

Swiss Agency for Development and Cooperation SDC



SDC Private Sector Engagement

Joining Forces for Sustainable Impact



As part of its overarching mandate to reduce poverty in developing countries, the Swiss Agency for Development and Cooperation (SDC) seeks to contribute to sustainable development by joining forces with the private sector. The aim is to foster innovation and achieve wider reach, greater impact and lasting benefits.

The SDC has a solid track record of partnering with a range of different private sector partners, such as large companies (multinational enterprises, publicly listed companies, non-listed companies), small and medium-sized enterprises, social enterprises, impact investors and grant-making foundations.

Benefits and opportunities for the

A collaboration with the SDC offers the private sector:

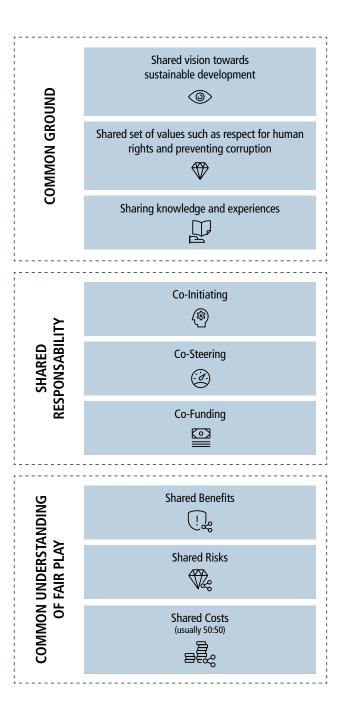
private sector





Characteristics of partnerships

The success of any partnership between a potential private sector partner and the SDC builds on three pillars:



Collaboration formats

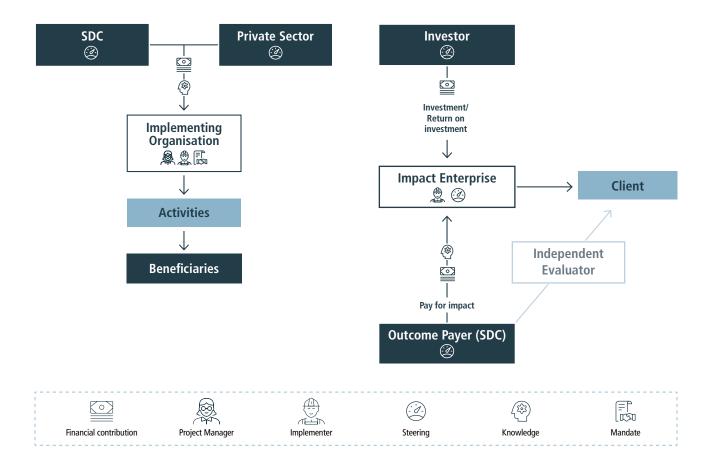
The SDC collaborates with the private sector where there is a good match with the SDC's <u>priority regions</u> and <u>focus themes</u>. There are several ways to partner with the SDC, depending on the development objective, the context and the type and number of actors involved. The SDC differentiates between two main categories of formats of collaboration:

Development project-oriented formats

Development project-oriented formats follow a traditional development project logic. For example, in a **single-part-ner collaboration**, the private sector partner and the SDC jointly finance, steer and ideally co-initiate a project, usually carried out by an implementing organisation.

Financial market-oriented formats

Financial market-oriented formats follow an investment logic. An example are **social impact incentives (SINCs)**, which belong to the category of pay-for-results instruments. SIINC are paid to a company – typically a social enterprise – provided that predefined development outcomes are achieved and additional investments mobilised.



Other collaboration formats in this category are: multi-stakeholder collaboration, formalised multi-stakeholder consortium, political dialogue alliance, support facility, secondment. Other collaboration formats under this category are: impact bond and technical assistance facility to financial vehicles. In future, other collaboration formats such as venture investment (equity or debt), guarantee, and shares in structured funds could be more widely used.

¹ Priority countries for the SDC's bilateral development cooperation: Afghanistan, Albania, Armenia, Bangladesh, Benin, Bosnia and Herzegovina, Burkina Faso, Burundi, Cambodia, Chad, Democratic Republic of the Congo (Kivu), Egypt, Georgia, Kosovo, Kyrgyzstan, Laos, Mali, Moldova, Mozambique, Myanmar, Nepal, Niger, North Macedonia, Occupied Palestinian territory, Rwanda, Serbia, Somalian crisis area, Syrian crisis area (currently in Lebanon and Jordan), Tajikistan, Tanzania, Tunisia, Ukraine, Uzbekistan, Zambia, Zimbabwe. The SDC is withdrawing from the following countries by 2024: Azerbaijan, Bolivia, Cuba, Eswatini (Swaziland), Haiti, Honduras, Lesotho, Malawi, Mongolia and Nicaragua.

² Agriculture and food security; basic education and vocational skills development; climate change and the environment; disaster risk reduction, emergency relief, reconstruction and protection; fragility, conflict and human rights; gender equality; good governance; health; migration and development; private sector development and financial services; water.

Engagement process including risk management

To increase the success of partnerships, the SDC follows a structured process. This enables potential risks to be identified and proactively managed at an early stage.



The focus of any private sector collaboration is to tackle a specific development challenge. The starting point of a collaboration could be a specific request from a potential private sector partner, or the identification of a cooperation idea during an initial contact between the SDC and the private sector (e.g. at an event), or a strategic assessment by the SDC exploring the potential for partnerships with the private sector.

Screening of the potential private sector partner against 1) the SDC's exclusion list; 2) the SDC's list of critical sectors; 3) politically exposed persons; 4) environmental, social and governance (ESG) risks; and 5) observance of the OECD Guidelines for Multinational Enterprises (where applicable).

In-depth meeting(s) with the aim of exploring the thematic and geographical fit and establishing a common understanding of the partnership as well as the commitment between the SDC and the potential partner.

Co-creating and identifying innovative approaches contributing to the SDGs, private sector business objectives and the SDC's overarching mandate.

Before going forward and entering into a formal partnership agreement, due diligence must be carried out to ensure that the potential partner is legally compliant, meets the SDC's principles and values, adheres to good general and sector-specific business practices and meets the SDC's risk tolerance requirements. The scope of the assessment depends on the complexity of the partnership and the chosen format.

Identification of potential risks related to the collaboration and definition of measures to prevent or mitigate those risks together with the private sector partner.

Establishing terms and conditions of the collaboration, including the common objectives, modes of cooperation and various important issues such as intellectual property, external communication, transparency and liability rules, as well as the criteria for exiting the partnership.

The SDC and the private sector partner have joint responsibility to monitor and review the partnership and the risks identified on an ongoing basis, and to adapt the partnership accordingly.

A collaboration ends either as planned, i.e. at the end of the collaboration, or earlier if certain high risks materialise. An evaluation is usually conducted at the end of the collaboration in order to identify lessons learnt.

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