private sector development: what can we learn from experience".<sup>47</sup> This report highlights the following important factors for the success of partnerships:

- the **management skills** and "**right mind-set**" of business partners
- a **good matching** of business partners to avoid communication problems and disagreement between business partners (which is one of the most common reasons for partnership failures)
- in multi-stakeholder coalitions **communication and trust-building** is highly important to bridge cultural differences between various public and private partners
- adequate **sequencing** of partnership activities and appropriate **timing** of funding
- **improved scrutiny** of expected development impacts at the application stage.

The DCED working paper also discusses the relative potential of partnership models working with **consumers or producers**. Usually it is found that consumer-oriented partnerships have a much larger number of beneficiaries implying that the total benefits for poor people will be larger in those partnerships. However DCED underlines that there are many examples of partnerships

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<sup>46</sup> Sinha S., Holmberg J. and Thomas M. (2013), What works for market development: A review of the evidence, UTV Working Paper 2013:1, Sida

<sup>47</sup> Heinrich M. (2013b), *Donor Partnerships with Business for Private Sector Development: What can we Learn from Experience*, DCED Working Paper

which have helped to overcome constraints in e.g. agricultural value-chains to the participation of large numbers poor smallholders.

Finally the DCED report discusses several issues related to the focus of partnership mechanisms (such as **sectoral or geographical focus** and synergies with broader PSD programmes) which will be covered later in our report.

### *Sida's experience*

The forth-coming report to be published by EBA (see above) is primarily based on an analysis of the principles and design of “Joint Development Initiatives (JDIs)” between donors and the private sector and to less extent on actual experiences and results. While underlining that JDIs can contribute to the Swedish development objectives, it points at the same time at the risks that partnerships may be ineffective (or even harmful). The report stresses that partnerships should focus solely on harnessing private sector competence as a means for development and stay clear of mixing commercial and development objectives. It also finds that the direct impact of JDI programmes on the most vulnerable population groups is likely to be limited and that efforts are required to strengthen systemic effects and increase indirect development benefits. In order to ensure the sequential development of best-practise for donors and private firms, the report recommends that the knowledge management system should be strengthened, preferably in collaboration with other donors.

Sida's experiences from PPDPs and challenge funds were subject to an analysis in 2014 by DEVFIN Advisers as a part of a report on innovative finance.<sup>48</sup> The report commented that “the PPDP programme is still too young to provide any robust evidence on development results” but found that it had been “breaking ground in engaging the (Swedish) business community in development assistance, improving the dialogue between Sida and business, and contributing to Sida's learning of what business can do and not do”. The report also high-lighted the flexibility of the CF (and the PPDP modalities), which according to the report could be “tailored for almost any purpose”.

Another source of information, which is derived from Sida's own experiences from collaborating with the private sector is a report prepared jointly by the group of 15 Bilateral Associate Experts (BAEs) who were recruited to strengthen the capacity of Swedish Embassies to work with PSC activities during 2012-2014. What is especially interesting with the BAE report is that it brings concrete experiences from the perspective of the field organisation<sup>49</sup>. A few highlights from the collective experience the BAEs:

- if prioritised, PSC can work in all country contexts.

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<sup>48</sup> DEVFIN Advisers (2014), *Innovative Finance: Gap Analysis*. Report to Sida

<sup>49</sup> Sida (2014), *Private Sector Collaboration: Experiences and conclusions from 15 Bilateral Associate Experts (BAEs)*

- it should not be seen as a goal in itself but rather as a means to add value to selected development interventions
- the development challenge should be taken as a point of departure for forming partnerships with the private sector
- local dialogue platforms and networking events have proved to be a very useful way to promote PSC
- under the right conditions PSC could have a great impact also in conflict environments like Somalia.

## **5.2 Challenge Funds**

### ***What can we learn from the international research on challenge funds?***

In parallel with the impressive development of challenge funds mentioned earlier, there has also been a rapid increase in the interest within the aid community and within academia for analysing various dimensions of challenge funds. A large number of evaluations, mid-term reviews, impact studies, research papers and various kinds of papers have been published during the past few years. Unfortunately it is still not quite easy to draw firm conclusions on “what works” in the field of enterprise challenge funds. One reason is the diversity of challenge funds already described. Another reason is that researchers’ opinions at least on some dimensions of challenge funds recently appear to have diverged.

One of the few papers that provide a broad overview of existing evaluations was published by ODI in 2013.<sup>50</sup> An important conclusion was *“Recent evaluations demonstrate positive results overall from challenge fund investments, with most achieving their goals. There is less evidence of systemic development impact beyond the micro level; that is to say, the extent to which funded projects create structural changes that impact poverty.”*

Several reports support this view including two following papers published by the DCED. Kessler (2013) points out that *“despite the significant funding provided to challenge funds, there is currently little evidence to show whether they achieve the anticipated development impacts”*.<sup>51</sup> Heinrich (2013) states that *“most of the available information on project-level results is on anticipated impacts, or anecdotes of mainly qualitative results, without clarity on how these are measured or how they can be attributed to donor support”*.<sup>52</sup>

At the same time most authors appear to agree that there is a clear scope for improvement of results-monitoring and evaluation. During the last few years challenge funds have gradually

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<sup>50</sup> Pompa, C. (2013), Understanding Challenge Funds, ODI

<sup>51</sup> Kessler A, (2013), Measuring Results in Challenge Funds Practical Guidelines for Implementing the DCED Standard, Donor Committee for Enterprise Development (DCED)

<sup>52</sup> Heinrich M. (2013 b), “Donor Partnerships with Business for Private Sector Development: What can we Learn from Experience”, Donor Committee for Enterprise Development Working Paper

started to follow the recommendations by DCED's Standard for Results Measurement and the subsequent practical guidance for challenge funds published by DCED.<sup>53</sup>

An authoritative report on challenge funds was published in 2014 by the EPS PEAKS consortium which provides knowledge services to DFID<sup>54</sup>. This report expressed strong criticism not least against the quality of existing reviews and evaluations of challenge funds. At the same time the report believed that the application of the DCED Standard would improve the situation. It also suggested that challenge funds *"if used correctly, will generate significant and sustainable development impact"*. Among the lessons learned presented in this report were the following:

- It may be false economy to apply a "light touch" approach to try to restrain fees to below 20% of challenge fund disbursements. One should not underestimate the resources required for conducting robust design and sufficient market system and sector-specific research to understand how projects could have a catalytic effect.
- Adopting an appropriate degree of targeting will support the accumulation of the knowledge and insight. The same applies to integration of challenge funds as components of larger market-development programmes.
- Fund managers should seek to ensure that funded projects do not compromise the competitive neutrality of other businesses in the sector, nor displace either commercial sources of finance or livelihoods from other firms in the sector. This can be achieved by fund managers having an active understanding of the market system context in which they disburse grants.

Based on a detailed review of DFID's support to "Business in Development", the UK Independent Commission for Aid Impact (ICAI) published a report in May 2015 which was highly critical to many aspects of challenge funds. E.g. the ICAI team had serious questions as to whether the effect of DFID's funding is additional or not and concluded that much of the observed impacts would have been achieved without support from a challenge fund. It may be noticed that the ICAI report based its conclusions regarding challenge funds on detailed study of only two challenge funds; the FRICH and the RAGS fund. We would have expected that the ICAI also would have studied the experiences from the Africa Enterprise Challenge Fund (AECF), probably the largest existing enterprise challenge fund and the fund with the longest experience over time.

Against this background, DFID is presently reviewing its use of challenge funds. There is a feeling within DFID that challenge funds have proliferated and that these funds too often have been seen as the solution to any kind of development problem, without considering other possible modalities. Given DFID's highly important role in the development of the challenge fund

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<sup>53</sup> Kessler (2013)

<sup>54</sup> Brain A., Gulrajani N. and Mitchell J. (2014), Meeting the challenge: How can enterprise challenge funds be made to work better? EPS PEAKS, UK Aid

methodology and in the creation, management and capitalising of challenge funds; it seems likely that DFID's future policy regarding such funds will have a bearing also on Sida.

It should finally be mentioned that an evaluation of the AECF is expected to be published shortly. Given the magnitude of Sida's use of various AECF windows, this evaluation will hopefully provide Sida with valuable insights into the effectiveness of challenge funds and an improved basis for strategic decisions on Sida's future use of such funds.

### ***What can we learn from Sida's experience?***

Our review of three challenge fund projects in the previous chapter provides some additional food for thoughts. First, evaluations found that *input additionality* was generally satisfactory in the reviewed challenge funds, i.e. that the companies who received grants would in most cases not have undertaken those projects without these grants.

Second, while two of the challenge funds had not yet reached a stage where outcomes and impacts had emerged, the third project, i.e. the AECF-REACT renewable energy challenge fund in Tanzania had put in place a *results monitoring system* which produced useful information at the outcome level and to some extent also information about impacts at market level.

Third, all three reviewed challenge funds appear to have had a strong potential for stimulating innovations serving a development purpose. In all three funds the interest from the private sector has been very strong and more applications were received than expected. In addition, the BiH challenge fund provides an interesting example of how it may be possible to inject some hope among young entrepreneurs in a back-ward economy (even among those who failed to win a grant).

Fourth, the BiH challenge fund demonstrates that it is possible to implement a fairly small locally-based challenge fund in an efficient way.<sup>55</sup>

Fifth, in all three challenge funds many of the grantee companies were start-up companies which for well-known reasons carry a high risk of failure. Although it should be expected that some of the companies that receive grants will fail, a high number of future failures could jeopardise the aggregate impact of the funding.

Sixth, while two of the funds were locally-based and targeted at actual development needs, the evaluation of the third fund, i.e. the globally-oriented IAP, pointed at the risks that the wider economic impacts will be limited. To increase the likelihood of systemic impacts the evaluation underlined the importance of (i) local presence of fund managers and (ii) focus on specific sectors

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<sup>55</sup> The fund was efficiently managed by the Swedish embassy. For capacity reasons, this model is probably not feasible in other cases.



or markets, “since this would potentially allow for greater understanding of the constraints of the markets concerned”.<sup>56</sup>

### ***Concluding comments on the challenge fund modality***

Although challenge funds have been subject to an increasing level of critique during the last few years, we still find that they offer interesting opportunities to Sida. They are highly flexible instruments which easily may be adapted to different sectors, themes, countries, environments (like conflict situations). Under condition that Sida or another donor has already made the initial investment in setting up a relevant challenge fund, this mechanism can be mobilised much quicker than alternative modalities (like a PPDP or a M4P project). Experience shows the need of strong capacity for assessing market system impacts and for setting up and operating results measurement systems. Challenge funds which have a sector or geographical focus are more likely to achieve systemic change. While there may still be situations when challenge funds could serve a useful purpose at the global or regional level, we find that there is sufficient evidence for Sida to primarily direct the use of challenge funds towards specific sectors and/or themes at sub-regional or national level.

## **5.3 Public Private Development Partnerships (PPDPs)**

### ***What can we learn from the international research on PPDPs?***

Although there is an extensive literature on partnerships engaging the private sector, it is not quite easy to find clear and consistent guidance of specific relevance to Sida’s PPDP modality. As already mentioned USAID is the organisation with by far the most solid experience from working with a large variety of alliances involving all kinds of actors including civil society. Unfortunately very few evaluations and studies have been published from this huge and long-lived partnership programme. The only available major evaluation was published in the late 2000’s and gave a highly positive view of the results and experiences from the GDA programme.<sup>57</sup> In 2011 the OECD/DAC carried out its periodic Peer Reviews of USAID which confirmed that the GDA “approach has proved successful”.

One of the most often reported strengths of GDA is its flexible approach and ability to adjust to different contexts. During the last five to six years the USAID has tried to introduce a stronger outcome-focus in the preparation of partnerships.<sup>58</sup> It has also increased its attention to the needs of sufficient staff capacity and skills both at headquarters and in the field to manage the often complex alliance building processes.<sup>59</sup>

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<sup>56</sup> Andersson J., Norén J. and Christoplos I., (2014), Evaluation of the Challenge Fund Innovations Against Poverty, IAP, Sida Decentralized Evaluation, 2014:40, Sida

<sup>57</sup> Dewar T. et.al. (xxxx), *Evaluating Global Development Alliances: An analysis of USAID’s Public-Private Partnerships for Development*

<sup>58</sup> Saul J. et.al. (2010), *(Re)valuing public-private alliances: An Outcome-Based Solution*, USAID

<sup>59</sup> Runde D. et. al. (2011), *Seizing the opportunity in Public-Private Partnerships: Strengthening capacity at the State department, USAID, and MCC*, Centre for Strategic and International Studies (CSIS)

A report from 2014 on “The value of cross-sector development partnerships” is one of the fairly few research papers that are directly focused on alliance-building.<sup>60</sup> Its conclusions are summarised as follows: “(i) *policy-makers and partnership practitioners should define from the outset the objectives and purposes of a partnership and outline the roles of different actors, (ii) the level of engagement between and among partners should depend on the objectives and purposes of the partnership and (iii) in addition to partnership objectives, the comparative advantages of different partners determine the types of value derived from the partnership.*”

### ***What can we learn from Sida experience?***

Our review of the two completed PPDP projects, Vocational Training project in Iraq and the Pilot Milk for schools in Zambia, demonstrated the usefulness of forming a partnership between a (i) private company, (ii) a public sector agency and (iii) a third party, all with their respective interest in the outcome of the project. In both projects implementation appears to have been quite efficient and quality outputs were achieved. In the short perspective it appears that a win-win-situation had been achieved.

However, it turns out that there is a major challenge in both these projects with regard to sustainability of the core outcome of the projects, i.e. the continued vocational training of mechanics in Iraq and the distribution of milk to school children in Zambia. In both cases sustainability is depending on the provision of public funds, which does not appear to be secured in any of these cases.

Sustainability problems of this kind are a classic feature in traditional development cooperation with public sector agencies. They appear to be less common in “inclusive-business” types of partnerships focused on the core business of private companies, at least as long as well established companies are involved.

Our conclusion is that in the case of PPDPs where the sustainability depends upon future public sector funding, it will be necessary at an early stage to influence the public sector policies and practises upon which the future allocation of public funds depends. There is evidently in this respect a clear parallel between what is required to safeguard sustainability in PPDPs and more traditional types of cooperation with public sector agencies, like Ministries of Education or Health.

Johansson de Silva et.al. (forth-coming 2015) highlights that local ownership and anchoring initiatives locally is crucial for the success of PPDPs.<sup>61</sup> They stress the importance of involving local representatives at all levels of the partner company in the project and take the mechanics

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<sup>60</sup> Kindorney S., Tissot S., and Sceiban N. (2014), *The Value of Cross –Development Partnerships*, North-South Institute Research Report

<sup>61</sup> Johansson de Silva S., Kokko A., and Norberg H. (forthcoming 2015), *Now Open for Business: Joint Development Initiatives between the private and public sectors in development cooperation*, Report prepared for The Expert Group for Aid Studies (EBA)

vocational training schools in Iraq and Ethiopia as examples. They suggest that both systemic effects and sustainability would be much increased if these projects had been based on building partnerships with other local firms from the start.

The general conclusions by the 15 Bilateral Associate Experts described above basically apply also to the PPDP modality.<sup>62</sup> One of the recommendations from the BAEs that specifically applied to the PPDP modality was that PPDPs should be integrated into Sida's country operations, e.g. by identifying PPDPs within larger sector programmes and applying a more programmatic approach". They also suggested that Sida should encourage different kinds of partners, e.g. within regional programmes or CSO cooperation, to develop their own PPDPs with actors in the private sector. Sida would not necessarily have to be directly involved in such partnerships but could share experience and indirectly support them.

The BAEs also reported that they had found the PPDP modality as being "straightforward but difficult and time-consuming". This is somewhat contradictory to comments from Sida staff members with long experience from PPDPs who stress that PPDPs in many aspects of project preparation and monitoring do not fundamentally differ from (or require more internal resources than) traditional Sida projects. However as PPDPs are focussed on promoting alliances between other actors they require much stronger emphasis on relation-building and communication. It is highly important for Sida officers to understand the incentives that make different actors engage in a partnership and how these incentives could "harnessed" to contribute Sida's overall objective, i.e. poverty reduction.

Sida staff also emphasise that the PPDP modality has developed considerably over time. This modality is today often seen as a tool to achieve systemic change. Recent PPDPs are much more linked to Sida policy at country level. It is also interesting to see how Sida has been able to develop synergies within country programmes by using the PPDP modality. One example is an industrial relations project in Ethiopia, where Sida recently entered into an agreement with the ILO as implementing agency in a partnership. One component in this project is a PPDP between ILO and HM which contributes to and benefits from improved industrial relations.

### ***Concluding comments on the PPDP modality***

PPDPs enable Sida to support partnerships in a highly flexible way which may be adapted to specific country contexts as well as a wide spectrum of sectors and types of development challenges. The objectives and purposes of the partnership should always be the starting point for defining the roles of different actors.

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<sup>62</sup> Sida (2014), *Private Sector Collaboration: Experiences and conclusions from 15 Bilateral Associate Experts (BAEs)*

PPDPs which depend upon public finance to sustain the outcomes and/or impacts of the partnership carry a higher risk than other partnerships. Such risks should be taken into account at an early stage of partnership formation.

The current trend towards increased integration of PPDPs into existing country programmes appear to offer substantial advantages. Such integration makes it easier to increase local ownership by involving relevant local actors who have a stake in a sector or theme. It also suggested that such integration makes it easier to link a project to overall Sida policy and to increase systemic impact and sustainability.

PPDPs do not necessarily require more staff capacity than more traditional projects. However the skills requirement of Sida staff both at headquarters and in the Embassies are to some extent different as the management of PPDPs require a good understanding of business incentives as well as of relation-building and communication in complex partnerships.

#### **5.4 Drivers of Change (DoC)**

##### ***What can we learn from the international research on DoCs?***

The lessons from cross-sector development partnerships described above in connection with PPDPs are also to some extent relevant to partnerships supported under Sida's DoC programme.

As high-lighted by Johansson de Silva<sup>63</sup> there are strong connections between the promotion of sustainable business by CSOs under the DoC programme and the Corporate Social Responsibility (CSR) agenda. A recent report published by the Ministry of Foreign Affairs in the Netherlands provides a systematic review of the literature on the role of public policy in CSR.<sup>64</sup> The review found that *“the empirical evidence regarding policy-induced CSR behaviour in developing countries is still scarce and limited, also due to the long time frame required to generate outcomes”* and pointed out that *“many specific CSR policies started from 2007 onwards and companies need at least several years to implement changes before these are manifested at outcome or impact level”*.

The report also concluded that *“company CSR behaviour is triggered by multiple internal and external factors and therefore the effect of policy incentives is difficult to disentangle”* and that *“governments play a key role in mediating between conflicting corporate and development agendas”*. Furthermore the report found that the *“main reported impact areas of CSR behaviour include - in order of importance - (i) labour practices, (ii) community development, (iii) environment, (iv) human rights, (v) consumer issues, (vi) fair operating practices and (vii) organisational governance”*.

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<sup>63</sup> Johansson de Silva et.al. (forthcoming 2015)

<sup>64</sup> IOB (2013b), Corporate Social Responsibility: the role of public policy. A systematic Literature review, Ministry of Foreign Affairs in the Netherlands, IOB Study 377

The discussion paper “When business meets aid” by Callan M. and Davies R. (2013) includes a review of a sub-category of inclusive business approaches namely “consumer-oriented approaches with a normative dimension”.<sup>65</sup> These approaches endeavour to create incentives for businesses and consumers to participate in various product certification and labelling schemes. The report finds that while there is a case for donor support for certification-related measures aimed at improving competitiveness and access to markets for poor producers, development agencies should assess such schemes “dispassionately” and consider possible perverse consequences.

### ***What can we learn from Sida experiences?***

The evaluations of both the WWF-MTI project and the HERproject clearly demonstrated the effectiveness of the DoC approach in the promotion of sustainable business practises. At the same time these two projects differ in the way that the projects relate to poor women and men. The WWF-MTI project is aimed at improving practises in a number of commodity value chains through the introduction of certification. The project evaluation clearly illustrated the ability of WWF-MTI to transform commodity markets. However it is not always clear if such transformation will in a longer perspective benefit poor people in target countries. The HERproject, on the other hand, is a good example of a project with a clear focus on an identified target group, i.e. factory workers, mainly women, in poor countries.

It is interesting to note that Sida has had an earlier experience from supporting pro-poor supply chains for internationally-traded products. Certification played an important role in the *Export Promotion of Organic Products from Africa* (EPOPA) project which had strong positive impacts on poor farmers. We will revert to this successful project in the following section.

The importance of local ownership which was raised in the above-mentioned report by Johansson et.al., also applies to the DoC modality.<sup>66</sup> In this case the authors referred to the evaluation of the HERproject which recommended stronger involvement of local management, and more engagement with national authorities.

As described in chapter 3, most DoCs have been organised at the global or regional levels. However there are also a number of DoCs which are linked to specific partner countries such as Colombia, Liberia, Kenya, Mozambique and Bangladesh. Such DoCs may be integrated into country and sector programmes and in principle be seen as a response to the needs to strengthen local ownership and create links to national institutions. There is so far limited documented experience of this kind of application of the DoC modality. It is however obvious that the DoC modality has been applied at the country level in many different ways and sometimes as hybrids between the DoC and the PPDP modalities. Concluding comments on the DoC modality.

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<sup>65</sup> Callan M. and Davies R. (2013), When business meets aid: analysing public-private partnerships for international development, Development Policy Centre Discussion Paper 28, Crawford School of Public policy, Australian National University

<sup>66</sup> Johansson de Silva et.al. (forth-coming 2015)

Sida's experiences from working with the DoC modality clearly demonstrate the strengths of this modality. Ownership of the basic aims of the partnership is firmly anchored with the implementing agency, usually an NGO or a UN agency with an agenda related to one of the dimensions of sustainable business. Through the pro-active role played by the NGO in identifying private partners and forming partnerships, DoCs become a well targeted and effective partnership mechanism. International and Sida experience shows that DoCs also carry some risks. E.g. the impact of certification schemes on poor target groups should be carefully assessed.

### **5.5 Other approaches that include collaboration with private actors**

As previously described, partnerships with private actors are applied in several areas of Sida's support to private sector development including (i) market-based approaches, (ii) public-private dialogue, (iii) local economic development and (iv) traditional supply-oriented PSD approaches. Given the emphasis on market-based approaches in our ToR, we start this section with a short introduction to these approaches.

The interest in market-based approaches is based upon many years of experience of "what works" in private sector development. During the last decade this interest has to large extent been anchored in the work on the "Making Markets work for the Poor (M4P)" approach.<sup>67</sup> This approach is guided by four underlying principles: (i) focusing on systemic action, (ii) seeking sustainable change from the outset, (iii) pursuing large-scale impact, and (iv) adopting a facilitating role. Sida has at least periodically shown strong interest in the M4P approach and applied it in various countries and sectors.<sup>68</sup> In 2008-2012 Sida also made strong efforts to build capacity among its own staff and staff from partner organization by organising a series of highly appreciated M4P training events.

Besides the M4P approach there are also a number of other approaches which apply similar principles and also may be described as market-based approaches (value-chain approaches, local economic development etc.). A recent review of market-based approaches by the BEAM Exchange found that <sup>69</sup>

*".. there is an opportunity to reach out to a broader range of audiences. The potential audience for market systems approaches may be considerably greater than those who are used to the market system language, and that more business-oriented users (or potential users) might benefit from the use of language that is more familiar to them. This also points to the fact of the*

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<sup>67</sup> SDC/DFID (2008), A Synthesis of the Making Markets Work for the Poor Approach

<sup>68</sup> It may be noted that the background document to Sida's Policy for Support to Private Sector Development in 2003 was called "*Making markets work for the poor: challenges to Sida's support to private sector development*" (Sida, 2003). In 2008 Sida published a check-list containing some basic principles and references for market-based assessments of projects with private sector and/or market dimensions ("*Making Markets Work for the Poor: 10 Key Questions*").

<sup>69</sup> Humphrey J. (2014), *Market system approaches- A literature review*, BEAM Exchange

*relevance of market systems approaches well beyond the people and interventions that explicitly categorise themselves as users of such approaches.”*

***What can we learn from the international research?***

**(i) Market-based approaches:** As demonstrated by the DCED’s knowledge portal<sup>70</sup> there is a huge literature on the general experiences from working with approaches applied in the field of market and private sector development. Although a review in 2013 of M4P evaluation methods found substantial weaknesses in these methods, there is in our opinion clearly documented evidence of the inherent strength in the M4P approach.<sup>71</sup>

The DCED has recently published a brief but interesting note on the relation between on the one hand “matching grant schemes” (like the ones applied e.g. in challenge funds and PPDPs) and other “systemic approaches” like the Making Markets Work for the Poor (M4P). The note suggests that *“They can look similar on the ground, where both use ‘partnerships’ in the form of a matching grant to an individual company to stimulate investment and change. Yet practitioners of the two approaches generally have different world views”*.<sup>72</sup>

While challenge funds (and to some extent also PPDPs apply a “reactive” working model, market-based approaches like the M4P are characterised by a “pro-active” way of working with partnerships. Each model has its strengths and weaknesses, and the DCED note suggests that there is clear scope for enhancing their **complementarities** as well as incorporating the lessons of systemic approaches into the design of matching grant mechanisms.

Similar kinds of messages come clearly out of a report recently published by USAID on whether public-private partnerships in global value chains can benefit the poor.<sup>73</sup> Based on three case studies of such value-chain projects the report argues for adopting *“a problem-driven approach in identifying the need for partnerships”* where the problem should be assessed *“within the embedded contexts of industry relationships and the needs, interests, and capabilities of smallholder producers before deciding ‘who’ to partner with, and what such partnerships should contribute vis-à-vis other possible alternatives”*. Furthermore the report warns that *“increasingly concentrated global value chains are based on power asymmetries”* and that *“partnerships with individual firms reinforce the captive relationships in which smallholders are often situated”*. The report instead argues that partnerships should be formed at industry level.

**(ii) Public-private dialogue:** Donors have often found that support to the implementation of business environment reforms has been hampered by a lack of political will within partner country governments. A response to these kinds of political economy challenges has been to

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<sup>70</sup> <http://www.enterprise-development.org/page/psd-approaches>

<sup>71</sup> Ruffer T. and Wach E. (2013), *Review of M4P evaluation methods and approaches*, ITAD and UKAid

<sup>72</sup> DCED (2015)

<sup>73</sup> USAID (2015), *Public Private Partnerships in Global Value Chains: Can they actually benefit the poor?* Leo Report 2015:8

promote public-private dialogue through which the advocacy capacity of the local private sector is strengthened. A concrete demonstration of the broad interest in public-private dialogue is the website which has been set up jointly by IFC, OECD Development Centre, DFID and GIZ.<sup>74</sup> Several donor agencies including DFID and IFC have documented their positive experience from supporting public private dialogue. At the same time the OECD Development Centre points out that public-private dialogue is no panacea, especially not in the least developed countries and that there are risks, complexities and transaction costs involved in such dialogue.<sup>75</sup>

**(iii) Local Economic Development (LED) and cluster approaches:** These kinds of approaches are popular among some donors and also supported by UNDP and UNIDO. Again, there is an impressive volume of research on donor experience from applying them in various contexts.<sup>76</sup> They often include the provision of various kinds of support like BDS and credits or grants to local firms. Some apply more market-based approaches. Some LED projects include direct partnerships with firms but there is little documentation on this dimension (see further below).

**(iv) Traditional supply-oriented PSD approaches:** The traditional PSD approaches often involve the provision of various kinds of direct support to local SMEs. As these firms are usually regarded as beneficiaries rather than as partners, there has not been much discussion on partnerships in this context.

#### ***What can we learn from Sida's experience?***

**Market-based approaches:** One of the projects reviewed in the previous chapter is the FSD-Kenya which – as already mentioned – is based on a large number of partnerships with all kinds of public, private and civil society actors in the financial sector in Kenya. The FSD has applied a highly flexible model for selecting, forming and managing partnerships. The model is described by FSD's general manager as “opportunistic”.

While the FSD applies an “open door policy” and considers any unsolicited proposal, partnerships are usually initiated after a pro-active process whereby the FSD identifies the institution with the potential and interest in developing a financial product or a service that may transform the market. The FSD has tried using challenge funds or less structured invitations for proposals, but the experiences have been somewhat mixed. Cost-sharing is applied when it serves a purpose, but there are no formal requirements in that respect. In practise, however, partners are often investing much more in the development of new financial products than the contribution from FSD.

While the FSD-Kenya project illustrates the potential of market-based approaches, it is also important to take note of the challenges involved in initiating such projects. We explicitly refer to

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<sup>74</sup> [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org)

<sup>75</sup> Pinaud, N. (2007), Public-Private Dialogue in Developing Countries: opportunities and risks, Development Centre Studies

<sup>76</sup> <http://www.enterprise-development.org/page/ledclusters>



the setting up of the **facilitator function** which is central to the success of market-based approaches. Unfortunately, there is not much written internationally on processes and transaction costs relating to this function in market-based projects. Sida's recent experience from introducing the M4P approach in the agriculture sector in Liberia provides an interesting illustration of the complexities, formalities, delays and costs involved in outsourcing a project through an international tendering process. Although this experience may be unique, we find the issue of transaction costs involved in various approaches important and will revert to it in the next chapter.

**Public-private dialogue:** One of the projects in our attached mapping is clearly targeted at promoting public-private dialogue. We are referring to the PSD Hub in Ethiopia which has been supported since 2005. The aim has been to strengthen the capacity of the private sector in Ethiopia to perform an effective dialogue with the government. According to an external review carried out in 2011<sup>77</sup>, the PSD Hub had not reached its overall objectives relating to dialogue with the government. However, the review still recorded clearly positive impacts, e.g. that the PSD Hub had helped to strengthen the voice of the business community. Another example of a public-private dialogue project which has been supported by Sida is the Business Environment Strengthening (BEST) Advocacy project (BEST-AC) which successfully provides grants to strengthen the voices of a large number of private sector organisations in Tanzania.<sup>78</sup>

**Local Economic Development (LED):** The mapping includes one project which may be described as a LED project, i.e. the Growth-oriented Local Development (project which Sida is co-financing together with USAID since 2013. While it is too early to draw any conclusions from this project, we find that Sida during the last decade has gained some interesting experiences from two projects which in principle may be described as LED projects (although this tag was not applied by Sida in any of those cases). We refer to the Enter Growth project which was implemented by the ILO in Sri Lanka 2005-2009 and the Malonda project in the Niassa province in Mozambique which was implemented by a local foundation from the early 2000's until 2013. An independent case study by the Springfield Institute was carried out upon completion of the Enter-Growth project. Their report confirmed that a market development approach may be successfully applied to the context of local economic development.<sup>79</sup>

The Malonda project, on the other hand, illustrates the difficulties to transform an organisation, directly engaged in various commercial investments, into a market development facilitator. While the Malonda project during its first phases 2000's made some major achievements in the field of e.g. forestry plantation, an independent Mid-Term Review in 2013 concluded that Malonda

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<sup>77</sup> Kosana Consulting (2011), *Review of the PSD-HuB Programme*

<sup>78</sup> The BEST-AC project has initiated a highly interesting five year longitudinal impact assessment component (see [www.best-dialogue.org](http://www.best-dialogue.org))

<sup>79</sup> The Springfield Centre (2009), *The Enter-Growth Project, Sri Lanka: applying a market development lens to an ILO local enterprise development project*

during the 2010-2013 period had achieved a low rate of implementation against its expected results, translating into a very limited impact on its main goal, i.e. poverty reduction.<sup>80</sup> After this evaluation Sida decided to discontinue its support to the Malonda project.

***Traditional supply-oriented PSD approaches:*** Supply-oriented approaches have since long been fairly common in agriculture. This kind of approach is illustrated by one of the projects included in our review, i.e. the FARMA agricultural project in Bosnia Hercegovina. The partnership element is fairly limited in this project. The primary target groups for FARMA are the farmers associations. They primarily appear to function as channels for provision of various kinds of donor support to farmers. The experience from this project shows that a supply-oriented model could be quite successful in raising productivity and production levels among farmers. However, there are at the same time concerns that the sustainability of the achieved impacts may be threatened when the flow of donor-subsidised inputs ceases.

### ***Concluding comments on other approaches***

Our review clearly shows that there are also other approaches than the ones characterised as B4D where Sida to a large extent cooperates with private sector actors. We have identified four other approaches and take note of the high frequency of partnerships with private actors especially within the market-based approaches and in public-private dialogue initiatives. International and Sida experiences demonstrate the strengths of these approaches. There are also interesting potential complementarities between these approaches and the B4D modalities. However there are also examples of challenges relating to the facilitation function in market-based projects.

## **6. BRINGING IT ALL TOGETHER**

In this chapter we intend to sum up some of the conclusions from our review of evaluated PSC projects in chapter 4 and from our analysis of experiences of different models in chapter 5. We will also look at the potential for creating synergies between the different models and analyse some of their common dimensions.

### **6.1 Summing up our observations on Sida's PSC modalities/approaches**

The table below summarises some of key features, results and effects of the PSC modalities and approaches reviewed in the previous chapters. As we have already discussed, there are many variations within each modality. This means that projects classified within the same modality may have quite different strengths and weaknesses. While this makes it difficult to draw generalised conclusions, it is still possible to describe some common features and results under each modality.

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<sup>80</sup> Lamberth A. et.al. (2013), *Mid-Term Review of the Malonda Program July 2010 – June 2013*, Sida Decentralised Evaluation 2013:43

Table 12: Analysis of some features of PSC modalities and approaches

Dimension	B4D modalities			Other approaches
	Challenge funds	PPDPs	DoCs	
Reactive-proactive approach	Mainly reactive	Mixed	Mixed	Proactive
Partner selection model	Competition	Opportunistic	Opportunistic	Usually opportunistic
Global-regional-country level	All levels, but often global	Usually country level	Usually global-regional level	Usually country level
Partnership purpose	Core business /innovation	Public goods	Social impact of core business	Market functioning, SME development
Implementing agency ownership	Varied (often consultancy)	High (NGO or UN agency)	High (NGO)	Varied (often consultancy)
Evidence of results at - output level - outcome level - impact level	Strong Varied Varied - weak	Mainly strong Varied Varied - weak	Mainly strong Strong Varied	Strong Strong Strong
Efficiency (outputs related to inputs)	Varied	Lack of information	Lack of information	High
Cost effectiveness (impacts related to inputs)	One project: high	One project: high	Lack of information	High
Catalytic/systemic impact	Varied – strong	Varied	Varied- strong	Varied – potentially very strong
Sustainability	Varied – risk factor	Varied – low	Varied	Varied – strong

The first dimension in the table is the role of the donor and/or the implementing agency in the process for designing the project and selecting partner(s). The role of the donor can be described along a scale ranging from **a reactive to a proactive role**. Although challenge funds may be focused on specific sector and country contexts, this modality is usually characterised by a reactive approach, i.e. the private actors define the specific problems and solutions. On the other end of a reactive - proactive scale, we find the market-based approaches, where the donor or its implementing agency plays an active role in the design of the project. Opportunities for partnerships are then identified at a later stage. Reactive and proactive approaches have both strengths and weaknesses (see further on this issue below).

The challenge fund is the only modality that applies **competitive processes** as a main principle for selecting partners. There are examples of use of competitive processes in market-based projects, but these are not very common. A competitive process clearly increases transparency and decreases risks of inefficiencies creeping into the project implementation.

When it comes to the **geographical focus**, there are also clear differences between the modalities. Challenge funds and DoCs are most often applied at the global or regional levels, while PPDPs and other approaches usually have a country focus.

The most common **purpose of partnerships** with private actors is “harnessing core business for development impact”. While challenge funds are usually designed to promote innovation of

products/services or business models (“inclusive business” models), the DoCs are usually aimed at the social or environment dimensions of the core business (“sustainable business” models). Sida’s PPDPs differ from this picture by highlighting public goods in partnerships that include public sector agencies. These differences have important implications for various outcome variables.

The **ownership** dimension, which also has various important implications, varies between the PPDPs and DoCs which are often characterised by a high level of ownership, to challenge funds and other approaches where it may be hard to identify implementing agencies with distinct ownership. In the latter cases the donor often has to outsource project implementation to consulting firms which may result in a lack of clarity regarding ownership dimensions.

The **evidence of results** in Sida’s PSC portfolio is summarised above for each modality at the level of outputs, outcomes and impacts. Among the evaluated projects there is fairly strong evidence of results at all levels among projects categorised as DoCs or other approaches. While most CF and PPDP projects provide strong evidence of results at the output level, the evidence at outcome or impact levels is varied or weak.

While evaluations stated that project **efficiency** (i.e. outputs in relation to inputs) was high among projects applying other approaches, the challenge funds were characterised by a high degree of variation. In the case of PPDPs and DoCs information was lacking. There were several interesting examples of studies of **cost effectiveness** (i.e. impacts in relation to inputs) which all reported high levels of cost effectiveness.

All modalities have a potential for **catalytic** and/or **systemic impacts**. The actual effects depend to large extent upon the design of each specific project. Our review of projects shows that a challenge fund with a geographical and sector focus may have a strong systemic impact, while in a global challenge fund such impacts may be hard to achieve. Among the projects reviewed there are also interesting examples of DoC projects as well as a market-based project with strong systemic impacts. Although in principle PPDPs may have catalytic impacts through replication by other actors, these kinds of processes may be more challenging as PPDPs are focussed upon public goods and not directly driven by market forces.

Finally, the **sustainability** dimension has clear linkages to the way that outcomes and impacts are generated by a project. If the continued flow of benefits from a project depends upon public funding sustainability may – as we have seen – be challenging. If on the other hand a project has had an impact on the core business of a company, or on the functioning of a specific market, the chances for sustainability usually increase. However it must be remembered that sustainability in such cases depend upon the financial health of partner companies. In the case of challenge funds where many grantees are start-ups or very young companies financial sustainability could not be taken for granted.

To conclude, although there are common features among projects belonging to a certain modality, the performance of a specific project to a large extent depends upon the way that its design and implementation is applied to the given context.

## **6.2 Creating synergies between different instruments**

During our review of projects and literature we have encountered a number of arguments for an increased problem-focus and for creating stronger synergies between different modalities and approaches. Sida has taken several steps in this direction, primarily through the decentralisation of the use of B4D modalities to regional departments and embassies and the increasing integration of especially the PPDP modality into country programmes. Sida consequently appears to have avoided creating a situation like the one in the Dutch support to PSD which according to a Ministry evaluation is characterised by “*a large number of specialised instruments*” leading to a situation where “*the fragmented use of instruments encourages an approach that focuses on the solution rather than the problem itself*”.<sup>81</sup>

Zambia provides an interesting illustration of how Sida could combine different modalities which directly or indirectly may support a specific sector. After having experienced considerable problems during the late 2000's in the preparation of a new intervention within the Ministry of Agriculture, the Embassy decided to look for private sector options. Based on the long experience from working in the agriculture sector in the country, Sida has since 2010 developed a portfolio of projects summarised in the table below. Although it is too early to assess the extent to which synergies will be developed and results achieved with this model of working, there is no doubt that it responds very well to some of the concerns expressed in evaluations and research regarding untargeted PSC interventions.

Table 13: Ongoing and completed PSC interventions, Zambia

<b>Project</b>	<b>Modality/ approach</b>	<b>Implementing agency/partner</b>	<b>Agreed Amount Million SEK</b>
Zambia Business in Development Facility ZBIDF)	PPDP	The Partnering Initiative (an international NGO)	11
MUSIKA, Making Agricultural Markets work for Zambia	M4P	NGO, affiliated to Zambia National Farmers Union	125
iDE Scaling up Farm Business Advisers in Zambia	DoC	IDInsight (a consulting company)	22
Agri Guarantee Zanaco	Guarantee	USAID	26
Zambia school-milk pilot project	PPDP	World Food Programme/Tetra	8
Vocational training truck mechanics	PPDP	UNDP/Volvo	12

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<sup>81</sup> IOB (2014), *In search of focus and effectiveness: Policy review of Dutch support for private sector development 2005-2012*, Ministry of Foreign Affairs in the Netherlands, IOB Study 389

Rural Youth Enterprise for Food Security Programme	M4P	ILO/WFP	48
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While there are good reasons for focusing private sector collaboration on sectors and problems identified by Sida, it is also important that business partners have the necessary degree of freedom to be able to identify and develop innovative partnership proposals. This leads us to the conclusion that Sida needs to work with a mix of reactive and pro-active approaches, where the reactive approaches give companies higher degrees of freedom, while the pro-active ones usually allow a stronger problem focus.

### **6.3 Crossing sectoral boundaries**

When Sida in 2003 adopted its first ever policy for support to private sector development, one of the corner stones was the emphasis on an integrated and holistic approach highlighting the linkages between market development and other dimensions of development including democracy and human rights, gender equality, social development etc. Efforts were made during at least a five year period to develop such linkages (and avoid working in “professional silos” as strongly argued by OECD/DAC in 2006<sup>82</sup>). However, experiences from many other development agencies show that cross-sectoral collaboration remains a constant challenge.

Given the focus on “sustainable business” within the private sector collaboration, it is not surprising that the B4D modalities and especially the Drivers of Change programme in such a strong way links business development with other dimensions of development. This comes out clearly from our portfolio mapping in chapter three. Although our review of 12 projects in chapter four painted a somewhat diversified picture, this group of projects offered a number of interesting illustrations of projects linking business to thematic priorities like democracy and human rights, gender equality and environment.

We have already referred to the recently initiated industrial relations project in Ethiopia which provides an interesting illustration of how a PPDP could help to promote objectives related to democracy and human rights. Another interesting example is the way that a challenge fund is used to promote peace-building in Colombia.

### **6.4 Cost-sharing and capital mobilisation**

The sharing of project costs between involved partners is seen as a basic element in private sector collaboration. One obvious reason is that it reinforces the role of private actor(s) as partners in development rather than beneficiaries or service providers. The willingness from private partners to share the cost of a joint project is a clear indication of a serious interest in the results of the project and gives companies stronger incentives for taking active part in the implementation and

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<sup>82</sup> OECD/DAC (2006), *Promoting pro-poor growth; key policy messages*

monitoring of a project. Another important dimension of cost sharing is that it contributes to the mobilisation of funds for development purpose.

As mentioned earlier Sida is expected to report annually on how much capital that has been mobilised through PSC projects. This reporting raises methodological issues of a similar nature as discussed in connection with impact measurement in PSC projects. DEVFIN (2014) stated that “there is a tendency in some projects to exaggerate the leverage effect and neglect the question of counter-factual”. The recent report by the UK independent aid commission (ICAI) questioned the high estimates of job creation and leveraged capital by the Business Call to Action (BCtA) initiative. The ICAI claimed with reference to company initiatives attributed to BCtA that most “would probably have gone ahead in any event”.<sup>83</sup>

There might be a risk that an excessive focus on cost sharing in PSC projects may to some extent deviate interest from the most important issue, i.e. the development outcomes and impacts of project activities. It should be kept in mind that the catalytic impacts triggered by a partnership arrangement, whereby e.g. other actors are replicating new business models, may contribute to much higher leverage of capital than can be achieved through the sharing of project costs.

### **6.5 “I did it my way”: organisational challenges**

As highlighted by DEVFIN Advisers in their report on innovative finance<sup>84</sup>, there are many reasons why Sida often choose to “piggy-back” on innovative financing mechanisms invented by other donors rather than doing the pioneering work itself. Among the 12 projects reviewed in our study, five were prepared and managed by other agencies. The percentage of such projects within the overall PSC portfolio may be even higher. Although such “piggy-backing” is understandable for a small donor with clear capacity constraints, there are also good reasons for Sida to seek a balance between relying on work by other donors and doing its own pioneering work. Too much outsourcing may undermine learning and accumulation of experience over time.

It appears that the organisational models usually applied by Sida for managing PPDPs and DoCs have worked quite well: an organisation like an international NGO or UN agency whose mission is close to the project objectives has been prepared to take ownership and manage the project. Although – as we already pointed out - the setting up and monitoring of such projects put demands on Sida’s skills and capacity, the model appears to be quite appropriate and reasonably efficient.

In other areas, like challenge funds and market-based projects, it may be more difficult to find suitable organisational models. As it is often not easy to find a logical project “owner” of a temporary management or facilitation function, donors often chose to outsource project management to professional consulting firms and/or to create new organisational entities like

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<sup>83</sup> Independent Commission for Aid Impact, ICAI (2015), *Business in Development*)

<sup>84</sup> DEVFIN Advisers (2014), *Innovative Finance: Gap Analysis*. Report to Sida

local foundations or non-profit companies. Both may involve various kinds of challenges. The problems are sometimes magnified by complexities in Sida's administrative regulations.<sup>85</sup>

## 7. KNOWLEDGE GAPS

Only five years have passed since Sida launched its B4D's programme. Internationally it is not more than 10 years since a group of major donors started to scale up partnership programmes. Given this relatively short history and the long time that it takes until the full impact of PSC activities emerge, it is not strange that there is still a lack of evidence on results as well as on the efficiency of the approaches that are applied. At the same time there is no doubt that the donor community is making concerted efforts to improve the common knowledge in this field.

The Donor Committee for Enterprise Development (DCED) plays a key role, e.g. through its ambitious initiative to develop The DCED Standard for Results Measurement. This standard is designed to apply to a large spectrum of projects including the ones that involve private sector collaboration. Major events are organised each year on results measurement during which recent experience is disseminated. There are strong reasons for Sida to follow DCED's work closely. This applies **both** to key professionals engaged in market development in general **and** to professionals in charge of learning and advising on private sector collaboration.

During our work with this desk study we have identified various knowledge gaps of which the following in our view should be given priority by Sida.

*(i) Learn more about how to combine pro-active and reactive approaches:* There is strong evidence that pro-active and reactive approaches may complement each other and create interesting synergies. However there is not much documented knowledge on how this is best achieved. One strategy may be to actively monitor and disseminate results in e.g. the above-mentioned Zambia PSC programme in agriculture. It is also suggested that, whenever relevant, this issue should be highlighted in forth-coming evaluations of PSC projects.

*(ii) Review the design and definitions of modalities within PSC:* Our review of the PSC portfolio has shown that the borderlines between the various modalities and approaches are not always very clear. Hybrids have emerged between the different modalities. Although the existing B4D modalities to large extent have served a useful purpose, time may be ripe for a review of the structure of these modalities and their definitions. There are obviously arguments both for and against a change in the present modality structure, which has become well established within Sida. An argument in favour of such a review is that it would give opportunities to take a broad view of PSC modalities including a review of the somewhat "artificial" borderline between the B4D modalities and "other approaches".

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<sup>85</sup> In the case of the IAP challenge fund, it became necessary to have two Sida staff members working full time with the administration of this project, in spite of the fact that its management was outsourced to a consulting company.



**(iii) Introduce a policy marker for PSC:** There seems to be a long-term demand from the Swedish Government as well as from the aid community in Sweden for structured information on the development of Sida's PSC portfolio. Currently such information demands have to be met by ad-hoc "hand-picking" of projects to be included in the portfolio mapping. There is a great risk that this leads to a lack of continuity and consistency between different mappings. It is therefore recommended that Sida should introduce a policy marker for PSC in the PLUS economy system. Through such a policy marker it will be possible on any occasion to retrieve Sida's current portfolio of projects where PSC is applied. Possibly the policy marker could include options to differentiate between different PSC modalities.

**(iv) Review the guidance for measurement of capital mobilisation:** In order to achieve as objective and reliable reporting as possible of capital mobilisation, it is important that the underlying estimates follow standardised and transparent rules applying to all modalities. We assume that the forth-coming guidelines from OECD/DAC will be limited to the measurement of leverage of financial instruments, which means that Sida will have to elaborate its own measurement standard for other modalities. We suggest that Sida makes an in-depth analysis of how leverage should be defined and measured in connection with the B4D modalities.

**(iv) Support research on long-term impacts on poor people:** All evaluations reviewed as a part of this study were made either during implementation or just after project completion. It is a well-known fact that it may take considerable time until all direct and indirect impacts of a project are visible. E.g. it is not unusual that 5-10 years passes until an innovation triggered by a grant from challenge funds matures and reaches its full impact. The few times in the past that Sida has carried out impact studies several years after the completion of projects, have demonstrated the usefulness of the knowledge that has been generated by these studies.<sup>86</sup>

As discussed in several papers by the DCED there are clear limits ("the last hard number") regarding what kind of outcomes and impacts that could be monitored and measured within the frame of a partnership project. Secondary data from impact research are needed to be able to assess impacts further along the results chain. This is illustrated by the WWF-MTI project where the evaluation report pointed out that little is known on how certification schemes affect poor women and men. It was recommended that "future programmes include a research component that enables independent and credible research to be conducted to monitor the long-term outcomes and impact of the sustainability certification along the concerned commodity lines."

Sida may support impact research either as components in partnership projects or as free-standing research efforts. One example of a research study which we believe could generate highly

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<sup>86</sup> An example of this kind of study is a field study carried out in 2012 "*Facing reality of coffee producing farmers in northern Nicaragua – field study on the effects of the development program FondeAgro*" (Blom I., 2014). The study revealed that the FondeAgro project which Sida supported between 2001 and 2011 did not provide a sustained improvement of the livelihoods of small farmers (while there were clear benefits for the medium-sized farmers).

interesting knowledge would be a tracer study of the farmers who participated in the successful Export Promotion of Organic Products from Africa (EPOPA) project which Sida supported between the mid 1990's and 2008. Such a study should be able to find out what happened to the farmers who according to an evaluation by Kim Forss et.al. (2004) improved their livelihoods substantially thanks to the market transformation generated by the EPOPA project.

***vi) Highlight the cost effectiveness dimension:*** Analysis of cost effectiveness (e.g. “value for money”) has in the past been rare in Sida’s project preparation. It has also been more or less absent in many evaluations. The evaluations reviewed in this study provide some interesting examples of such analysis. These examples could inspire Sida’s future work and – hopefully – an increased level of ambition in this field.

***(vii) Learn more about the efficiency of implementation arrangements:***

Against the background of the already described problems with implementation arrangements, we are actually surprised that not more had been written e.g. on the setting up of the management function in market-based projects (i.e. the facilitator role). We believe that Sida may benefit from a review of the experience with various options and analyse their strengths and weaknesses. The issue of transaction costs in different arrangements could also be an interesting part of this kind of review.

## **ANNEX 1: TERMS OF REFERENCE**

Uppdragsbeskrivning: En skrivbordsstudie om erfarenheter av näringslivssamverkan

Datum: 2015-06-22

Ärendenummer: 15/000878

### **1. Bakgrund**

Samverkan med näringslivet har förekommit under lång tid i olika former i det svenska biståndet. I linje med internationella åtaganden om ett breddat partnerskap utgör näringslivet dock en allt viktigare aktör och därmed partner till Sida. 2010 startades programmet Business for Development (B4D) på enheten för aktörssamverkan (AKTSAM). Det initiala arbetet inriktade sig på att utforma, anpassa och testa metoder för samverkan med näringslivet (PPDP, Challenge Funds, Drivers of Change, Innovativ finansiering), bedriva utbildning av Sida- och UM-personal, initiera och genomföra insatser, skapa och utveckla dialog med näringslivet och andra relevanta aktörer, samt att bedriva påverkan på internationell nivå. Stöd till socialt entreprenörskap och innovation kom också tidigt med i bilden.

Den politiska ledningens ambition att utöka samverkan och dialog med näringslivet visade sig i både regleringsbrev och i Sidas instruktion. I regleringsbrevet 2011/12 fastslogs för första gången i Sidas historia att näringslivet är en jämbördig aktör med t ex det civila samhället, och att samverkan ska sökas inom all sektorer.

Arbetet togs vidare av den nya enheten KAPSAM i samband med strategin för Kapacitetsutveckling och Samverkan 2011-2013, som inkluderade ett avsnitt om stöd genom och samverkan med näringslivets aktörer (B4D). För att genomföra strategin utvecklades metoder för samverkan med näringslivet och en mindre insatsportfölj. Parallellt genomfördes kompetensutveckling på verket och ett omfattande dialogarbete med näringslivet och relevanta internationella aktörer.

Kompetensen inom näringslivssamverkan utökades 2011 då avdelningen för programsamarbete (PROGSAM) skapade en egen B4D-grupp. Något år senare genomförde avdelningen för partnerskap och innovation ( PARTNER) en stor satsning på framtida kompetensförsörjning med rekrytering av 13 bilaterala biträdande experter (BBE:are) inom B4D. De flesta placerades på ambassader och bidrog till förankring av arbetsmetoderna i fält.

2013 omorganiserades KAPSAM och B4D-verksamheten togs omhand av nya enheten för näringslivssamverkan och ICT (ENICT). Med lärdomarna från de tidiga insatserna byggdes en bred portfölj av insatser. Då budgetutrymmet var i stort lades fokus till stor del på insatshantering. Under 2013 lanserades också nätverket svenskt ledarskap för hållbar utveckling (Swedish Leadership for Sustainable Development).

I början av 2015 spreds arbetet med näringslivssamverkan ytterligare på verket då ENICT lämnade över stora delar av sin insatsportfölj till andra enheter eller utlandsmyndigheter. ENICT ombildades till enheten för näringslivssamverkan och partnerskap (NÄRSKAP) och ändrade fokus från insatshantering till rådgivning, kompetens- och metodutveckling.

I dagsläget finns ett nittiototal pågående eller avslutade insatser med näringslivsaktörer som partner, majoriteten är globala eller från Afrika (40% vardera). 1,5 miljard kr har hittills betalats

Det är nu dags att samla erfarenheter av samarbetet med näringslivsaktörer och dra slutsatser för fortsatt metodutveckling och lärande. Uppdraget att genomföra en skrivbordstudie är första steget i en större satsning på Sida att lära och samla erfarenheter. Under hösten 2015 kommer studien följas av en intern process för erfarenhetssamling och utbyte på Sida och med all sannolikhet av en eller ett par utvärderingar om näringslivssamverkan.

I den här studien definieras näringslivssamverkan som ett aktörsval – dvs de samarbeten då näringslivet är en aktör eller partner.

## **2. Uppdragets syfte, förväntade resultat och användning**

Uppdraget syftar till att öka kunskapen om samverkan med näringslivet i det internationella utvecklingssamarbetet - d v s att dra slutsatser om vilka effekter som genererats och vad som fungerat väl – samt att identifiera kunskapsluckor och peka på behov av vidare studier.

Uppdraget har tre förväntade resultat:

- 1) Analys och slutsatser om hur Sida arbetat med näringslivssamverkan och vilka resultat detta genererat.
- 2) Analys och slutsatser om näringslivssamverkan internationellt: olika tillvägagångssätt, effekter och vad som fungerat.
- 3) Slutsatser om kunskapsläget vad gäller näringslivssamverkan: vad finns evidens kring och vad behöver studeras vidare?

Studien ska användas på flera olika sätt. Sida har nyligen erhållit ett regleringsbrevsuppdrag gällande näringslivssamverkan och studien skall bidra med kunskap till det uppdraget. Uppdraget är formulerat enligt följande:

Mot bakgrund av den allt viktigare roll biståndet kan ha för att katalysera andra resurser för utveckling, ges Sida i uppdrag att redovisa myndighetens samlade arbete vad gäller samverkan med näringslivet sedan 2009. Återrapporteringen ska innehålla en portföljredovisning och ska, utöver resultat, relevans, effektivitet och en redogörelse för centrala utmaningar, belysa nyckelaspekter för området såsom; obundenhet, additionalitet, hållbarhetskrav, katalytisk effekt och kostnadseffektivitet.

Studiens resultat är också ett viktigt bidrag till den interna process för lärande och erfarenhetsutbyte som kommer att påbörjas på Sida kring näringslivssamverkan under hösten 2015. Slutligen ska studien också användas för att identifiera kunskapsluckor och därmed frågeställningar att ta vidare genom framtida utvärdering och analys.

Studiens primära användare är de på Sida som har att på olika sätt redovisa, dra slutsatser om och fortsätta lära av Sidas samverkan med näringslivet. Användare återfinns följaktligen bland chefer och handläggare på Sidas operativa avdelningar och på utlandsmyndigheter, samt bland medarbetare på stöдавdelningar och enheter med uppgift att samla lärdomar och metodutveckla.

### **3. Avgränsningar och omfattning**

Studien ska utgå ifrån näringslivet som samarbetsaktör och partner till Sida. Den omfattar således alla Sidas resultatområden/tematiska områden (såsom privatsektorutveckling, miljö/klimat, jordbruk, sysselsättning, demo/MR, Women Economic Empowerment) men bara de delar som sker med näringslivet som part. Samtliga ansatser och verktyg som Sida använder i sin samverkan med näringslivet ska omfattas, d.v.s. t ex M4P-ansatser liksom verktyg som challenge funds, public private development partnerships, drivers of change, strategiska partnerskap men också andra verktyg för samverkan ("övrigt") som inte passar i någon av dessa. I vissa fall används verktygen separat och i vissa fall integrerade i bredare program.

Eftersom flera studier redan sammanställt lärdomar om garantiinstrumentet behöver slutsatser inte dras kring detta. Däremot ska portföljbeskrivningen (se nedan) även omfatta insatser som omfattat/omfattar garantier.

Studiens beskrivningar och slutsatser ska baseras på redan sammanställd data, statistik som Sida för samt ett begränsat antal intervjuer med relevanta medarbetare på Sida Stockholm. Det senare kan med fördel göras i workshop-format (se mer nedan). Beskrivningen av Sidas samverkan med näringslivet (dvs portföljbeskrivning och dokumenterade resultat) ska omfatta de senaste sex åren, d.v.s. samverkan sedan 2009. Vad gäller studier, utvärderingar och annat sammanställt material för den bredare analysen av vad som fungerat internationellt bör relevanta källor från det senaste decenniet beaktas.

### **4. Organisation och styrning**

Uppdraget att genomföra en skrivbordstudie är en del i en större lärprocess kring näringslivssamverkan som drivs av Sidas enhet för metodsamordning (VU/METODSAM). Lärprocessen kommer att genomföras med fokus på inkluderande deltagande och erfarenhetsutbyte mellan funktioner och medarbetare med olika erfarenheter av samverkan med näringslivet på Sida. En referensgrupp med deltagare från PARTNER, AFRIKA, HUMASIEN och TEMA bistår i planering och genomförande av lärprocessen.

Eftersom skrivbordsstudien ska genomföras under en begränsad tidsperiod och under sommarmånaderna måste dock ambitionen vad gäller deltagande under uppdragets begränsas betydligt. Ett begränsat antal intervjuer med Stockholmsbaserad Sida-personal bör komplettera existerande studier och analyser. En heldags-workshop för att samla sådana erfarenheter och validera slutsatser under uppdragets gång bör övervägas. Sidas deltagande kommer därutöver omfatta skriftliga kommentarer på rapportutkast och diskussioner om uppdragets slutsatser vid ett slutseminarium.

Studien upphandlas av VU/METODSAM. METODSAM i samarbete med PARTNER/NÄRSKAP ansvarar för uppdragsbeskrivningen, dialog med konsulten under uppdragets genomförande, inhämtande av synpunkter på uppdragets rapportutkast och slutligt godkännande av uppdraget. NÄRSKAP ansvarar för att göra Sidas statistik tillgänglig för konsulten. Uppdraget ska avrapporteras i en skriftlig rapport.

## **5. Studiens frågeställningar**

Vilka frågeställningar skrivbordsstudiens kan besvara beror av den dokumentation som existerar. Nedan listas de frågeställningar som ska vägleda analysen av befintlig dokumentation. Rapporten behöver däremot inte följa den här strukturen utan kan förslagsvis struktureras utifrån de olika instrument för näringslivssamverkan som Sida nyttjar.

### **Beskrivning av Sidas samverkan med näringslivet**

a) Portföljen beskrivs över tid utifrån; antalet insatser, Sidas investering och motsvarande investering från den privata sektorn (uppskattat mobiliserat kapital) volym, länder, resultatstrategier, sektorer/resultatområde, förväntade resultat, globalt-regionalt-bilateralt, avtalspart, instrument och näringslivsaktörens ”hemvist/land”. Detta ska redovisas i en komplett portföljsammanställning som också inkluderar insatser med garantier.

### **Resultat och effekter av samverkan med näringslivet inom utvecklingssamarbetet**

b) Utvecklingseffekter: vilka kort-, medel- och långsiktiga effekter har genererats?; Vem/vilka har varit de främsta målgrupperna?; Hur relevanta har effekterna varit givet den specifika kontexten?; Hur hållbara och storskaliga är resultaten?; Har systemförändring skett av specifika branscher/marknader/tjänster? Vilka oavsiktliga effekter (positiva och negativa) har genererats?; Uppdraget ska särskilt beakta resultat i relation till: människor i fattigdom.

c) Processresultat: t ex hur biståndseffektivt (inte minst i relation till ägarskap och partnerskap) är näringslivssamverkan? I vilken utsträckning har en marknadssystemansats anammats?; Vidare, hur har rättighetsperspektivet och fattigas perspektiv integrerats i samverkan med näringslivet? Andra tematiska prioriteringar?

d) ”What works”: vad är viktiga förutsättningar för framgångsrikt näringslivssamverkan? Under vilka förutsättningar resulterar näringslivssamverkan i effekter för människor i fattigdom

såsom jobb eller ökad inkomst? Under vilka förutsättningar bidrar samarbetet till systemförändring? Andra slutsatser och lärdomar, t ex: hur har utvecklandet/nyttjandet av instrument o/möjliggjort olika typer av samverkan?; hur katalytiska har olika metoder och ansatser varit i termer av att generera privat kapitaltillskott?

Här ska lärdomar (från slutsatser i analyser, studier, utvärderingar) dras av andra givares erfarenheter och alltså inte begränsas till Sidas näringslivssamverkan.

### **Kunskapsluckor**

- e) Vilka kunskaper saknas för att kunna beskriva och dra slutsatser om genomförande, relevans och effektivitet och långsiktiga effekter av olika former för näringslivssamverkan?
- f) Vilka analyser, utvärderingar eller annan kunskapsinhämtning skulle behövas?

### **6. Metod och ansats**

Uppdraget är en skrivbordsstudie vilket innebär att slutsatser om ovan beskriva frågeställningar främst ska dras utifrån redan befintliga analyser av olika slag; utvärderingar, analyser, studier, relevant forskning osv. Uppdraget ska inte begränsas till analyser av det svenska biståndet utan använda relevant dokumentation om andra givares näringslivssamverkan. Att söka efter relevant analys är en viktig del av uppdraget och det är konsultens ansvar att se till att studien baseras på relevanta analyser. Intervjudata i begränsad omfattning ska komplettera existerande dokumentation.

Sammanställningen av Sidas portfölj för näringslivssamverkan över tid ska även använda den statistik som myndigheten för.

Konsulten ansvarar för att uppdraget håller tillräcklig metodologisk kvalitet. Slutsatser ska vara grundade på en transparent analys och ett källkritiskt förhållningssätt ska tillämpas. Referenser ska tydliggöras med hjälp en konsekvent genomförd notapparat.

### **7. Tidsplan, rapportering och kommunikation**

Uppdraget ska slutrapporteras senast 15/9 2015. Ett utkast till rapport ska vara Sida tillhanda för kommentarer senast 24/8. (Sidas sammanställda kommentarer är konsulten tillhanda senast 1/9.)

Konsulten ska slutligen presentera och facilitera en diskussion om rapportens slutsatser på ett halvdagsseminarium på Sida.

Rapporten ska skrivas på engelska.

Samtlig dokumentation som letats fram och/eller använts under uppdraget ska tydligt listas i en komplett referenslista. Portföljsammanställningen ska redovisas i excel-format som en bilaga till rapporten.

## **8. Resurser**

Uppdraget beräknas omfatta 30 arbetsdagar. Omkostnader för att inskaffa dokumentation eller dylikt ersätts upp till SEK 5000.

## **9. Konsultkvalifikationer**

Nödvändiga kvalifikationer och erfarenheter:

- Flerårig erfarenhet av näringslivssamarbete inom utvecklingssamarbetet.
- Erfarenhet av bilateralt utvecklingssamarbete, dess verksamhet och arbetssätt.
- Svenska och engelska.
- Erfarenhet av skrivbordstudier; d v s att inhämta dokumentation, att analysera befintligt material, att sammanställa och presentera resultat.
- Erfarenhet av statistisk analys.
- Erfarenhet av att facilitera seminarier och workshops.

## **10. Urval av föreslagna referenser**

- 1) EBA-studien (publiceras i juni).
- 2) Diakonia-utvärderingen.
- 3) IAP-utvärderingen.
- 4) GAP-analysen, Sida/LÅN.
- 5) Sidas underlag till EBA-studien (Sida/NÄRSKAP).
- 6) LIS-lista med samtliga garantier (LÅN).
- 7) Dokumentation om B4D-programmet: programdokument, statusrapporter, PROGSAM-uppföljningar etc).
- 8) Annan Sida-dokumentation: strategiunderlag, operationaliseringsdokument, strategirapporter.
- 9) Lista kontaktpersoner fr PSC för givare.
- 10) CF-studien från Bath University.
- 11) Business in Development, ICAI.



- 12) Partners in Development – How Donors Can Better Engage the Private Sector for Development in LCDs.
- 13) How Donors Engage with Business, ODI.
- 14) De-Coding Public-Private Partnership for Development, ecdpm.
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### **ANNEX 3: PERSONS INTERVIEWED**

Maria Tegborg, Sida METHOD

Anna Rahm, Sida METHOD (Swedish Embassy Lusaka)

Ola Petterson, Sida NÄRSKAP

Henrik Riby, Sida NÄRSKAP

Cecilia Brumer, Sida NÄRSKAP

Jenny Åkerbäck, Sida NÄRSKAP

Oscar Idman, Sida NÄRSKAP

Love Theodossiadis, Sida Africa Department

Maria Stridsman, Sida Africa Department

Johan Åkerblom, previously Sida

Claes Lindahl, DEVFIN Advisers

Olivia O'Sullivan, DFID Innovation Hub

David Ferrand, FSD Kenya

Jim Tanburn, DCED (e-mail contact)

## ANNEX 4: EXTRACT FROM PSC PORTFOLIO MAPPING

Project name	Partner country	Sector	Agreed Amount	Start	End
<b>Challenge Funds projects</b>					
Bosnia Herzegovina Challenge Enterprise Fund (BiH CEF)	Bosnien och Hercegovina	Market development	5 000 000	201306	201510
B4D Innovations for Peace - Emprender Paz	Colombia	Conflict, peace & security	10 650 000	201210	201612
AECF-African Enterprise Challenge Fund. Africa Agribusiness W	Globala insatser	Agriculture & forestry	70 000 000	201209	201812
Global Innovation Fund	Globala insatser	Market development	107 500 000	201412	201912
MAVC Grand Challenge for Development	Globala insatser	Democracy, HR & gender eq.	105 000 000	201211	201612
Powering Agriculture Energy Grand Challenge	Globala insatser	Agriculture & forestry	165 000 000	201212	201609
Securing Water for Food - A Grand Challenge for Development	Globala insatser	Sustainable infrastr. & serv.	100 000 000	201312	201806
Innovations Against Poverty PWC	Globala insatser	Market development	83 500 000	201101	201412
B4D AECF Conflict countries	Regionalt Afrika	Market development	130 000 000	201112	201809
B4D AECF Financial unit	Regionalt Afrika	Market development	16 000 000	201212	201709
Swedish Somali Business Programme, planning phase	Somalia	Market development	1 640 000	201410	201506
AECF REACT challenge fund 2013 - 2019	Tanzania	Market development	12 500 000	201212	201906
AECF TZAW challenge fund 2013-2019	Tanzania	Market development	67 500 000	201212	202006
Forestry for Development F4D	Globala insatser	Agriculture & forestry	400 000	201107	201211
<b>Drivers of Change projects+G48</b>					
B4D 3K Chamber Trade Sweden	Globala insatser	Market development	27 000 000	201211	201612
B4D Business Call to Action	Globala insatser	Market development	7 250 000	201111	201412
B4D CSR Save the Children	Globala insatser	Democracy, HR & gender eq.	35 735 967	201207	201609
B4D Facilitator Health Swecare	Globala insatser	Market development	11 340 000	201110	201510
B4D Global Reporting Initiative pgm support 2013-17	Globala insatser	Market development	31 850 000	201307	201712
B4D Globe Award	Globala insatser	Sustainable infrastr. & serv.	800 000	201110	201412
B4D NIR 2013	Globala insatser	Market development	6 000 000	200912	201501
BankWiser - Fair Finance Guide	Globala insatser	Market development	20 000 000	201309	201703
Business Social Responsibility/ HER-project	Globala insatser	Health	7 100 000	201001	201112
DIHR- HR & Business Country Portal 2013-2016	Globala insatser	Democracy, HR & gender eq.	8 300 000	201306	201701
SE Forum Outreach program 2011-2014	Globala insatser	Market development	3 781 855	201109	201503
SE-forum outreach program phase 2 2014-2017	Globala insatser	Market development	11 525 000	201408	201803
Support to Business Call to Action 2014 - 2016 Global Platform	Globala insatser	Market development	8 000 000	201411	201710
Swedwatch programme support 2015-2018	Globala insatser	Market development	32 000 000	201501	201909
Swedwatch support 2012-2014	Globala insatser	Market development	16 787 000	201112	201506
WWF Market Transformation Initiative (2014-2018) Phase 2	Globala insatser	Market development	67 839 035	201410	201903
B4D Facilitator Meeting Points Mining	Globala insatser	Market development	15 000 000	201102	201412
B4D FundWatch/BankWiser Swedish Nat Consumer Org	Globala insatser	Market development	284 000	201210	201306
Business Social Responsibility/ HER-project 2012-2013	Globala insatser	Health	8 145 000	201201	201412
WWF Market Transformation Initiative 2010-2013	Globala insatser	Market development	46 247 001	201103	201503
Netfund Environmental Innovations Awards Programme	Kenya	Environment	5 000 000	201312	201506
We Effect - Agriculture & Natural Resource Program (ARENA)	Mocambique	Democracy, HR & gender eq.	29 200 000	201309	201612
We Effect- Cluster on Natural Resources Management Actions to	Mocambique	Democracy, HR & gender eq.	46 879 000	201104	201506
NAM Demonstration pilot environment	Namibia	Environment	3 500 000	201203	201410
African Bioenergy and Biofuels Business Assessment/	Regionalt Afrika	Agriculture & forestry	3 600 000	201212	201606
ASEAN CSR Network 2013-2017	Regionalt Sydostasien	Market development	15 250 000	201312	201712
Facilitating Inclusive Business 2013-17	Regionalt Sydostasien	Market development	20 000 000	201312	201812
Oxfam Gender Transformative & Responsible Agribusiness I	Regionalt Sydostasien	Market development	45 000 000	201412	201903
NIR Workplace Policy II	Regionalt Söder om Sahara	Health	40 623 369	200901	201409
New Economic Coop 2010-2013	Sydafrika	Market development	15 300 000	201109	201407
IDE Scaling up Farm Business Advisers in Zambia	Zambia	Market development	22 000 000	201404	201704
CARE Zimbabwe	Zimbabwe	Democracy, HR & gender eq.	34 395 700	201311	201707
Support to PROSPECTS II, Mercy Corps	Liberia	Education	43 000 000	201407	201702
Support to PROSPECT, Mercy Corps	Liberia	Education	14 000 000	201303	201412
Business in Development Facility Hub 2014-2015	Colombia	Conflict, peace & security	1 000 000	201311	201606
Business Integrity Pact Against Corruption	Mocambique	Democracy, HR & gender eq.	3 062 000	201407	201609
B4D ISC Sustainability managers	Bangladesh	Education	14 000 000	201212	201703
Women in Business (EBRD)	Regionalt Västra Balkan	Market development	33 000 000	201405	201806

Project name	Partner country	Sector	Agreed Amount	Start	End
<b>Public Private Development Partnership (PPDP) project</b>					
H&M/ILO Industrial relations	Cambodia	Human rights	3 150 000	201401	201708
Zambia Business In Development Facility	Zambia	Market development	10 900 000	201407	201709
Centre of Excellence for the RMG industry in Bangladesh (H&M)	Bangladesh	Education	5 000 000	201311	201709
Dairy hubs & skills dev in Bangladesh (PRAN-Tetra)	Bangladesh	Agriculture & forestry	21 450 000	201311	201806
HUB387 Academy PPDP	Bosnien och Hercegovina	Market development	19 200 000	201406	201806
B4D Pacto Motor Youth Employment	Colombia	Conflict, peace & security	4 800 000	201411	201706
UNIDO PPP Volvo Selam, 2012-17	Etiopien	Education	16 000 000	201207	201706
B4D-Feasibility PPP in Ethiopia with Omega Farm	Etiopien	Agriculture & forestry	300 000	201212	201304
B4D Coffee and Climate Initiative	Globala insatser	Agriculture & forestry	4 000 000	201210	201412
Learning and Knowledge Management Facility UNIDO	Globala insatser	Education	10 700 000	201206	201612
World Resources Institute 2012-2016	Globala insatser	Environment	50 000 000	201210	201803
B4D-SIWI Chemical Management India 2013-14	Indien	Market development	4 870 000	201301	201605
SIWI-Chemical Management India, 2013-14	Indien	Market development	3 250 000	201301	201605
B4D PPP Scania Iraq	Irak	Education	21 000 000	201105	201605
PPDP Civil Registration Nampula 14-16	Mocambique	Democracy, HR & gender eq.	28 500 000	201404	201612
Sustainable tuna fishery in SoutheastAsia 2013-15	Regionalt Sydostasien	Agriculture & forestry	1 715 000	201306	201712
NIR Swedish Workplace HIV and AIDS Programme SWHAP2014-2	Regionalt Söder om Sahara	Health	45 000 000	201312	201806
Building coffee farmers alliances in Tanzania CFAT	Tanzania	Agriculture & forestry	6 700 000	201310	201606
TRAIL MercyCorps	Uganda	Agriculture & forestry	26 200 000	201412	201808
A Working Future in Uganda - Plan & Accenture	Uganda	Democracy, HR & gender eq.	11 000 000	201210	201612
Conservation Cotton TechnoServe	Uganda	Agriculture & forestry	4 800 000	201404	201611
Zambia schoolmilk pilot PPP, B4D, WFP	Zambia	Agriculture & forestry	8 190 000	201012	201503
WRG Water Resource Group	Globala insatser	Sustainable infrastr. & serv.	14 000 000	201301	201712
Vocational Training Volvo PPDP	Zambia	Market development	12 000 000	201412	201907
<b>Other approaches</b>					
AACCSA/ECCSA, PSD Hub, Phase II	Etiopien	Market development	34 984 000	200801	201512
Financial Sector Deepening Tza phase 2	Tanzania	Market development	60 000 000	200912	201410
Council Swedish Industry	Zimbabwe	Market development	10 401 327	200906	201507
TZA-Res COSTECH 2009-2015	Tanzania	Research	24 000 000	200907	201603
aBi Agribusiness Initiative	Uganda	Market development	45 000 000	201012	201406
SADC HIV Business Plan 2010-15	Regionalt Söder om Sahara	Health	39 500 000	201107	201706
Musika agriculture 2014-2018	Zambia	Agriculture & forestry	124 999 993	201400	201800
Musika agriculture 2011-2013	Zambia	Agriculture & forestry	48 500 000	201111	201410
Growth Oriented Local Development	Bosnien och Hercegovina	Market development	70 000 000	201304	201903
FSD Kenya II	Kenya	Market development	50 000 000	201101	201512
Sw. Trade C - Swedish-Iraqi Industry Coop, 2011-12	Irak	Market development	7 100 000	201109	201309
Landscape Fund Formulation Phase	Globala insatser	Market development	4 900 000	201412	201606
Silver Jewellery planning grant - BWA	Botswana	Democracy, HR & gender eq.	70 000	201303	201403
Planning Grant - ColoPlus AB	Indien	Research	160 000	201201	201212
FARMA	Bosnien och Hercegovina	Market development	73 600 000	200812	201508
FIRMA PROJECT USAID-Sida implemented by Cardno	Bosnien och Hercegovina	Market development	49 741 380	200812	201509
Strengthening Private Sector Engagement in Enterprise Development	Uganda	Market development	35 000 000	201402	201801
Global Business Labs Uganda	Uganda	Market development	9 700 000	201208	201609
AWEA, EWESDA, Phase 2012-15 (17)	Etiopien	Market development	16 700 000	201210	201606
MOZ FFPI Loan	Mocambique	Market development	10 379 050	199311	200512
ZNFU Core Support Phase II	Zambia	Agriculture & forestry	47 500 000	201401	201806
Akirachix - training women in ICT	Kenya	Education	4 202 325	201309	201512
Civil Society Facility NR	Kenya	Democracy, HR & gender eq.	148 000 000	201104	201609
Markets & Value Chains in Agriculture Liberia	Liberia	Agriculture & forestry	144 000 000	201205	201812
EDUCAT	Rwanda	Market development	3 600 000	201310	201510
Agriculture Sector Support	Kenya	Agriculture & forestry	350 000 000	201201	201706



**ANNEX 5: PROJECT ASSESSMENT SHEETS**

<b>Project No. 1</b>	
Title	<b>Innovations Against Poverty (IAP)</b>
B4D instrument	Challenge Fund
Implementing organisation	Price Waterhouse Cooper (PwC) in association with ORGUT
Partner organisation(s)	
Period and phases	2011 – 2015
Sector	Multiple. 32% of applications related to agriculture
Total project cost	
Sida contribution	83.5 million SEK
Partner contributions	At least 43 million (by May 2014)
Other funding agencies	None
Country focus	Global
Project office (location)	Stockholm
Current project status	Ongoing (in this final phase Sida has taken over PWC's role as manager of the programme.
<b>Objectives, outputs and activities</b>	
Project objectives	The purpose of the IAP Programme was to stimulate the private sector to contribute to pro-poor green growth by focusing more of its efforts, innovative ability, and resources to develop and invest in products, systems and services which will benefit people living in poverty. Expected outcomes: (i) access to more affordable essential products and services for people living in poverty produced in a sustainable manner. (ii) learning, development and use of the BoP concept and responsible business practices.
Target group(s)	Intermediate target group: companies in an early phase of their development (to reduce the “pioneer gap” of such firms) Ultimate target/beneficiaries: initially focus on poor consumers in developing countries, but later expanded to include poor producers and entrepreneurs
<b>Means to assess results</b>	
Result-reporting (e.g. mid-term reviews, evaluations)	Andersson, Norén and Christoplos. 2014. Evaluation of the Challenge Fund Innovations Against Poverty, IAP. Sida Decentralized Evaluation, 2014:40, Sida Sida's Assessment Memo 2010-12-03 Sida (2013), <i>Innovations against poverty 2013 knowledge exchange report: From Paper to Practice Learning from the journeys of inclusive business start-ups</i>
<b>Results/ Impacts</b>	
Activities and outputs (changes in business models, investment by firms etc)	With the exception of the guarantee facility, output targets (as defined by the programme) were partially or fully achieved by the programme in May 2014. Financial contributions awarded to 66 grantees (32 small grants and 34 large grants). Extensive advisory support provided by the program. A system for assessment and follow-up of projects as well as platforms for

	dialogue were established.
Outcomes (changes in business performance or business climate)	Little aggregate information is available, and attribution to IAP support is highly complex. However evaluation team noted clear signs in Uganda of IAP support being a positive factor for expansion of businesses. The outcome of the IAP knowledge platforms and learning activities unclear.
Impacts on economic activity, productivity, employment	Much too early to assess.
Impacts on poverty, livelihoods of poor people	By late 2013 it was estimated that IAP projects had the potential to reach 60,000 poor consumers/producers.
Innovation	Innovation is obviously an integral part of the IAP, but the evaluation report claims that expectation of effects beyond the immediate supported business may be optimistic.
Systemic changes of markets/risk for market distortions	“Wider transformational impact likely to be limited.”
<b>DAC criteria</b>	
Relevance	Rated medium by the IAP Evaluation. Overall design was regarded as relevant for supporting individual projects with commercial and development potential. However the potential for systemic change is regarded to be reduced given that IAP is a globally managed programme.
Effectiveness	Rated medium. “Outputs on the way to be achieved and clear contribution of grantees towards outcome to reach BoP. Limited evidence of wider learning and systemic outcomes”
Efficiency	Rated low. “High quality management and services provided beyond a normal challenge fund”, “Limited use of local capacity in implementation”. In May 2014 programme costs made up 43% of awarded and decided grants, which is very high compared to other challenge funds. Evaluation report noted that “administrative systems resource demanding and requiring high degree of involvement from Sida” and that “financial transparency insufficient”.
Sustainability	Not assessed by the evaluation team but “signs of positive impact and sustainability – time needed for proper assessment”
<b>Mainstreaming issues</b>	
Environment/Climate	“Environmental impact reasonably represented”. Renewable energy and waste recycling are quite common in the IAP portfolio..
Gender equality	The evaluation claimed that attention to gender issues was more limited.
Democracy and Human rights	Human rights issues addressed indirectly.
<b>Aid management issues</b>	
Quality of results-reporting	“Many strong elements of the results-framework” but notes some problems, e.g. that the M/E activities are not anchored in a theory of change or logical framework analysis.
Ownership	Obviously strong ownership by grantee companies of their respective projects.
Private sector collaboration	The challenge fund invitations raised a strong interest among smaller firms in East Africa and Northern Europe. More than 1000 applications were received (and 60 awarded).
Donor coordination	Sida only donor.

Sida additionality	Input additionality is regarded as high (most projects would not have been undertaken without Sida support) There are also signs of outcome additionality (e.g. that increased activities lead to expansion of businesses and increased BoP reach).
<b>Comments</b>	
IAP played a useful role in Sida's learning process on B4D and innovation. It raised strong interest and probably had a positive effect on the perceptions of Sida within the private sector. It also demonstrated that Sida's internal administrative and accounting systems are badly suited to experimental projects of this kind. probably had a positive effect on the perceptions of Sida within the private sector. It also demonstrated that Sida's internal administrative and accounting systems are badly suited to experimental projects of this kind.	

<b>Project No. 2</b>	
Title	<b>Bosnia Herzegovina Enterprise Challenge Fund</b>
B4D instrument	Challenge Fund
Implementing organisation	Swedish Embassy in Sarajevo supported by the Global Business Lab (GBL), SSE
Partner organisation(s)	
Period and phases	2013 – 2015
Sector	SME Development
Total project cost	
Sida contribution	5 million SEK
Partner contribution	At least same amount in additional investments by participating firms given the requirement a minimum of 50% cost sharing
Other funding agencies	None
Country focus	Bosnia Herzegovina
Project office (location)	Sarajevo
Current project status	Ongoing
<b>Objectives, outputs and activities</b>	
Project objectives	The BiH Challenge Fund is a pilot project aimed at stimulating new enterprise development in Bosnia and Herzegovina and technology transfer to BiH drawing on the linkages between BiH and Sweden. Promotion of innovation is also be a key objective.
Target group(s)	Focus on small companies in all sectors of the economy.
<b>Means to assess results</b>	
Result-reporting (e.g. mid-term reviews, evaluations)	An evaluation carried out in May-June 2015 by Mr. Clas Lindahl and Ms. Tamara Ivankovic
<b>Results/ Impacts</b>	

Activities and outputs (changes in business models, investment by firms etc)	The activities were successfully implemented according to plan. In some cases positive outputs have been recorded e.g. firms developing new product designs etc.
Impacts: Increased economic opportunities, employment and productivity	Too early to assess economic impacts. So far limited impact on employment. 4-5 years would be required for proper impact assessment. However there appears to be a clear potential for positive impacts on innovation, youth entrepreneurship and, in some cases, export development.
Poverty, livelihoods of poor people	The project is not expected to have a direct poverty impact.
Innovation	Interesting potential for innovation. Most of the companies are engaged in pioneering ventures, e.g. in the IT sector.
Systemic changes of markets/risk for market distortions	Potential for positive impact e.g. in the IT sector. Given the small maximum awarded amount there appears to be small risks for market distortions.
<b>DAC criteria</b>	
Relevance	Well in line with country strategy where market development focused on small and medium-sized enterprises as well as opportunities for engaging Bosnian Diaspora in Sweden.
Effectiveness	Project milestones achieved. Some outputs have been recorded relating to behaviour of firms (e.g. new designs and business models introduced).
Efficiency	Implementation appears to have been quite efficient. The management costs (excluding embassy staff) were 10% of the total project cost, which is very low in comparison with other challenge funds.
Sustainability	Too early to assess.
<b>Mainstreaming issues</b>	
Environment/climate	The evaluation found that “environmental impact was reasonably represented”
Gender equality	The challenge fund had been criticised in a recent report for not having a clear gender perspective. However the evaluation report finds this partly ungrounded and points out that female participation increased from 5% in first in challenge round to 24% in round 3. Also in round 3, about half the winning applications were either female entrepreneurs or firms targeting female employment.
Democracy and Human rights	Interviews show that the project is seen as a demonstration of how business support could be organised to promote good governance and transparency.
<b>Aid management issues</b>	
Quality of results-reporting	
Private sector collaboration	In total 1,148 applications were received and 27 contributions awarded. Highly positive perceptions among participating firms (also those who did not receive any award).
Donor coordination	

Management	In spite of the fact that Swedish Embassies are usually not organised for handling this kind of projects, the management of BiH challenge fund appears to have been implemented in a highly efficient way.
Sida additionality	Evaluation report gives clear indications of additionality in its various forms, e.g. that the project has triggered various kinds of changes in firm behaviour which would not have taken place without this project.
<b>Comments</b>	
This project clearly demonstrates that the challenge fund instrument has interesting potentials for stimulating innovation even when applied at small scale in a specific country and managed with limited professional resources.	

<b>Project No. 3</b>	
Title	<b>REACT-TZ challenge fund (Renewable Energies and Adaption to Climate Technologies)</b>
B4D instrument	Challenge Fund
Implementing organisation	Alliance for a Green Revolution in Africa (AGRA) through a contract with KPMG
Partner organisation(s)	Local energy companies
Period and phases	2013 – 2018
Sector	Market development
Total project cost	
Sida contribution	12.5 million SEK ( % of total REACT funding)
Partner contribution	47 MSEK (based on in Annual Report 2014 which reports average leverage 1:3,77)
Other funding agencies	DFID, DANIDA, NMFA-Netherlands
Country focus	East African Community 5 countries plus Mozambique (Sida funding used in Tanzania)
Project office (location)	Dar es Salaam (Tanzania activities). Head office in Nairobi
Background	
Current project status	Ongoing
<b>Objectives and activities</b>	
Project objectives	REACT's goal is to contribute to reducing rural poverty in Sub-Saharan Africa. Its purpose is to catalyse private sector investment and innovation in low cost, clean energy and climate change technologies. The overall driving forces for REACT are that the business idea must show an environmental benefit and that it must demonstrate a positive impact on the rural poor through increased incomes, employment and productivity or reduced costs.
Target group(s)	Primary target group are renewable energy companies in Tanzania. Ultimate beneficiaries are rural poor households.
<b>Means to assess results</b>	
Result-reporting	- DFID Annual Review of AECF-REACT, October 2013

(e.g. mid-term reviews, evaluations)	<ul style="list-style-type: none"> <li>- AECF REACT Portfolio Impact Report, October 2013</li> <li>- AECF REACT Annual Report July 2013 to June 2014</li> </ul>
<b>Actual results<sup>87</sup></b>	
Outputs	<ul style="list-style-type: none"> <li>- 31 REACT contracts signed by AGRA</li> <li>- 5 REACT business models and technologies implemented</li> <li>- 4,445 REACT companies and rural businesses providing climate change adaptation and renewable energy products or services</li> </ul>
Outcomes (changes in business performance or business climate)	<ul style="list-style-type: none"> <li>- 1,7 MW installed off-grid clean electricity capacity (lower than target)</li> <li>- 30.350 ton CO2 emissions avoided (lower than target)</li> <li>- 451,000 rural people served by low cost clean energy products and services provided (significantly above target)</li> <li>- 720 new jobs (of which 254 female) created directly in REACT companies</li> </ul>
Impacts on economic activity, productivity, employment	Only estimates of direct impacts on REACT companies are provided in the Portfolio Impact Report 2013. Wider economic impacts too early to assess.
Impact on poverty and livelihoods of poor people	
Innovation	Each project given a rating between one and six on an innovation scale constructed by the AECF. Typically, projects in country-specific windows have lower levels innovation on the AECF scale than the continent-wide competitions. In late 2013 93% of the 29 REACT projects were rated a three or above on the AECF innovation scale. The innovative dimension appears to apply less to technological innovation and more to delivery and/or business models applied.
Systemic changes of markets/risk for market distortions	<p>Considerable degree of attention is given by AECF-REACT to systemic changes generated by REACT companies. Annual Review 2013 confirmed that “there is circumstantial evidence of REACT on:</p> <ul style="list-style-type: none"> <li>- Investor attitudes and behaviour – impact investors, private equity and venture capital funds are becoming active in the region.</li> <li>- Customer awareness, attitudes and buying behaviour –end-user beneficiaries (typically poor smallholders) were starting to use renewable energy products and services, convinced by the multiple benefits such as savings of more than KSH 100 per day (over the price of kerosene, charcoal or wood), the convenience of turning on a light or charging a phone without having to trudge several kilometres to the nearest village shop and improved health and safety in the home (particularly with children.”</li> </ul>
<b>DAC criteria</b>	
Relevance	The Swedish Embassy in Dar es Salaam assessed the REACT programme to be clearly relevant in relation to the Results Strategy for the cooperation with Tanzania. No specific comment on relevance was provided in DFID’s Annual review 2013, but the report appears to confirm the continued relevance of the programme.
Effectiveness	The Annual review 2013 found that “REACT has made good progress

<sup>87</sup> Results accumulated for REACT as a whole; i.e. for 6 countries, with a total contract value of 11 million USD)

	towards the Outputs since the 2012 Annual Review. Several indicators have been achieved and in some cases exceeded. The companies contracted are starting to make a significant contribution to the realisation of the project Outcome.
Efficiency	The Review found that the AECF's cost of fund management (20% of total funds invested) compares very favourably with the impact investment industry. However there was a concern with the length of the process of selecting, assessing, approving, and contracting grantee companies. According to the Value-for-Money (VfM) model developed by AECF upon request by DFID, REACT has generated net values at household level amounting to 7.5 million USD. The review team found that the actual development impact was probably higher given the indirect benefits not included in the measurement format.
Sustainability	While the Review report 2013 did not comment explicitly on the sustainability dimension, it contained a risk analysis which raised similar issues. However it expressed some concern that the REACT portfolio to such a large extent is based on start-up companies (80%). A fairly large percentage of such companies could be expected to fail during the continued process.
<b>Mainstreaming issues</b>	
Environment/climate	Given REACT's purpose, this is obviously a fundamental dimension.
Gender equality	Gender disaggregated statistics on employment is generated. So far no studies are available on the impact of renewable energy solutions on gender dimensions at the household level.
Democracy and Human rights	Appears to receive low attention.
<b>Aid management issues</b>	
Quality of results-reporting	Appears to be of high quality.
Ownership	The Annual Review 2013 finds that through the matching grants and given the high leverage achieved by REACT the commitment by grantee companies is ensured.
Donor coordination	AECF-REACT appears to be an effective format for coordinating donor funding.
Sida additionality	Input additionality: Review report: "Is there additionality? Although establishing the counter-factual is particularly unreliable in a semi-structured interview process, our interviews with 13 grantee companies found that eight may have proceeded with their innovation if REACT funds had not been forthcoming, but would have been forced to (a) resort to a slower pace of start-up (typically a period of up to two years was cited) and (b) scour alternative financial sources for development funds, which would have diverted attention from more urgent innovation tasks. Outcome additionality: "Can the broader results be attributed wholly or partly to REACT? Some of the results, such as matching funds raised, jobs created and businesses generated can be fully attributed to REACT as they exist only because of REACT. Systemic change, as described above, is likely to happen at least in part because of REACT but also as a result of local competition intensifying as the market matures."

<b>Comments</b>	
This is a very interesting example of an enterprise challenge fund which highlights systemic market impacts and which finds evidence of systemic changes taking place (in spite of the short time has passed since companies received grants). However, it should be noted, that many of the REACT companies are start-ups, and that many more commercial failures could be expected to occur than the two which have already been recorded.	

<b>Project No. 4</b>	
Title	Zambia Pilot School Milk Programme
B4D instrument	Public Private Development Partnership
Implementing organisation	World Food Programme (WFP)
Partner organisation(s)	Tetra Pak, WFP, Zambian Government, PROFIT and others
Period and phases	June 2011- June 2012
Sector	
Total project cost	USD 1,056,735
Sida contribution	SEK 8 190 000
Partner contribution	
Other funding agencies	
Country focus	Zambia
Project office (location)	Lusaka
Current project status	Completed
<b>Objectives and target groups</b>	
Project objectives	The pilot project was designed with the dual objectives of: (i) creating the basis for improved nutritional status among Zambian school children, thereby impact on health, school attendance and educational performance; and (ii) improving rural incomes through a better functioning smallholder milk producing sector, driven by the increased demand of quality milk created by the school milk programme.
Target group(s)	Children in basic education, small holder dairy farmers, processing industry
<b>Means to assess results</b>	
Result-reporting (e.g. mid-term reviews, evaluations)	Dr. Henry M. Musenge (2013) Evaluation for the pilot milk of schools programme. Completion Report by the Swedish Embassy in Lusaka
<b>Actual results</b>	
Outputs	Some of the outputs were: (i) Establishment of strong partnerships, especially at national level (ii) Provision of active implementation support from partners' specialized capacities, such as provision of a training manual (iii) Broad



	implementation mechanism involving some of the key partners.
Outcomes (changes in business performance or business climate)	<ul style="list-style-type: none"> <li>- By December 2011, 18382 children had been reached through the project. (250 ml of UTH milk, three days a week).</li> <li>- A 7,4 % increase of enrolment in participating schools</li> <li>- The percentage of pupils leaving school early dropped from 35% to 1,8%</li> <li>- There was an average weight gain of 25% and an average height gain of 6,9%</li> <li>- Daily milk production among 40% of interviewed small holder dairy farmers has doubled to 11 to 20 liters per day, a volume achieved only by 10% of the farmers before Parmalat came on the scene.</li> <li>- 20-30 liters of milk was only produced by 4% of farmers then, whereas today the proportion has increased to 14%.</li> <li>- Increase in the percentage of farmers producing 30 litres and above per day from 3% to 20% now, motivated by increased prices (117%) and the availability of a steady market.</li> </ul>
Impacts on economic activity, productivity, employment	Milk production is an employee dense sector, thus thanks to the increase in production; one could assume that this would have a positive effect on employment. If the increased consumption of milk will continue even after the programme, this would have a more long-term impact on economic activity etc.
Impact on poverty and livelihoods of poor people	The pilot programme has demonstrated that it is able to improve livelihoods among small holder farmers through increased household incomes. Due to the experience gained and the capacity built among the farmers, it is likely that the observed outcomes, such as improving animal management skills, improved milk production practices may be sustained even after the pilot project has ended.
Innovation	One of the pillars of this pilot programme is innovation.
Systemic changes of markets/risk for market distortions	The programme has contributed to the removal of the quota system by creating an additional market for milk consumption through the schools.
<b>DAC criteria</b>	
Relevance	According to the evaluation and the interviews with beneficiaries there is no doubt concerning the relevance of the project both for pupils and for smallholder farmers.
Effectiveness	The targets have been met regarding positive school results and as well as “stimulating SHF to take dairy farming seriously, as a business” which should count as effective results.
Efficiency	WFP faced challenges with regards to monitoring at the district and school level, due to inadequate co-ordination at district level. There were some delays in the project, not least at its inception, however, overall the project was to a large extent efficient in the utilization of budgeted resources. Further, “the fact that the programme was accessed by 18,500 school children during the pilot phase was an achievement not originally envisaged in the original pilot phase, which more than made up for delays in the commencement of programme activities.”
Sustainability	The evaluation noted that due to lack of government’s support an expanded programme is unlikely. According to Sida’s completion report

	the sustainability is low due to lack of continued public funding of the school milk programme.
<b>Mainstreaming issues</b>	
Environment/climate	Environment was not in focus. No recycling of the milk packages was carried out, however burning of the packages and then burying the ashes was considered environmentally friendly.
Gender equality	No specific gender component was included in the pilot project. However it appears that school girls have benefited from the milk distribution even more than boys and that women were in majority among the producers who benefited (what happens with their increased incomes may be a different story).
Democracy and Human rights	Not in focus
<b>Aid management and private sector collaboration</b>	
Quality of results-reporting	<p>“There are however important limitations to these findings in that the control schools that were part of the project were not objectively chosen, this according to the end of project evaluation. The control schools were also not visited for monitoring purposes during the implementation period. No base line of the children’s weight and height was taken for the control school pupils were taken. Together this makes it difficult to attribute outcomes and impacts on school attributes to the programme alone, especially since the there was a “Home Grown Feeding Programme” currently running in all schools in the district.”</p> <p>A project partner conducted the mid-term review, instead of an independent consultant, as is the common practice.</p>
Private sector collaboration	“While the programme was designed as Public Private Partnership, the structure of the Implementation Committee did not reveal effective presence of the private sector, except those engaged to supply materials, with DAZ largely representing small holder farmer’s interests. Thus, structurally, the PPP arrangement was weakened by the absence of resource-strong private sector partners.”
Donor coordination	Sida’s experience with partners varied since there were many of them. The coordination with the implementing partner WFP however proved difficult since reports were not on time. (“Sida had to issue no less than 4 non-cost extensions in order for the project to be finalised.”)
Management	According to the evaluation from the Swedish embassy, it was difficult to collaborate with so many actors who all had different incentives.
Sida additionality	Not commented upon in the evaluation report. Sida stood as only donor agency and as such constituted an important component of the project. The project would probably not have happened without Sida’s funding.
<b>Comments</b>	
All in all, the pilot met its principal objectives. Apart from some challenges in the delivery chain of milk the main limitations were lack of support and motivation from the government, which affected the sustainability of the pilot.	

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<b>Project No. 5</b>	
Title	<b>Learning and Knowledge Management Facility UNIDO</b>
B4D instrument	Public Private Development Partnership (PPDP)
Implementing organisation	UNIDO
Partner organisation(s)	Scania, Volvo
Period and phases	2011-2016
Sector	Vocational training
Total project cost	1.4 million EUR
Sida contribution	10.7 million SEK
Partner contribution	200,000 EUR by UNIDO as well as in-kind contributions from Scania and Volvo
Other funding agencies	
Country focus	Global
Project office (location)	Vienna
Current project status	Completed
<b>Objectives and activities</b>	
Project objectives	<p>The revised overall objective of the LKDF project is “to contribute to establishing efficient market oriented vocational training centres in Africa (and elsewhere) by facilitating knowledge sharing and supporting a wider innovative approach for PPP in skills development.”</p> <p>The project purpose is: “institutional change initiated in selected vocational training centres leading to a stronger performance oriented culture, adoption of best practices and better adjustment to changing labour market demands”.</p>
Target group(s)	Vocational training centres that target industrial skills in developing countries
<b>Means to assess results</b>	
Result-reporting (e.g. mid-term reviews, evaluations)	Mid-Term Independent Evaluation of UNIDO Project “Learning and Knowledge Development Facility (LKDF): a Sida-UNIDO industrial skills development resource”, UNIDO, 2015
<b>Actual results</b>	
Outputs	<ul style="list-style-type: none"> <li>- Local market and training needs assessments carried out in Iraq and Ethiopia</li> <li>- LKD learning network and website established</li> <li>- Management training manual drafted. Management training programme developed and one course implemented</li> <li>- Development of a PPDP Toolkit</li> <li>- PPDP pipeline of projects developed (since the start in total 13 projects, 2 of which are fully funded)</li> <li>- Lessons from previous PPDPs were fed into the design of newly developed PPDPs in Zambia and Morocco</li> </ul>
Outcomes (changes in business performance or business climate)	Too early to assess.
Impacts on economic activity, productivity,	Much too early to assess

employment	
Impact on poverty and livelihoods of poor people	Much too early to assess
Innovation	The evaluation found the LKDF to be a clearly innovative project for several reasons: (i) it brings together partners with complementary roles on a common platform (ii) the mobilisation of business partners is at the core of the approach, implying cost-sharing, providing a source of expertise and experience and facilitating market linkages; (iii) it is driven by the search for best (harmonized) approaches; (iv) it has a hands-on focus, in that the umbrella support platform is directly linked to concrete PPDPs at the country level.
Systemic changes of markets/risk for market distortions	Much too early to assess
<b>DAC criteria</b>	
Relevance	The evaluation points out that the LKDF is regarded as a win-win for all partners in the approach: VTCs, business partners, donors and UNIDO. This is presumably the same thing as saying that the LKDF is highly relevant.
Effectiveness	The evaluation pointed out that “some 2.5 years after the start of the LKDF, several achievements can be highlighted. These could all be described as outputs from the LKDF. It was regarded as premature to expect any outcomes or impacts at this stage of the LKDF.
Efficiency	The evaluation found both strengths and weaknesses in the LKDF setup.
Sustainability	The sustainability of the LKDF seems to depend upon continued funding from Sida and/or other donors.
<b>Mainstreaming issues</b>	
Environment/climate	Not much attention so far.
Gender equality	High degree of attention to gender issues, e.g. gender disaggregated data are included in the performance indicators.
Democracy and Human rights	No specific mention
<b>Aid management and private sector collaboration</b>	
Quality of results-reporting	The evaluation found certain logical flaws in the logical framework and suggested revisions.
Private sector collaboration	The LKDF complements the individual PPDPs which appear to offer a potentially successful form for collaboration between UNIDO, private companies, governments and donors (described by the evaluation as a win-win for all parties involved).
Donor coordination	So far Sida is the only who contributes to the LKDF. However UNIDO appears to be well placed to involve and coordinate other donors (like the GTZ)
Management	
Sida additionality	Not commented upon by the evaluation but it appears that the additionality of Sida’s funding has been high.

<b>Comments</b>	
An interesting example of a conscious effort to learn from and generate new knowledge within the field of private sector collaboration.	

<b>Project No. 6</b>	
Title	<b>B4D Scania, Iraq (Operations and Industrial Maintenance Training Academy in Erbil, Iraq)</b>
B4D instrument	Public Private Development Partnership (PPDP)
Implementing organisation	UNIDO
Partner organisation(s)	Scania, Ministry of Labour and Social Affairs (MOLSA)
Period and phases	2011 – 2015
Sector	Vocational training
Total project cost	
Sida contribution	18.5 million SEK
Partner contribution	Resources provided by Scania (1.45 million USD) and by the Kurdish Regional Government (1.35 million USD)
Other funding agencies	Contribution by Swedfund (1 million SEK)
Country focus	Iraq
Project office (location)	Erbil
Current project status	Completed
<b>Objectives and activities</b>	
Project objectives	Overall objective: Contribute to improving the performance of the industry to service and maintain modern equipment and generate employment opportunities in the sector. Expected outcome: The MOLSA provides technical and managerial training courses in the field of operations and maintenance of heavy duty vehicles and industrial machinery.
Target group(s)	A substantial number of immediate, intermediate and long-term beneficiaries are mentioned in the project document including youth in northern Iraq, small and medium-sized enterprises, MOLSA trainers etc.
<b>Means to assess results</b>	
Result-reporting (e.g. mid-term reviews, evaluations)	Independent Evaluation “Operations and Industrial Maintenance Training Academy in Erbil, Iraq”, UNIDO, 2015
<b>Actual results</b>	
Outputs	Examples of major outputs: <ul style="list-style-type: none"> <li>- A fully functional training academy on operations and maintenance of heavy duty vehicles and industrial machinery has been established in Erbil, Iraq</li> <li>- Trainers of the Academy deliver up-to-date training courses of high quality</li> <li>- 296 mechanics have been trained (a much lower output than the</li> </ul>

	original plan, which according to the UNIDO evaluation was unrealistic) - In total 1335 students and company staff have been trained in various subjects (including IT and English).
Outcomes (changes in business performance or business climate)	The project has raised the quality of training offered and former students praise the quality of training offered. A survey carried out by the evaluation shows that unemployment among students has been reduced by 24% compared to the pre-training situation. This is, at least in part, to the training they received.
Impacts on economic activity, productivity, employment	It is too early to find evidence of any wider impacts of the mechanics training at the Academy (especially given the political situation in the region).
Impact on poverty and livelihoods of poor people	Same comment.
Innovation	
Systemic changes of markets/risk for market distortions	No references in documents to any impacts on the vocational training system in Iraq. This is of course not surprising given the present political situation in the country.
<b>DAC criteria</b>	
Relevance	Despite a much more challenging economic situation in Iraq than in 2011, the UNIDO evaluation found that the project in 2015 “was relevant to Government goals, since market demand-driven vocational training and education was a key priority”.
Effectiveness	The project appears to have been successful in achieving planned outputs and outcomes.
Efficiency	The evaluation points out that the implementation of the project has been very good after an initial slow start.
Sustainability	Despite the generally positive results achieved, sustainability of the continued high quality training is presently not assured. This is mainly due to the fact that the economic and political situation has deteriorated considerably since the partnership was agreed in 2011. One problem seems to be that the academy was not integrated from the very beginning in the public vocational training system.
<b>Mainstreaming issues</b>	
Environment/climate	Not in focus.
Gender equality	48% of the total number of trainees was female (i.e. clearly higher than the original target of 30%). Only 16% women participated in the mechanics training and according to the evaluation women are not able to work as mechanics for socio-cultural reasons.
Democracy and Human rights	No reference in documents except that Scania is committed to OECD’s Guidelines for Multinational Enterprises which refer to Respect for Human Rights..
<b>Aid management and private sector collaboration</b>	
Quality of results-reporting	Appears to have been satisfactory.
Private sector collaboration	UNIDO’s evaluation concluded that “the involvement of Scania in the project was of great benefit, especially when considering that Scania’s support continued even though its market position in Iraq was

	considerably changed ... to the cancelled truck order. Reasons for this included: modern equipment (not for sale) that would not have been available had Scania not been involved; training opportunities (including actual Scania workshop experience and a full-time master trainer for most of the project period). Furthermore, Scania and other private companies had their own staff trained at the Academy, a sure sign of faith in the quality of the training being offered.
Donor coordination	Not an issue.
Management	Appears to have been efficient.
Sida additionality	High according to assessment in Sida's Decision Memo. Not commented upon in UNIDO's evaluation report.
<b>Comments</b>	
This project appears to be a good example of a private sector actor could become engaged in an efficient partnership with substantial public benefits.	

<b>Project No. 7</b>	
Title	Water Resource Group (WRG)
B4D instrument	PPDP
Implementing organisation	WRG (managed by the World Bank/IFC)
Partner organisation(s)	Various partners including actors from national governments, civil society and private sector
Period and phases	2010-2014
Sector	Water resources management
Total project cost	21,7 USD (for the period 2015-2016)
Sida contribution	9 % of total cost
Partner contribution	Bilaterals and multilaterals stand for 51% of the total funding
Other funding agencies	IFC, SDC, GGGI, IDB, AfDB, ADB
Country focus	Global
Project office (location)	Geneva and Washington
Current project status	Ongoing
<b>Objectives and target groups</b>	
Project objectives	Outcome objectives: A: Increase awareness amongst decision makers about the role of water for their economies B: Equip decision makers with tools and knowledge to make decision for efficient, productive and sustainable use of water C: Facilitate establishment of operational multi-stakeholder platforms to inform decision making D: Help decision makers to take action for efficient, productive and sustainable use of water.
Target group(s)	National governments, organisations, corporations, CSO's etc.
<b>Means to assess results</b>	
Result-reporting	Dalberg (2014), <i>External Evaluation of Water Resources Group</i>

(e.g. mid-term reviews, evaluations)	
<b>Actual results</b>	
Outputs	<p>In short, WRG activities include:</p> <ul style="list-style-type: none"> <li>- Advancement of pilot country programmes</li> <li>- Development of new country programmes</li> <li>- Building of a global knowledge platform through a catalogue of good practices</li> <li>- Building WRG reputation and raising awareness about water security.</li> </ul> <p>According to the WRG annual report their achievements include "improved collaboration between stakeholders, open communication, sharing of data and resources, shared best practices, joint projects, policy reforms, and public-private partnerships. The active participation and commitment of our clients and the networks they have jointly established sustains the actions on the ground."</p>
Outcomes (changes in business performance or business climate)	<p>WRG has had mixed results from its engagements. Some examples taken from the Dahlberg evaluation include:</p> <ul style="list-style-type: none"> <li>▪ "In Jordan, 2030 WRG was initially successful in influencing the national water strategy but it did not manage to anchor its presence in a broad support base"</li> <li>▪ "In South Africa, the program has successfully utilized local structures and institutions."</li> <li>▪ "Peru illustrates the need for more rigorous country selection criteria and a greater local engagement."</li> </ul>
Impacts on economic activity, productivity, employment	<p>"Given the current stage of development of country programs, the transforming pillar [of the ACT principles] can only be assessed in South Africa where 2030 WRG, through the Strategic Water Partners Network, has helped establish three work streams: water efficiency and leakage reduction; effluent and wastewater management; agriculture and supply chain. " Apart from South Africa it is too soon to measure any impacts since most country programs are still in premature phases.</p>
Impact on poverty and livelihoods of poor people	Too early to assess
Innovation	
Systemic changes of markets/risk for market distortions	
<b>DAC criteria</b>	
Relevance	<p>"The Water Resource Group methods to exploit synergies and joint solutions between private and public sector is strongly encouraged, considering Sida's focus on collaboration and innovative solutions. The WRG is a partnership between, among others, the World Bank Group and the World Economic Forum and can thereby leverage a unique public private - expert - civil society network to help government officials and water professionals bring new actors into the national water debate."</p>
Effectiveness	<p>As mentioned above, the capacity of WRG to reach its objective is dependent on the circumstances of each country, which is why the results</p>



	have been mixed. South Africa is an example where WRG has been successful in its operations. This is connected to the fact that "2030 WRG suffers from a lack of clear processes, particularly with regard to country selection, the development of multi-stakeholder platforms and the skill development in the team". The steering board seems to acknowledge the problems and seem to be ready to "bring the required changes to maximise its impact".
Efficiency	To date, the cooperation with CSO's have been limited within the formal structures of WRG something which should be improved in order to enhance efficiency.
Sustainability	The evaluation by Dalberg's mentions sustainability with regards to funding in which they consider WRG to have a stable plan for the 2 years ahead. They do however conclude that despite current challenges, WRG has an important role to play with its unique capabilities.
<b>Mainstreaming issues</b>	
Environment/climate	Environment and climate change can be said to lie in the core of water resource management.
Gender equality	In their annual report WRG states that: "We ensure that the dialogue platforms are inclusive in their composition and functioning so that they encourage adequate participation by groups often excluded due to their gender, income class or ethnicity."
Democracy and Human rights	Water management is also closely connected to human rights.
<b>Aid management and private sector collaboration</b>	
Quality of results-reporting	Good
Private sector collaboration	"It seems important to develop a global base of corporate partners better aligned with action areas identified in the cost curves, for example with companies from the agricultural sector (seed, fertilizer, irrigation, agricultural equipment), mining and energy sectors, as well as with banks and insurance companies."
Donor coordination	"The funding situation of 2030 WRG is sound and well balanced between corporate donors and development institutions."
Sida additionality	Difficult to assess the additional impact of Sida's support in this case since there are many donors and actors involved .
<b>Comments</b>	
Water sector reforms are highly complex and time consuming. From what we can read out from the evaluation report, there seems to be a need to reassess some of the working models applied by WRG.	

<b>Project No. 8</b>	
Title	<b>WWF Market Transformation Initiative (MTI), phase 1</b>
B4D instrument	Drivers of change
Implementing organisation	World Wildlife Fund, WWF
Partner organisation(s)	Multiple stakeholders (private sector, research, CSOs etc.)

Period and phases	Phase 1: 2010 – 2013, phase 2: 2014 – 2019
Sector	Market development: trade and environment Multiple areas, but special focus on fisheries, agriculture and forestry
Total project cost	
Sida contribution	31,2 million SEK
Partner contribution	No information available
Other funding agencies	No information available
Country focus	Global
Project office (location)	Holland
Current project status	Ongoing
<b>Objectives and activities</b>	
Project objectives	The objective of Sida's support is to "enable WWF to develop, strengthen and scale up the MTI by supporting a consolidated strategy and method for influencing companies and whole commodity markets towards more sustainable practices and demand"
Target group(s)	Primary target group is market actors along the value chains. Ultimate beneficiaries are poor producers, workers and communities.
<b>Means to assess results</b>	
Result-reporting (e.g. mid-term reviews, evaluations)	Chipeta S., Liljelund Hedqvist A., Sehested F. and Juul Kristensen D. (2014), Evaluation of the Market Transformation Initiative (MTI), Sida Decentralised Evaluation 2014:9, Sida
<b>Actual results</b>	
Outputs	Just a few examples among the numerable outputs recorded: (i) Paper Company Index measuring the performance of companies and making this public, (ii) Development of the Marine Stewardship Council (MSC) certification, (iii) Developed a farmer licensing system for sustainable cotton: Better Cotton Initiative (BCI), (iv) Roundtable for Sustainable Palm Oil (RSPO) established; (v) Increased the percentage of certified production in several commodity value chains
Outcomes (changes in business performance or business climate)	WWF has contributed to substantial changes taken place in concerned markets, e.g.: <ul style="list-style-type: none"> <li>- New markets have been developed for certified cotton, palm oil and tuna.</li> <li>- Environmental sustainability and socially responsible sourcing of produce have become mainstream concerns among large retailing companies as well as producers and manufacturers in the Northern part of the world.</li> <li>- Out of a list of 100 targeted companies, approximately 50 have made commitments to source against credible certification (this is an increase from 20 to 50)</li> </ul>
Impacts on economic activity, productivity, employment	Not explicitly discussed in the evaluation report.
Impact on poverty and livelihoods of poor people	Not part of WWF/MTI's log-frame, but anecdotal evidence of impact on enhanced biodiversity, as well as stakeholder engagement and workers' safety and benefits. However, comprehensive research would be required to verify these trends.

Innovation	
Systemic changes of markets/risk for market distortions	Substantial changes at market level (see above)
<b>DAC criteria</b>	
Relevance	The overall goal of the WWF/MTI to influence global markets towards more sustainable practises is regarded as highly relevant to Swedish development cooperation. However, when it comes to forestry (which is one of the 15 commodity value-chains that WWF/MTI is targeting, the evaluation also commented that “the relevance of the programme for poverty alleviation is not clear, since the work on forestry has had limited impact in tropical forests”.
Effectiveness	As an overall programme, the MTI has been partly effective at achieving its targets. In terms of uptake of certification, there is progress for most of the commodities, but some are still rather far from the ambitious long-term targets. One challenge when evaluating the results of the MTI is the fact that the progress indicators measure results that cannot be attributed to the MTI alone and even the MTI contribution is difficult to verify. However, the overall picture is that the market for the concerned commodities has changed, to a certain extent, during the period of Sida core support and that WWF, through the MTI, has made important contributions to these achievements.
Efficiency	Few comments on efficiency in the evaluation report.
Sustainability	The sustainability of the results of the MTI rests on the economic viability of the business case of voluntary sustainability certification. This is complicated to assess because the business cases differ between the value chains that the MTI is involved in. The business case for sustainability of certification in Northern region markets appears to be good, while much more problematic for producers in tropical regions.
<b>Mainstreaming issues</b>	
Environment/climate	This is the main objective of the programme.
Gender equality	Little attention
Democracy and Human rights	Human rights are embedded in the certification process, but the extent to which this works in practise seems to be unclear.
<b>Aid management issues</b>	
Quality of results-reporting	The evaluation suggested changes and improvements in WWF’s monitoring framework.
Ownership	Ownership among stakeholders in certification processes appear to be strong.
Donor coordination	
Learning in project	Not specifically commented on in the evaluation report, but the long-term engagement of WWF in certification processes appears to allow for considerable degree of learning from experience.
Management	
Sida additionality	The evaluation found that although observed changes in concerned markets could not be fully attributed to Sida’s core support, the WWF-

	MTI had made important contributions to positive market developments.
<b>Comments</b>	
The support to the WWF/MTI programme illustrates that it is clearly possible to achieve market level impacts and systemic change at market level within the frame of a global program. There is an obvious lack of evidence regarding the impact of e.g. certification processes on the livelihoods of poor people. This knowledge gap may be reduced by targeted research activities.	

<b>Project No. 9</b>	
Title	<b>NIR Core Support Programme 2009-2013</b>
B4D instrument	Drivers of Change (DoC)
Implementing organisation	International Council of Swedish Industry (Näringslivets internationella Råd, NIR)
Partner organisation(s)	Business Council of Zimbabwe, Palestine International Business Forum (PiBF), and others
Period and phases	2009-2013
Sector	Market Development/Public private dialogue
Total project cost	36 million SEK 2009 – 2012 plus additional 6 million SEK 2013
Sida contribution	As per above
Partner contribution	Unclear whether there is any cost sharing
Other funding agencies	
Country focus	Global
Project office (location)	Stockholm
Current project status	Completed 2013
<b>Objectives and activities</b>	
Project objectives	Overall objective: the private sector contributes to economic development in complex markets. Programme purpose: Structural conditions for private sector development are in place. Thematic areas: (i) Peace (ii) Conducive business environment
Target group(s)	Primary target group: national Business membership organisations (BMOs). Ultimate target group: poor men and women
<b>Means to assess results</b>	
Result-reporting (e.g. mid-term reviews, evaluations)	Evaluation of Sida & NIR Core Support Programme (2009 – 2012), Sida Decentralised Evaluation 2013:23
<b>Actual results</b>	
Outputs	A highly diverse set of outputs, e.g. improving the NIR results-based management systems at central level, Undertaking feasibility studies in potential partner countries, producing a peace-building handbook and organising seminars promoting the Zimbabwe National Business Agenda (NBA)

Outcomes (changes in business performance or business climate)	Some results reported at outcome level, e.g. NIR has contributed to the establishment of the Jerusalem Arbitration Centre (JAC) and to the unification of BMOs in Zimbabwe. Limited changes in the policy context for an improved business environment
Impacts on economic activity, productivity, employment	No evidence
Impact on poverty and livelihoods of poor people	No evidence
Innovation	No evidence
Systemic changes of markets/risk for market distortions	N/a
<b>DAC criteria</b>	
Relevance	The evaluation found that the approach applied by NIR was – in most cases – relevant to the context. This was particularly evident in Palestine and Zimbabwe where the main activities had been identified by and were eventually driven by the NIR partner organisations.
Effectiveness	Most of the planned outputs produced, but the evaluation found a low level of effectiveness due to limited outcomes
Efficiency	More than 40% of core support was used for administration which is regarded as very high in comparison with typical CSO-support.
Sustainability	Significant degree of sustainability for effective outputs
<b>Mainstreaming issues</b>	
Environment/Climate	Little attention
Gender equality	Little attention
Democracy and Human rights	Not very realistic that the support to NIR should have an effect on democracy
<b>Aid management issues</b>	
Quality of results-reporting	
Ownership	The approach that was undertaken by NIR ensured a high degree of ownership
Donor coordination	N/a
Management	Some weaknesses reported.
Sida additionality	Not commented on by the Evaluation, but input additionality appears to be high.
<b>Comments</b>	
Although the Evaluation found that the effectiveness and efficiency of NIR's core programme was clearly at the low side during the evaluation period, at the same time it underlined that NIR has a number of unique strengths which creates an interesting potential for collaboration with BMOs in fragile states.	

Title	<b>HER (Health Enables Returns) project</b>
B4D instrument	Drivers of change
Implementing organisation	Business for Social Responsibility (BSR)
Partner organisation(s)	
Period and phases	2010-2011, 2012-2014
Sector	Population policies/programmes and reproductive health
Total project cost	
Sida contribution	7,1 mill SEK (2010-2011) and 7,3 mill SEK (2012-2013)
Partner contribution	
Other funding agencies	UKaid, The Ministry of Foreign Affairs of Netherland
Country focus	As of 2013 the countries included: Bangladesh, Cambodia, China, India, Indonesia, Kenya, Pakistan, and Vietnam.
Project office (location)	Global, but Paris has been the main location in the past
Current project status	Completed
<b>Objectives and target groups</b>	
Project objectives	<p>BSR seeks to contribute to the realisation of the Millenium Development Goals 5 (MDG) through enhanced women's health knowledge and access to reproductive health services, and resulting improvements to maternal health.</p> <p>- Objective A: Achieve and demonstrate meaningful and widespread impacts on women's sexual and reproductive health through workplace training programmes in targeted geographies.</p> <p>- Objective B: Increase scale and sustainability of HERproject by increasing private sector support, improving partner capacity through global HERproject network; and promoting factory ownership. "</p>
Target group(s)	Low-income women workers
<b>Means to assess results</b>	
Result-reporting (e.g. mid-term reviews, evaluations)	<p>- Assessment Memo of project support to BSR, November 2011, C. Larsson</p> <p>- HERproject Completion Report, May 2014</p> <p>- Final Report September 2014 (E. Bryld, C. Coulter, C. Kamau, R. Iftekhhar Patwary) /Sida Decentrilized Evaluation</p>
<b>Actual results</b>	
Outputs	<p>Objective A outputs:</p> <ul style="list-style-type: none"> <li>- 250 000 women have increased awareness of sexual and reproductive health</li> <li>- Scoping study for additional 2-4 countries in East Africa</li> <li>- HERproject Farm expanded to address women's health education gaps in 1 least-developed country in East Africa (Ethiopia)</li> <li>- workers show demonstrated knowledge of and uptake of available women's health services</li> </ul> <p>Objective B outputs:</p> <ul style="list-style-type: none"> <li>- BSR has implemented HERproject in 164 consumer electronics, garment, shoe and agriculture workplaces.</li> </ul>

	<ul style="list-style-type: none"> <li>- women's health indicators test and published for use in workplace audits in 2012 (postponed to 2014)</li> <li>- BSR publishes written communications and participates in speaking events to promote the importance of women's health in the workplace</li> <li>- HERproject partner best practice sharing network through online and offline mechanisms</li> <li>- NGO capacity building plans are established for each HERproject partner NGO based upon the identified needs of the NGO</li> <li>- Sustainability plans established in 50% of participating factories</li> </ul>
Outcomes (changes in business performance or business climate)	<p>A significant outcome according to the field studies is the increased trust and confidence vis-a-vis the brands which have led to an increased interest from the private sector regarding women's sexual and reproductive health as well as the importance of wellbeing at the workplace.</p> <p>In the evaluations of Kenya and Bangladesh, there are evident outcomes e.g. that absenteeism is down due to improved health, and so is the turnover of staff.</p> <p>"The combined benefits of the HERproject for the brands, has resulted in an increase in the flow of funds from the private sector to this area, enhancing the probability of longer term impact of the project. As an example, one of the brands has decided to replicate the HERproject in non-HERproject countries, through its own means."</p>
Impacts on economic activity, productivity, employment	The extent to which the outcomes have resulted in enhanced productivity and earnings for the companies is still to be fully documented.
Impact on poverty and livelihoods of poor people	Increased sexual and reproductive health among women is believed to have a positive effect also outside the work place. Furthermore, 80% of the women within the project have been influencing other women, leading to approximately one million beneficiaries.
Innovation	HERproject is regarded as innovative in its approach, introducing SRHR as a part of the CSR agenda and how this not only can increase women's health but increase profits in companies as well.
Systemic changes of markets/risk for market distortions	It appears that the HER project is starting to have an impact also on companies not directly engaged in the project.
<b>DAC criteria</b>	
Relevance	<p>The evaluation highlighted the win-win aspect for all parties included, by increasing workers well-being, while at the same time increasing the return for the companies. Nonetheless it has been pointed out that the curriculum should be more needs-based in order to increase the relevance for beneficiaries.</p> <p>The Sida Decision Memo stated that "the HERproject is relevant to the overall Swedish policies of SRHR and gender equality (though implementation needs to enhance the HRBA approach and gender focus to remain relevant)., it is also aligned with the ENICT 2010-2013 policy.</p>
Effectiveness	BSR describes the expected results of the project as a win-win situation; companies benefit from a higher quality production, factories/farms benefit from lower operational costs and improved customer relationship and local NGOs expand as demand for their services increases. A study in

	previous phase showed that a 3:1 return on investment for the companies through reduced absenteeism and turn over.” According to HERproject.org this figure is now 4:1.
Efficiency	By using local NGOs of the various countries costs are kept low at local levels. At an international level however it seems to have been harder to gain information in order to analyse the cost efficiency. According to the evaluation more than 50 % of funding is spent at a central level, which is very high compared to other NGO projects.
Sustainability	Sustainability is at the core of the HERproject both regarding individual women as well as on a company and factory level, enabling factories to continue the model after the end of the project. Sustainability however varies from factory to factory: “Where commitment and ownership is high (in most cases), the factory/farm has initiated processes to ensure the continuation of the project and the project gains beyond the HERproject implementation period. This will likely lead to sustainability at factory/farm level.”
<b>Mainstreaming issues</b>	
Environment/climate	Not the main focus
Gender equality	The general goal of the HERproject is to empower women in factories through the training. Furthermore there is a plan to include men as well in order to make the project more inclusive.
Democracy and Human rights	There is a need to enhance the Human Rights Based Approach in the curriculum of BSR. Limited attention to women’s rights are specifically found in areas concerning Sexual and Gender Based Violence (SGBV), family planning, the right to maternity leave, and child marriages.
<b>Aid management and private sector collaboration</b>	
Quality of results-reporting	Limitations were mentioned in the evaluation of Bangladesh and Kenya with its implications taken into account regarding overall conclusions.
Private sector collaboration	The HERproject has succeeded in attracting companies by appealing to the SRHR side of CSR. ”Private sector contributions are not limited to cash contributions only. Significant in-kind and human resources contributions are made, not least at the factory and farm levels. HERproject estimates that private sector non-cash contributions may be up to twice as large as cash contributions.”
Management	The NGOs that are implementing the project have more or less the same curriculum to follow in every country which according to the evaluation results in a “turn-key” approach to development and the capacity-building of NGOs becomes limited.
Sida additionality	Not commented upon in the evaluation report. As Sida was the only donor from 2010 to 2011, it appears that Sida’s support was of vital importance for the project and its expansion.
<b>Conclusions</b>	
This is an example of a partnership that has managed to make use of drivers of change in order to reach a win-win solution among stakeholders. The project shows a lot of potential for continued expansion and learning.	



<b>Project No. 11</b>	
Title	<b>Financial Sector Deepening Programme (FSD-K)</b>
B4D instrument	Other (Making markets work for the poor, M4P)
Implementing organisation	Financial Sector Deepening Trust Kenya/KPMG
Partner organisation(s)	In 2013 FSD's had in total 48 partners: 13 government/regulators, 14 financial service providers, 9 non-profit/industry associations and 12 development partners (including the donors funding FSD).
Period and phases	2011 – 2015
Sector	Financial sector
Total project cost	2,258 million KShs (approx. 100 million USD)
Sida contribution	50 million SEK
Partner contribution	
Other funding agencies	DFID, Bill & Melinda Gates Foundation
Country focus	Kenya
Project office (location)	Nairobi
Current project status	Ongoing
<b>Objectives and target groups</b>	
Project objectives	Overall goal: "to generate sustainable improvements in the livelihoods of lower-income households through reduced vulnerability to shocks, increased incomes and employment" Strategic objective: "increased use of a broad range of quality financial services provided by a stable and competitive financial system in a way which benefits the livelihoods of under-served lower income groups"
Target group(s)	Primary beneficiaries: financial institutions Ultimate target group: poor households
<b>Means to assess results</b>	
Result-reporting (e.g. mid-term reviews, evaluations)	DFID Annual Review 2013 Ketley R., Alyna W. and Anandram I. (2014a), <i>Review of FSD Kenya's Programme 2011-2013</i> , FSD Ketley R., Alyna W. and Anandram I. (2014b), <i>Value for Money Assessment of FSD Kenya's Programme 2011-2013</i> , FSD
<b>Actual results</b>	
Outputs	Some examples among many outputs during the present strategy period: <ul style="list-style-type: none"> <li>- FSD helped Commercial Bank of Africa through technical assistance and research to develop M-Shwari, a banking product based on M-Pesa and which target low-income clients.</li> <li>- deposit-taking SACCOs (DTs) have been strengthened in their transition to full prudential compliance through the SACCO reforms project.</li> <li>- FSD worked with industry players, including the Kenya Bankers Association and Central Bank, to develop the policies that would allow full-file sharing of credit information.</li> </ul>
Outcomes (changes in business performance or business climate)	A number of outcomes of FSD activities have been documented, some of which contribute to the increase in the proportion of Kenyans using formal financial services (from 19% in 2006 to 27% in 2009 and 66% in 2013).

Impacts on economic activity, productivity, employment	DFID's annual review 2013: "overall use of financial services has increased by a factor of three since the first survey was done in 2006. We estimate – given the project level work that FSD has undertaken so far – that attribution of FSD's market development work to these results is relatively high."
Impact on poverty and livelihoods of poor people	The number of financially excluded has decreased from 39% in 2006 to 31% in 2009 and 25% in 2013. Also among low-income farmers the number of financially excluded has decreased (from 37% in 2009 to 28% in 2013). However these positive trends are not seen among the poorest segment among the poor.
Innovation	FSD has contributed to the development of financial innovations of global magnitude like MPESA (mobile money) and M-Shwari (a credit and savings product).
Systemic changes of markets/risk for market distortions	Since its inception in 2005, FSD has played a highly important role in the transformation of the financial sector that has taken place in Kenya during the last decade.
<b>DAC criteria</b>	
Relevance	According to Sida's assessment in 2011 FSD was clearly relevant in relation to thematic policies of the Kenyan and Swedish governments. DFID's review in 2013 confirms FSD's continued "credibility with industry players, its research and learning products remain strongly relevant to the industry's learning".
Effectiveness	According to DFID's Annual review 2013 all output areas met the expectations (and were rated A on DFID's rating scale). The Value for money assessment 2013 found that 7 out of 11 projects were expected to achieve their planned outcomes.
Efficiency	In 2014 the ratio of FSD's overhead costs to project expenses amounted to 14.8%. This is considered low in comparison with similar types of projects. A Value for Money (VfM) assessment initiated by DFID suggested in 2013 that FSD had generated socio-economic benefits amounting to between 6 and 9 times the funds invested in FSD.
Sustainability	Most outcomes and impacts to which FSD has contributed, are related to processes of change in the financial market and can consequently be expected to be sustained.
<b>Mainstreaming issues</b>	
Environment/climate	Not in focus.
Gender equality	Sida's assessment memo in 2011 claimed that FSD had developed a more efficient model for reducing the financial exclusion of women (compared to traditional provision of subsidised services). The subsequent developments supports this assessment.
Democracy and Human rights	Not in focus, but obviously financial inclusion helps to empower people economically.
<b>Aid management and private sector collaboration</b>	
Quality of results-reporting	High.
Private sector collaboration	FSD has partnerships with a large number of financial service providers. The model applied to develop such partnerships is described by FSD's

	director as “opportunistic”. Some of these partnerships have had transformative impacts on the financial sector in Kenya.
Donor coordination	FSD functions as an efficient tool for donor coordination.
Sida additionality	Sida contributes only 6% of the total donor funding. However by participating in FSD’s Investment Committee (which during a period was chaired by a staff member from the Swedish Embassy), Sida has been able to exercise and influence which is higher than the level of its funding.
<b>Comments</b>	
FSD-K is often seen as a flagship among programs applying market-based approaches (M4P). It has been highly successful in supporting the transformation of the financial sector that has taken place during the last decade in Kenya.	

<b>Project No. 12</b>	
Title	<b>Fostering Agriculture Market Activity, FARMA, in Bosnia and Herzegovina, 2009 – 2013</b>
B4D instrument	Other
Implementing organisation	Consortium headed by Chemonics (with ORGUT as a consortium member)
Partner organisation(s)	
Period and phases	2009-2015
Sector	Agriculture
Total project cost	22.2 million USD
Sida contribution	73.6 million SEK
Partner contribution	
Other funding agencies	USAID (lead donor)
Country focus	Bosnia Herzegovina
Project office (location)	Sarajevo
Current project status	Completed (a new project, FARMA II, is under preparation)
<b>Objectives and target groups</b>	
Project objectives	The overall objective of Sida’s support to FARMA Project is “to reduce poverty through increase of sustainable economic growth and improved efficiency and competitiveness of BiH agricultural producers and agribusiness enterprises.”
Target group(s)	Primary target group: farmers’ organisations. Target beneficiaries: farmers with a potential to become commercially oriented.
<b>Means to assess results</b>	
Result-reporting (e.g. mid-term reviews, evaluations)	Ardeni P. (2015), Evaluation of the project “Fostering Agricultural Markets Activity” (FARMA), Sida Decentralised Evaluation 2015:7
<b>Actual results</b>	
Outputs	Good progress has been made regarding outputs in FARMA’s main result areas: (i) improved linkages of producers and processors with markets,

	(ii) access to finance increased, (iii) producer organizations and other counterparts' capacity built (iv) enhanced policy environment to benefit competitiveness of BiH agricultural goods.
Outcomes (changes in business performance or business climate)	Overall outcomes are measured by e.g. the following indicators: - Sales in participating 161 producer organisations has increased by 54 % since start of FARMA (higher than target) - Employment has increased by 8% (much lower than target) - 4 new products eligible to enter EU market (on target)
Impacts on economic activity, productivity, employment	FARMA had a visible impact on relevant agricultural sub-sectors and contributed to the strengthening of BiH's export supporting institutions.
Impact on poverty and livelihoods of poor people	The evaluation concludes that FARMA should have been able to improve the conditions also for small holder agriculture.
Innovation	Does not appear to be in focus.
Systemic changes of markets/risk for market distortions	FARMA had features of traditional supply-oriented agricultural programmes aimed at strengthening agricultural producers through various kinds of inputs including technical assistance and some grants. As these were provided to associations and not to individual farmers it appears that FARMA has been able to avoid distorting markets. It should be noted that FARMA also included efforts to strengthen public institutions and promote policy reforms aimed at improving the business environment in the agricultural sector.
<b>DAC criteria</b>	
Relevance	The evaluation found that the programme is still relevant to Sida's objectives. The general level of satisfaction among beneficiaries is high and the project is clearly relevant to stakeholders.
Effectiveness	FARMA has been effective in achieving its planned results (with some qualifications).
Efficiency	The evaluation found that the implementation of FARMA had been efficient. A rough value-for-money assessment concluded that the investment in project expenditures had resulted in increased sales at 1:3.8, which was regarded as a good performance.
Sustainability	The evaluation found that "the level of invested support in farmers associations appears to be good" while the sustainability of the capacity building of (public) institutions did not live up to donors' expectations.
<b>Mainstreaming issues</b>	
Environment/climate	Environmental issues have been taken into account with attention given to qualitative production standards.
Gender equality	Although attention was given to gender issues, the evaluation found that more could have been done.
Democracy and Human rights	No specific mention in the evaluation report.
<b>Aid management and private sector collaboration</b>	
Quality of results-reporting	
Private sector collaboration	The only way that FARMA engaged the private sector appears to have

	been through partnering with and supporting a large number of farmers associations.
Donor coordination	The cooperation between Sida and USAID appears to have functioned quite well.
Sida additionality	Not commented upon in the evaluation report. Given the design of the project, it appears that Sida's support achieved additionality.
<b>Comments</b>	
FARMA is an example of a fairly traditional PSD-project approach where the private actors are regarded as beneficiaries who receive inputs in the form of technical assistance and – indirect – subsidies. The project appears to have been successful in the generation growth in chosen agricultural sub-sectors. Experience shows however that sustainability may be a challenge with these kinds of donor approaches.	



## Desk Study of Sida's Experience from Private Sector Collaboration

The purposes of the study are (i) analysis and conclusions regarding Sida's collaboration with the private sector and its results (ii) analysis and conclusions regarding international experience of such collaboration and (iii) conclusions regarding the knowledge front in the area of private sector collaboration. The study cover all sectors and thematic areas as well as all modalities and approaches which Sida is using in its collaboration with the private sector. Sida's guarantee instrument which is seen as an integral part of Sida's PSC tool box is part of the overall portfolio mapping.

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