

The private sector as a partner for sustainable development



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Foreword

Never before has the private sector been as engaged in global development.

Recognition of the potential, responsibility and opportunities of the sector is increasing rapidly, encouraged by the 2030 Agenda for Sustainable Development, which clearly spells out the need for companies to engage responsibly if development is to be sustainable.

In the world's low- and middle-income countries, the private sector accounts for the majority of investment and is therefore crucial to the creation of jobs, strengthening of markets, building of sustainable communities, and indeed to achieving the whole range of Sustainable Development Goals (SDGs).

In order to fully harness the potential of the private sector to contribute to socially, environmentally and economically sustainable development, multi-stakeholder partnerships are key. New and innovative forms of partnership and collaboration between stakeholders from government, civil society, academia, research institutions and the private sector should be further explored, particularly in a UN context. This is especially important in the field of agricultural development, as agriculture – including crops, livestock, forestry and fisheries – employs a large part of the population in low-income countries and is crucial to ensuring global food security and good nutrition.

Spearheaded by SDG 17, Agenda 2030 calls for a broad approach to partnerships, including the exchange of knowledge, expertise and technology, as well as of financial resources. In line with the priorities of the Swedish strategy for FAO, in this publication the Swedish FAO Committee presents perspectives of the private sector, the public sector and civil society on multi-stakeholder partnerships in which the private sector is a partner. These perspectives are presented by Tetra Laval Group, The Swedish International Development Cooperation Agency (Sida) and World Wide Fund for Nature (WWF) respectively. The goal is to provide insights into incentives and methods that will promote successful, sustainable partnerships, and to offer positive examples of such projects.

The Swedish FAO Committee

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Private sector engagement in development cooperation

Introduction

There are several roles for the private sector in development cooperation, including supplying goods and services, sharing its expertise and knowledge, not the least by good CSR practices, and contributing funds or staff to external charity projects. The private sector also increasingly engages in development cooperation as a partner with governments and with UN and other development cooperation agencies.

There are many good reasons why partnerships between governments, UN and other development cooperation agencies and the private sector should be encouraged:

- Common goals – the development of value chains contributes to the creation of jobs and incomes, as well as creating markets for private sector goods and services.
- Market linkages – increased outputs of products are not enough; there also has to be a demand for the products. The private sector can assess market potential and enable access to the market.
- Synergies – partnerships have the potential to make more efficient use of resources. In a public private development partnership, all public and private partners contribute funding and/or resources in their respective fields of competence and expertise.
- Sharing the burden of high initial costs – new models and concepts take time to establish and commercial viability may be many years ahead owing to the introduction of new technology, high initial running costs per unit produced, and time-consuming transfer of knowledge. Joint funding can help commercial entities to reach the production volumes and quality required for a sustainable and viable venture.

As with the formation of all kinds of partnerships, there are some challenges with public private development partnerships:

- The partnership must be in the “sweet spot” where commercial and development goals overlap.
- The respective partners’ roles and responsibilities have to be understood and clearly defined, preferably in a memorandum of understanding (MoU) or partnership agreement. Each partner should also follow its own due diligence process to assess its future partner, and decide whether it wants to enter into a partnership with the party concerned.
- Something that is often overlooked is the need for all partners to allocate time and resources in the development phase of a project. These resources are needed if the project is going to be implemented in a reasonable time frame. Also, the better prepared a project is, the higher the chances of all project goals being reached, and the lower the risk of problems and conflicts in the implementation phase.

- Profit making and non-profit making partners have to handle the potential conflict of interest in providing a solid business case on the one hand and the role of profit making when dealing with public goods on the other. This contradiction can be managed, for example by not transferring any public funds to the private sector unless they cover project-specific costs. Another solution is to engage a third-party implementor in order to avoid the transfer of funds to the private sector.

Recommendations

This publication highlights three perspectives on private sector engagement in development cooperation – the perspectives of the private sector, public sector and civil society. These perspectives are presented by Tetra Laval Group, The Swedish International Development Cooperation Agency (Sida) and World Wide Fund for Nature (WWF). They recommend the following:

- Allocate resources for the development of partnerships and partnership projects as a core activity and not on a case-by-case basis.
- Look for partnerships where partners' core businesses and competencies are involved. Make use of the private sector's ability to create necessary market linkages for long-term viability.
- Respect partners' different objectives with the partnership and identify the "sweet spot" where goals overlap.
- Clarify partners' different roles and responsibilities to avoid difficulties during implementation.
- Avoid overly lengthy and complicated due diligence and approval processes, without compromising on quality, especially for smaller-scale interventions.
- Be open to partnerships irrespective of size or budget. It is the results and outreach that matter, not the size of the budget spent. Even very small projects can have a big impact.

PRIVATE SECTOR PERSPECTIVE

Tetra Laval Group partnerships for improved dairy value chains

Summary

- *Tetra Laval joins forces with its dairy processing customers, forming partnerships to develop sustainable dairy value chains. Partners in public private development partnerships include governments, UN and other development agencies and civil society organisations.*
- *Partnerships are mainly formed in three fields: dairy development, school milk and development of nutritious dairy or non-dairy beverages.*
- *Dairy development partnerships are for the most part in the form of Dairy Hub projects. The main objective is to increase the collection of locally produced milk from smallholder farmers for industrial processing and packaging, while at the same time improving skills, efficiency and incomes for large groups of farmers.*
- *The contribution from Tetra Laval is mainly technical assistance provided by Food for Development specialists in smallholder milk production and school milk implementation.*

The Tetra Laval Group

Tetra Laval Group companies Tetra Pak and DeLaval together address the whole value chain for milk with its goods, services and expertise, from cow to consumer. DeLaval develops, manufactures and markets equipment and complete systems for milk production and animal husbandry worldwide. Tetra Pak is a food processing and packaging solutions company. Its products reach consumers in more than 160 countries. The UHT aseptic processing and packaging technology developed by Tetra Pak in the 1960s allows foods to be stored and transported without cooling, and it extends shelf life up to 6–12 months without any additives.

Tetra Laval Food for Development was established in 2000 and is actively driving development of the entire dairy and food value chain in partnerships with customers, governments, UN and other development agencies and civil society organisations (CSOs).

Tetra Laval Food for Development forms partnerships mainly in the following fields:

- Development of smallholder milk production through Dairy Hubs that connect dairy farmers to an industrial processor.
- Development and implementation of school milk programmes.

- Development of school feeding products, such as fortified dairy or non-dairy beverages.

Partnerships that strengthen dairy value chains

For a development partnership to be successful and sustainable, all partners must benefit. There must be a development impact and commercial benefits at the same time.

In many developing countries, smallholder farmers do not have a reliable market for their milk and other products. This leads to food losses and a reluctance from farmers to invest in their production. Initiatives to help farmers produce more and better milk can only be sustainable if farmers have a guaranteed market for their milk. A key contribution from Tetra Laval and its dairy processing customers in value chain partnerships is market linkage. Smallholder farmers can sell all the milk they produce, morning and evening, all year round. For the dairy processor, long-term gains include a stable and growing supply of locally produced, good-quality milk, which is needed to meet the demand for processed and packaged dairy products.

By engaging in value chain development projects, Tetra Laval is supporting its customers to grow and develop sustainable local economies. This creates opportunities for Tetra Laval to continue to build sustainable future markets within the food and dairy industry.

Tetra Laval's partners add not only financial resources, but also know-how, skills and credibility, to Tetra Laval's own resources and experience. Financing partners help fund project staff and other project costs. Implementing partners manage projects on behalf of funders and other project partners. Partners can also be platforms for networking and/or advocacy. Partnerships could be informal or formalised through MoUs or partnership agreements. Partners include all levels of government, development cooperation agencies such as Sida and DFID, UN agencies such as WFP and UNIDO, foundations, for example Global Child Nutrition Foundation, and civil society organisations like Heifer International and others.

"Heifer International's Kenya Market-Led Dairy Supply Chain Project (KEMDAP) with Tetra Pak and Tetra Laval Food for Development is a fine example of how public-private partnerships advance Heifer's mission to end hunger and poverty. By working together with New KCC, County Governments and Cooperatives, Heifer, Tetra Pak, and Tetra Laval Food for Development are connecting small-scale dairy farmers to markets so they can increase household income and lead dignified lives."

Mahendra Lohani

Senior Vice President of Programs, Heifer International

Investments in plants, equipment and other hardware are in most cases made by the private sector, although favourable financing through development banks can be an important contribution initially.

Tetra Laval's contribution in a public private partnership is mainly in the form of technical assistance. Tetra Pak also gives special discounts on packaging material used for school feeding and other social programmes. In dairy development projects, training is provided for extension officers, trainers and farmers, for example in the areas of milk production, feed production, animal health and farm management. Training material and data collection tools are also provided.

In school feeding projects, a Food for Development specialist trains government officials, teachers and school staff in school milk management practices and food safety. The necessary administrative tools for programme implementation are also provided.

Dairy Hubs are developing a hidden food reserve

More than 40 per cent of all milk is produced by smallholder farmers. Around 20 per cent of the milk produced in the world is lost or wasted. In some countries, as much as a third of the milk never reaches consumers owing to the lack of sufficient cooling, transport and processing.

Smallholder milk is a hidden food reserve with high potential. This includes not only the milk that would otherwise be lost, but also the milk that could potentially be produced if farmers were given the necessary skills and inputs. During the food crisis in 2008, when milk powder prices increased, Tetra Pak and some of its dairy processing customers started exploring how more locally produced milk could be collected to reduce dependence on imported milk powder. The result was the Dairy Hub model, now successfully implemented in Bangladesh, Kenya, Nicaragua, Senegal and Zambia, with many more countries in the pipeline.

In a Dairy Hub project, thousands of smallholder farmers are linked to an industrial dairy processor that commits to buying all of their milk. The dairy processor invests in the necessary infrastructure, if not already available at farmer or cooperative level, such as village milk collection centres, a milk bulking centre and milk transport. The dairy processor also employs all the staff needed to support and train farmers.

Smallholder farmers gain access not only to a secure market for milk, but also to the necessary inputs, feed being the major one, and services, such as veterinary services, on-farm training and advice. A wide spectrum of other services can also be provided, depending on needs and partners' fields of expertise.

In a Dairy Hub project, it is not difficult to identify the "sweet spot" where development cooperation objectives and commercial goals overlap. Poverty is reduced among farmers

and the dairy processor benefits from increases in volumes and quality of their main raw material, milk. Tetra Laval and its local dairy processing customers have partnered with donor agencies in several Dairy Hub projects. These donor agencies have helped fund the necessary technical assistance for the training of extension staff and farmers in areas such as milk and feed production, milk hygiene and animal health.

In the Bangladesh Dairy Hub partnership (Tetra Laval, PRAN Dairy, Sida, UNIDO, Government of Bangladesh), dairy farmers have increased their incomes by 144 per cent over a period of 5 years. During the same period, the dairy processor (PRAN Dairy) has increased the volume of local milk collected more than 20 times in the region of its first Dairy Hub. Despite all the investments made and the increased running costs, PRAN Dairy has reached its goal of keeping its collection cost per litre of milk at the same level as, or lower than, before the partnership project started.

Improving child health and increasing demand for quality milk through school milk programmes

Tetra Laval has been active in the development of school feeding and nutrition programmes for more than 55 years. The first school feeding programme using Tetra Pak packages was introduced in Mexico in 1962 in collaboration with the National System for Integral Family Development, and the programme now covers 5 million children. In 2017, Tetra Pak packages were used in school feeding programmes in 58 countries, reaching 72 million children. Most of the programmes are government-funded.

Tetra Laval enters into partnerships with governments and implementing organisations such as the World Food Programme (WFP) and others. The company contributes technical assistance to evaluate and assess programmes, proposes improvements and helps to train staff in good management practices. Tetra Laval has developed a tool kit, including training material, data collection forms and other supporting materials, that is made available to partners at no cost.

In Latin America, Tetra Laval Food for Development has signed a Letter of Intent with the World Food Programme's Regional Bureau for Latin America and the Caribbean in connection with WFP's initiative to "enhance the sustainability and quality of national school feeding programmes in Latin America and the Caribbean". The objective of the partnership is to share Tetra Laval's technical support and the group's expertise and experience in school feeding programmes. This partnership has brought positive synergies, mutual learning and a deeper understanding of each other's knowledge and capacities.

WFP and Tetra Laval also partnered in a two-year school milk pilot programme in Zambia, a public private development partnership co-funded by Sida. Partners also included the Ministry of Education and the local dairy processor Parmalat. A school milk model distributing portion-packed UHT milk produced from milk sourced from local smallholder farmers was tested successfully and could be a model for future school milk programming



School feeding programme specialist from Tetra Laval visiting a school in the school milk programme in Senegal.
Photo: Tetra Laval Group

in the country. Positive impacts in this pilot, which reached 17 000 children, included increased attendance and enrolment at targeted schools and improved school results.

“Tetra Laval and GCNF understand that when public and private partners work together, we can make sustainable changes to improve nutrition and education for children. For more than a decade, our innovative and valued collaboration with Tetra Laval has supported developing countries feed and educate some of the world’s most vulnerable children.”

Gene White

President GCNF, Global Child Nutrition Foundation

Innovative nutritious beverages improving diets and health

Tetra Pak works with its customers and partners to develop new dairy-based or non-dairy nutritious beverages that can address specific needs among schoolchildren or consumers. Product recipes are developed and tested and then trialled in feeding programmes or on the commercial market. Examples of such product innovations include a fortified dairy beverage with quinoa used in school feeding and commercial distribution in Ecuador, and milk with wheat and rice cereal used in school feeding and commercial distribution in Peru.

In areas where there is insufficient infrastructure for safe distribution and consumption of powder product, Tetra Pak offers product development support to develop safe, hygienic ready-to-drink products. One such example is Incaparina. The Nutrition Institute of

Central America and Panama, INCAP, developed the formula of Incaparina, a protein-rich nutritional powder based on soya and cornflour fortified with iron, zinc, calcium and vitamins. The powder has been used as a food supplement in the region since the 1960s, showing remarkable results, according to INCAP. Children who were provided with Incaparina in the late 1960s and 1970s were more likely to finish primary school. They ended up with better-paid jobs compared with those who did not receive Incaparina. Health issues, such as stunting and underweight, were also improved in the groups provided with Incaparina.

Tetra Laval Food for Development partnered with Tetra Pak's customer Alimentos S.A. and INCAP to develop a ready-to-drink version of Incaparina using UHT technology. The idea was to make it easier to distribute the food supplement in poor rural areas where there is a lack of refrigeration and clean water. Incaparina is used in different government nutrition programmes, for example disaster relief programmes targeting severely malnourished children in rural areas of Guatemala. The fortified beverage is also used in school feeding programmes in Belize and El Salvador. Furthermore, the ready-to-drink Incaparina is being sold commercially in retail stores, making it available to large groups of consumers.

Other examples of products that have been developed as a ready-to-drink version are oral rehydration solutions and F100 and F75, fortified milk powder products used to treat severely malnourished children.

Case summaries / Tetra Laval



Tetra Laval and its partners help smallholder farmers in Senegal to produce more and better milk.
Photo: Tetra Laval Group

Value chain development linking local smallholders to the dairy industry in Senegal

In Senegal, Tetra Pak West Africa, Tetra Laval Food for Development, the local dairy processor SIAGRO and the International Finance Corporation (IFC) are joining forces, working with local smallholder dairy farmers to scale up milk production and collection. The average milk yield in Senegal is one of the lowest in the world, at 0.6 litres per cow per day, and there is considerable potential to increase local production of raw milk and to process, pack and distribute it safely.

The objective of the partnership is to have 40 per cent of the total milk intake sourced locally within one year. The solution is the establishment of a Dairy Hub, linking local farmers to a formal dairy value chain. Farmers can sell all the milk they produce and gain access to the training they need to develop their production. Milk collection infrastructure has been set up in the Fatick region by SIAGRO, with plans for further expansion. Tetra Laval's Dairy Development Specialist provides training to SIAGRO's staff and farmers, and reference farms are being developed where milk production and farmers' income are being measured. IFC provided loans to SIAGRO for investments in dairy processing equipment. As a complement to these investment loans, IFC is also providing technical assistance resources for the development of local milk production, to make the investments more sustainable. In addition, Tetra Laval is supporting the entire value chain by providing technical assistance to the Dakar school milk programme, sharing best practices in food safety and programme implementation.

During the first eight months of 2017, milk collection increased by 59 per cent, and milk collection volumes also stabilised over the year, in contrast to the earlier large seasonal fluctuations. The initiative also has benefits for schoolchildren. In 2017, 84 100 school-

children in 172 schools in the Dakar Department received school milk three days a week. As a result, school enrolments have increased by 8.8 per cent in the past three years of programme implementation in the targeted schools.

Improving farmers' incomes in Bangladesh

In Bangladesh, Tetra Pak Bangladesh, Tetra Laval Food for Development, DeLaval, the local dairy processor PRAN and UNIDO partnered to develop local smallholder milk production in Bangladesh. The initiative was co-funded by Sida in a Public Private Development Partnership.

Many developing countries have a long tradition of milk production, but only a small portion of the local milk is collected, processed and packaged owing to lack of infrastructure and cooling and processing capabilities. Tetra Pak and DeLaval, together with dairy processor PRAN, have shown that production and collection of smallholder milk can be economically viable, for both farmers and the dairy industry. For smallholder dairy farmers, benefits of participating in a Dairy Hub project will include access to training and advice, healthier animals, and a regular and increased income. And at the same time, public access to safe and affordable milk will be increased.

PRAN has invested in a network of Dairy Hubs through which smallholders' milk is collected and farmers receive the necessary training and inputs to develop their production. Tetra Laval Food for Development experts are supporting the project with technical assistance, including training of trainers, farmers and staff. Sida assisted PRAN in expanding the Dairy Hub network by covering part of the cost of the necessary skills transfer and operational costs for a period of three years.

After the first Dairy Hub had been operating for 60 months, the average monthly income per smallholder farmer had increased by 144 per cent, the average milk yield per cow per day by 143 per cent and the quantity of milk collected per day by 1 950 per cent.



Dairy expert from Tetra Laval training smallholder farmers in Chatmohar region in Bangladesh.
Photo: Tetra Laval Group

PUBLIC SECTOR PERSPECTIVE:

Swedish International Development Cooperation Agency – maximising output

Summary

- *Sida collaborates with the private sector in cases where it considers it the best and most efficient way to achieve development goals and support sustainable development.*
- *Partnerships are between equal partners and are based on an agreement on common interests and on the aims and purposes of the partnership, while recognising that the other party is entering the partnership with a different objective for its collaboration.*
- *Private sector collaboration is in itself a method, which means that it can be implemented in all of Sida's prioritised areas.*
- *The main objective of Sida's collaboration with the private sector is not resource mobilisation, but to embed a sustainable approach at the core of business.*
- *Sida's collaboration with the private sector is guided by five principles of specific importance: catalytic; core business; cost- and risk-sharing; systemic change of markets; and additionality.*
- *There are four different types of instruments that enable cooperation between Sida and the private sector: Public Private Development Partnerships (PPDPs); Challenge Funds; Swedish Leadership for Sustainable Development (SLSD); and Drivers of Change.*

The Swedish International Development Cooperation Agency, Sida

The Swedish International Development Cooperation Agency (Sida) is a government agency working on behalf of the Swedish Parliament and Government, with the mission to reduce poverty in the world.

Sida's collaboration with the private sector

The objective of Swedish development cooperation is to create opportunities for people living in poverty and under oppression to improve their living conditions. Sida cooperates with many different actors who possess different sets of skills, knowledge and resources, such as civil society, governments, trade unions and private companies.

Sida's collaboration with the private sector is aimed at harnessing its potential to enable well-functioning, inclusive and sustainable markets, value chains or business models. The collaboration can enable Sida to achieve better results in its work, for example, to promote

decent working conditions, employment opportunities or sustainable and responsible production. Sida stands a better chance of addressing these challenges and achieving systemic change if it engages with private sector partners who have the influence to drive and lead the change through their core business and value chains. By identifying mutual interests between different actors, Sida can enter into partnerships and pool resources to work towards the same goals, achieving greater impact than if the agency was undertaking initiatives of its own. These partnerships are between equal partners and are based on an agreement on common interests and the aims and purposes of the partnership, while recognising that the other party is entering the partnership with a different objective for its collaboration. While Sida mobilises financial flows and encourages sustainable business, the private sector can contribute through scaling up of research, innovation, digitisation and technological development.

It is important to emphasise that the main purpose of Sida's collaboration with the private sector is not resource mobilisation. Rather, collaboration is a means to achieve the objective of Swedish development cooperation: to create opportunities for people living in poverty and under oppression to improve their living conditions. Private sector collaboration is in itself a method, which means that it can be implemented in all of Sida's prioritised areas. Additionally, collaboration with the private sector is a way of promoting a sustainable approach at the core of the businesses concerned. By sharing knowledge, Sida aims to generate a change that will cause sustainability to permeate the entire company, resulting in a more sustainable way of conducting business.

Sida works with a range of different private actors. While some have already made significant progress towards integrating a sustainable approach to conducting business, others, through their partnership with Sida, are receiving support that will enable them to advance towards this goal. The extent of progress made determines the nature of the partnership between Sida and the partner and how Sida chooses to work with the company.

In line with Sweden's policy of untied aid, no priority is given to Swedish companies or brands. From Sida's perspective, it is irrelevant whether Swedish companies gain from public private sector partnerships; the goal of all Sida's work is to help the global poor.

Opportunities and challenges

In building public private partnerships, it is important to have in mind that public and private actors play different roles. While the business goal of a company is to make a profit, Sida's goal is to create 'public good', as well as to generate development. These different points of departure may constitute obstacles to collaboration.

But there is a sphere of possibility for cooperation. The precondition for collaboration between the public and private sectors is that there is a common interest and shared responsibility, in a context where the partners' different competences and conditions can be used.

Partnerships with the private sector offer an opportunity for Sida to accelerate and mobilise capital from that sector to more easily achieve the SDGs; to increase awareness within the private sector about global challenges; to create job opportunities and improve working conditions; to exchange information and technical know-how; to facilitate a local presence and long-term engagement; and to ensure sustainability through the spread of environmental and social standards.

For the private sector, public private partnerships can open up new markets; secure value chains; increase environmental and climate efficiency; make revenue sustainable; and provide a way to work with capacity development, recruitment, communication, branding and goodwill.

Principles for collaboration

The same principles that guide all of Sida's development cooperation also apply to private sector collaboration. However, in cases in which Sida partners with the private sector, there are a few principles that are of particular importance:

Catalytic

Partnerships with the private sector are catalytic and have a multiplier effect on the development impact of a project. Sida's involvement should catalyse resources such as knowledge, innovation capacity and long-term investments from private sector partners to reach development objectives.

Core business

Partnerships are formed around projects where Sida's poverty reduction objective overlaps with a company's core business objective, and where companies are committed to improving social and environmental responsibility in their operations.

Cost- and risk-sharing

Partnerships are always based on risk- and cost-sharing between Sida and partnering companies to ensure joint ownership of projects and sustainable results. The private sector partners contribute financial and in-kind support to complement Sida's contribution. The aim is a 50 per cent contribution from the private sector partner.

Systemic change of markets

Projects are designed to have systemic impact and to contribute to market reforms by enabling well-functioning, inclusive and sustainable markets, value chains or business models. Sida always ensures that a project does not give a competitive advantage to a specific company, but rather paves the way for systemic change.

Additionality

Sida's involvement triggers a pro-poor development impact that would not have emerged without Sida as a partner, indicating development additionality. Sida's involvement may also

have a financial additionality, by enabling development that would not otherwise have taken place on the same scale.

Partnership instruments

Public Private Development Partnerships (PPDPs)

Sida has developed the PPDP instrument to mobilise the private sector to proactively engage in and contribute to the development of sustainable societies in low-income countries. Partnerships are formed around issues where Sida's interests and the interests of one or more companies overlap, in other words where an intervention contributes to solving a developmental problem while at the same time generating business value.

In a PPDP, one or more private sector actors cooperate and jointly finance a project that seeks to improve the lives of people living in poverty. Sida never gives money directly to a company in a PPDP. Instead, Sida and the company together finance a third party (such as a CSO) that implements the project. This implementing partner is responsible for the financial management of the project and often provides the project with technical expertise and know-how.

The overarching goals of PPDPs are to create systemic impact and to contribute to market reforms by enabling well-functioning, inclusive and sustainable markets, value chains or business models. Sida always makes a thorough analysis of potential partners to ensure that a project does not give a competitive advantage to a specific company, but rather enables systemic change to take place.

Challenge Funds

To overcome the systemic lack of capital in many developing markets and enhance innovation, Sida uses Challenge Funds to finance entrepreneurs and innovators who wish to contribute to economic, environmental and social sustainability in the developing world. Challenge Funds are mostly aimed at entrepreneurs who lack the capital to start up their business or to scale a small project into a larger one. By taking some of the initial risk via investments through a Challenge Fund, Sida can enable social businesses to become self-sustaining.

Challenge Funds use competition between applicants (based on a “call for proposals”) to identify the best solution to a predefined development problem. The entrepreneurs that have applied are assessed against each other and the businesses that best fulfil the preset criteria are given a grant to implement their ideas.

Swedish Leadership for Sustainable Development (SLSD)

SLSD is a network made up of leading companies, selected expert organisations and a development finance institution (Sida). The network is a forum for knowledge exchange and a platform for developing and launching new partnerships and collaboration models

for sustainable development and poverty reduction, with implementation of the SDGs as the overarching umbrella. The network considers promotion of gender equality and equal opportunities for all fundamental to sustainable development.

By initiating and coordinating a network such as SLSD, Sida wants to be a relevant partner for the business sector and stimulate private investments that make a difference to people living in poverty. SLSD opens the way for an exploratory approach and a learning experience for all members, as the network strategy and activities are constantly co-created and revised by the members. This structure is challenging in many ways and demands a great deal in terms of active participation by all members. However, it also provides a set-up for a steep learning curve on how to build partnerships for the implementation of the 2030 Agenda. In other words, SLSD is a clear example of the importance of dialogue and relationship-building as foundations for partnership.

The Swedish Investors for Sustainable Development platform is a spin-off from SLSD and aims to explore the role of long-term investors in the 2030 Agenda from different perspectives and approaches, as well as to offer ideas and inspiration on the way forward.

Drivers of Change

Drivers of Change is a method that focuses on working with CSOs to positively influence the private sector to take greater responsibility for sustainable development and responsible business conduct. It focuses on changing the mindset of the private sector through dialogue and awareness raising regarding the monitoring of corporate behaviour. CSOs play an important role as watchdogs and whistle-blowers in cases where the private sector fails its ethical, legal and international obligations to engage in responsible and sustainable business conduct.

Case summaries / Sida



Sida, ILO and H&M work together in a Public Private Development Partnership to improve salaries and working conditions for textile workers in Cambodia. The photo shows a group discussion on workplace cooperation.
© ILO / Marcel Crozet

PPDP in Cambodia

In Cambodia, Sweden, through Sida, Hennes & Mauritz AB (H&M) and the International Labour Organisation (ILO), is collaborating on industrial relations in a PPDP. The purpose of the project is to strengthen industrial relations and promote collective bargaining, with a view to improving wages and working conditions for textile and garment workers. This is done by:

- supporting social partners in building strong industrial relations with genuine collective bargaining agreements;
- strengthening the regulatory framework governing industrial relations and collective bargaining; and
- building capacity at enterprise, industry and government level for improved dispute prevention and social dialogue.

The project promotes international human rights in general and international labour rights in particular, including the promotion of well-functioning industrial relations institutions and processes, and improved collective bargaining agreements in Cambodia's garment industry. Since the textile and garment sector is a female-dominated industry, the project has helped to improve the rights of many women workers (for example, the number of women elected to union leadership positions in enterprise unions has increased by nearly 50 per cent).

Results indicate that the project has led to improved cooperation and communication between workers and management. Moreover, the project has had a clear impact in terms of transference of knowledge and skills at the enterprise level and provision of trained conciliators.

Market Transformation Initiative (MTI)

This WWF–Sida partnership for market transformation seeks to ensure sustainability both at manufacturer level and within the global value chain, with the aim of reducing

environmental footprint. The initiative has come to focus on smallholders, communities and improved livelihoods, and has a geographical focus on emerging and developing countries. The primary interventions of the programme include:

- encouraging producers and buyers to use voluntary schemes, and supporting them in producing and sourcing in line with the standards and better practice they comprise;
- strengthening the standards systems to ensure that they have an impact and are accessible to small-scale producers;
- ensuring that public policy, in both producing and importing countries, facilitates sustainable trade and production; and
- engaging the financial sector that helps underwrite both trade and production for buyers and producers, shifting its policies and actions in the direction of sustainability.

The value chains of the MTI target companies support the livelihoods of tens of millions of farmers, foresters and fishers. Better production practices in line with voluntary production standards will result in livelihood benefits for producers. Most importantly, producers in developing countries benefit from the long-term viability of the natural resource base they rely on – from livelihoods (e.g. continued availability of water for crops) to lives (e.g. availability of water for drinking).

Learning and Knowledge Development Facility (LKDF), UNIDO

The LKDF is a PPDP programme focusing on industrial skills development in developing countries. The programme aims to (i) establish, in partnership with global manufacturing companies, training academies for the maintenance and operation of heavy equipment in the sectors of transport, materials handling and agricultural equipment construction; and (ii) expand young people's access to job-oriented and demand-driven skills in the sectors of logistics and industrial maintenance of machinery.

The objective of the LKDF is to provide support to other PPDPs with a focus on industrial skills development that aim to help establish efficient market-oriented vocational training centres, by facilitating learning and knowledge sharing. The main clusters of activities are (i) a results-based learning and knowledge development system; (ii) management training; and (iii) a project development facility.

In 2016, the LKDF facilitated knowledge exchange between the six ongoing PPDP projects currently under its umbrella (Ethiopia/Volvo, Kurdistan/Scania, Morocco/Volvo, South Africa/Finland SME, Liberia/Komatsu and Zambia/Volvo). Sida has provided support for the project, such as monitoring and evaluations as well as business planning.

One of the strengths of the LKDF is that it was established through a genuine partnership approach between UNIDO, the industrial partners and Sida. In addition, throughout the partnership the LKDF has been practical and action-oriented, creating an enabling environment for industrial partners to deliver results. Its pragmatic and flexible approach allowed more to be achieved during the programme.

CIVIL SOCIETY PERSPECTIVE:

WWF and transformational partnerships

Summary

- *WWF's collaboration with the private sector is guided by the creation of transformative partnerships that are inclusive and integrated, addressing the sustainability challenges experienced in different contexts.*
- *Finding a common basis and vision, taking into account all three dimensions of sustainability – environmental, social and economic – is imperative if collaboration is to achieve long-term resilience and impact for WWF.*
- *WWF collaborates with the private sector in cases where a partnership takes its starting point in a common understanding of challenges, shared ambitions or activities, and a willingness to communicate a shared message.*
- *The main objective of WWF's collaboration with the private sector is promoting better production, green and inclusive growth and responsible sourcing of raw materials. The aim is to create a change in behaviour that results in conservation values being enhanced, but also greater awareness of the sustainability of operations.*

World Wide Fund for Nature, WWF

WWF is the world's leading conservation organisation, with more than 5 million supporters around the world and with work in over 100 countries. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which people live in harmony with nature. To increase the impact of the work undertaken, the whole WWF network is structured around six global goals – Wildlife, Forests, Oceans, Freshwater, Climate and Energy, and Food – and three key drivers of environmental degradation – Finance, Markets and Governance.

WWF and partnership

A fundamental part of conservation efforts, apart from engagement in numerous projects and processes, is partnerships. WWF works in partnership with institutions, the private sector and corporations, on both a local and a global scale. Partnering takes its starting point in a common understanding of challenges, shared ambitions or activities, and a willingness to communicate a shared message.

Multi-sector partnerships in development cooperation

WWF's point of departure for partnership is the Oxfam model for a safe and just space for humanity. Basic prerequisites for human activities are the boundaries set by nature and natural resources such as clean air, water and soil, sustainable oceans and land use, and the maintenance of biodiversity and climate. Recognition of this fact allows for a safe and just space for humanity, which includes sustainable economic development with societal needs at its core.

Businesses, whether it be in their direct operations or through their supply chains, are dependent on natural resources. As the corporate sector drives much of the global economy, it also has a responsibility to ensure that both natural resources and ecosystems, which underpin long-term viability, are used sustainably. Added to this are companies' responsibility to take a lead on the adaptation and innovative solutions needed to drive this necessary change.

By partnering with the private and public sector and other stakeholders, WWF is creating and taking part in multi-stakeholder platforms and innovation hubs delivering on the sustainability challenges. Three types of partnerships with companies are distinguished:

- Driving sustainable business practices.
- Communications and awareness raising.
- Philanthropic partnerships.

Opportunities and challenges

To achieve the vision and goals set by WWF, major changes need to happen in the systems that human society has built up. These changes can only be brought about through joint efforts by actors such as local communities, governments, NGOs, finance institutions and development agencies, consumers, researchers and, last but not least, national and multinational corporations.

WWF's approach in working with the private sector is to create transformative partnerships that are inclusive and integrated, in order to address the sustainability challenges experienced in different contexts. Finding a common basis and vision, taking into account all three dimensions of sustainability – environmental, social and economic – is imperative if collaboration is to achieve long-term resilience and impact. Also, making sure that best management practices are carried forward independently by the relevant stakeholders after the project period has ended is an important factor that needs to be recognised.

For the partnership itself, awareness, knowledge sharing, inclusiveness, transparency and accountability are other key factors for success. Furthermore, it is important to recognise that a partnership means going down an unknown path, leading towards true sustainability, while creating win-win solutions to specific problems in complex systemic challenges.

WWF partnership instruments

WWF works with the private sector to promote better production, green and inclusive growth and responsible sourcing of raw materials. The aim is to bring about a change in behaviour that results in conservation values being enhanced, but also greater awareness of the sustainability of operations. This is expected to be achieved by:

- promoting better production and responsible sourcing of raw materials that drive unsustainable use of natural resources;
- encouraging a switch away from fossil fuels to 100 per cent renewable energy;
- engaging jointly on public policy;
- supporting the equitable sharing of natural resources;
- redirecting financial flows to support conservation and sustainable ecosystem management;
- raising awareness of the need to consume more wisely.

Every partnership is unique and therefore there are a variety of ways in which such collaborations can be developed. However, the first step in a partnership is engaging in a constructive dialogue – while challenging both organisations with real issues. Doing this brings to light opportunities and risks. WWF has developed an extensive toolbox that includes several identified aspects of achieving successful private sector partnerships. It covers the following areas: Organisational context; Partnership agreement; Partnership baseline; Partnership monitoring; Characteristics of partnerships; and Relationship typologies (http://assets.wwf.org.uk/downloads/wwf_partnershiptoolboxartweb.pdf).

Case summaries / WWF

H&M–WWF water stewardship collective action, Taihu basin, China

Starting in 2014, WWF engaged H&M in collective action with suppliers, decision makers and civil society in the Taihu basin in China.

The vision of the WWF Water Stewardship programme is a private sector fully engaged in efforts to secure water for people and nature by recognising and taking responsibility for their role in managing fresh water within the wider water cycle and integrating the principles of good stewardship into their core business activities. This is done by taking responsibility to reduce the impacts of their own water footprints, taking voluntary action to conserve freshwater ecosystems, and participating in constructive public policy dialogue to improve water resource management.

The H&M–WWF partnership started in China in 2014 and continues to build on achievements in water stewardship, inside and outside H&M factories:

- The first Water Stewardship Industrial Park project with guidelines on water stewardship.
- Taihu Forum for multi-stakeholder collaboration.
- A scientific indicator system for basin health monitoring.
- Improved water quality for the endangered Yangtze finless porpoise.
- Multiplication to involve two more brands, Tommy Hilfiger and Target.
- Multiplication to include a new project in Turkey.
- Scaling up to the global production level in H&M and to public international advocacy for water stewardship.

Factory owners involved in the first WWF Taihu water stewardship pilot, the Song brothers, also challenged neighbouring factories to join the programme. (Photo: WWF Alex Sun)



H&M was the first textile fashion brand to implement basin-level collective action in water stewardship.

The H&M–WWF partnership is shaping H&M’s strategic approach to water management, inside the company, in the supply chain and beyond, scaling up engagement for water stewardship and safeguarding better water management practice in the industry.

Cecilia Brännsten, Environmental Sustainability Manager for the H&M group, believes that the textile and apparel industry should be at the forefront on water stewardship due to its high impact on rivers and freshwater ecosystems, and high dependence on clean sustainable water supplies.

“Efficiency savings from single companies alone will not address water risk at the basin level. The answer is for brands in the fashion and textile industry to work together.”

Cecilia Brännsten

Environmental Sustainability Manager for the H&M group

By 2015, the partnership had grown to include more than 20 factories in the pilot Industrial Park, which have sought to improve their water and chemical management, sharing best practices and experiences along the way. For the pilot factory that took part from the start, benefits such as improved wastewater treatment, water and energy savings and increased staff awareness were observed. Within 2 years of the start of the project, the company concerned had reduced its production costs by 25 per cent thanks to its investment in sustainable technology.

WWF’s Water Stewardship practices are now also being introduced in the Mekong region through WWF. This multiplication effect indicates a progressive design that has a strong impact, thanks to multiple-stakeholder collective action for better water management.

Participation in multi-stakeholder platforms – WWF engagement in the Southern Agriculture Growth Corridor of Tanzania

Sub-Saharan Africa has the world’s fastest-growing population, high poverty rates, large yield gaps and the greatest proportion of arable land not yet being used for agriculture. As a response, the Southern Agriculture Growth Corridor of Tanzania (SAGCOT) was launched by the Tanzanian Government in 2011. This public private partnership between national government, agribusiness corporations, development partners and non-governmental organisations is run by SAGCOT Centre Limited (SCL).



SAGCOT aims to establish commercial production on 350 000 ha of land, with 10 000 smallholders, by 2030, and to link smallholder farmers and agribusiness to new national, regional and global markets. (Photo: WWF Casey Harrison)

WWF's sustainable investment programme builds a compelling example of inclusive green growth in SAGCOT, raising environmental awareness and the sustainability performance of investments. The aim is to bring 350 000 hectares of land and 10 000 smallholders to commercial production by 2030. This is predicted to generate up to 500 000 new jobs and lift 2 million people out of poverty. The core idea is to link smallholder farmers and agribusiness to national, regional and global markets.

Together with stakeholders, WWF is promoting Inclusive Green Growth, sustainable investments and sustainable use of resources – primarily fresh water – for SAGCOT. Some examples are:

- Funding a position as senior Green Growth fellow, based at SCL, to enhance understanding of water flows and allocations and investment trade-offs.
- Developing and ground-truthing an Inclusive Green Growth Guideline to increase sustainability of investments, together with SCL and companies.
- Undertaking value-chain work and other projects highlighting sustainable use of resources, primarily fresh water, together with business interests.

The current investment paradigm still largely lacks long-term sustainability thinking. However, the multi-stakeholder platform provided through the SAGCOT structures offers an opportunity to make investments different.

Another challenge is the common lack of both knowledge and impact assessment relating to investment risks and limiting factors. A good example is agricultural use of fresh water,

which is not recognised, understood or addressed in such a way as to allow investments to function sustainably. This is especially important in a country like Tanzania, which has a trend of decreasing freshwater availability and is today deemed a water-stressed country – factors that limit economic development.

Creating win–win solutions for all: social, environmental and economic sustainability in SAGCOT can develop long-term sustainable agriculture, producing for growing markets both national and international, for people and business; protecting domestic resources and the environment; and securing investments. With new structures now in place, the multiple stakeholders involved, including farmers, environmental organisations, UN agencies, industry and decision makers at both national and local level, are engaged in an ongoing dialogue to find ways of achieving collective action.

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Svenska FAO-kommittén

The Swedish FAO Committee was formed in 1950, the same year that Sweden became a member of FAO. The task of the Committee is to assist the Government in its work for food security for all, while taking account of global development and the preservation of biodiversity in the areas of agriculture, forestry and fisheries. It is also to spread knowledge about and raise interest in the work of FAO in Sweden. The Committee consists of 12 members and its chair.

Swedish FAO Committee
www.svenskafaokommitten.se

