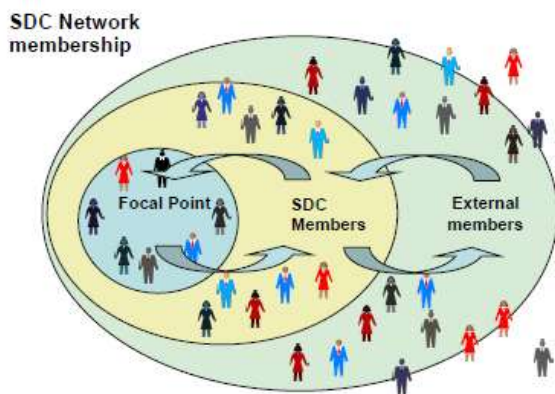


# Theme ‘Employment and Income’: SDC’s Medium Term Orientation 2015 – 2019



The purpose of this medium term orientation is to define the thematic and methodological priorities that SDC’s focal point and network on Employment and Income (e+i) will pursue over the next five years. It is shared with and targeted towards e+i network members and all partners interested in SDC’s e+i work (e.g. implementing organisations, other SDC networks, other bilateral or multilateral agencies working on similar topics, consultants, competence centres, etc.). The following graph shows the three main layers of the e+i network, indicating that the topic in itself is of interest beyond the network.<sup>1</sup>



This paper builds on the previous medium term orientation and includes new insights and experiences gained during its implementation.

Over the past years SDC and its partners have accumulated a lot of valuable e+i programmes and project experience building up on the track record of its former e+i division.

The network will contribute to identifying the most pertinent ideas, experiences, projects, or components of projects, relying increasingly on result measurement. Based on qualified and quantified results, the network can better spread successful ideas and, in the ideal case - contribute to their replication or scaling-up.

## Mission<sup>2</sup>

Bring e+i projects/programmes/components to scale, make them more effective and thus create massively income and employment for poor, disadvantaged and excluded populations.

## 1. Why e+i?

Poverty is a multidimensional phenomenon. Lack of access to basic services like education, water or electricity, social or political exclusion, and high vulnerability are some dimensions of poverty. Related to them, and often lying at their core, is the economic dimension of being un- or underemployed and not having enough income. Although it is not possible to rank poverty dimensions according to their importance, insufficient income, i.e. income poverty, is one of the most severe factors. History has shown that economic empowerment leads to

<sup>1</sup> More information on the e+i network can be found on the shareweb: [http://www.sdc-employment-income.ch/en/Home/About\\_us](http://www.sdc-employment-income.ch/en/Home/About_us) on SDCs intraweb.

<sup>2</sup> The mission of the e+i focal point and in particular the e+i network is derived from a result chain as illustrated in Annex 1.

empowerment in other dimensions, too – and vice versa. There is a clear relationship between income and non-income dimensions of poverty, and reducing the former helps to escape the vicious circle. Consequently, income creation is addressed not only in “pure” e+i SDC projects and programmes, but as well in e.g. climate change, food security or rural development interventions.

In order to reduce insufficient incomes, we need inclusive growth, i.e. the creation of *net additional income* for SDC’s target groups<sup>3</sup>.

## 2. What do we understand by e+i?

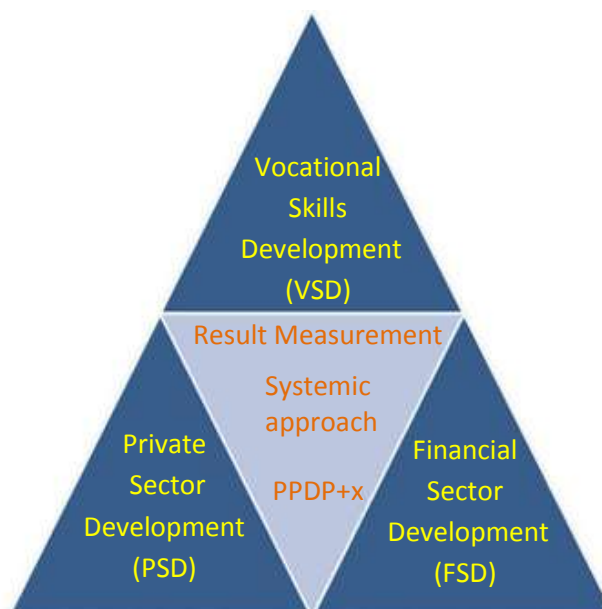
In principle, every project creating employment and income is of interest to SDCs e+i network. Many SDC projects ranging from food security, rural development, climate change to electrification, most interventions conducted by the State Secretariat for Economic Affairs (SECO) and a lot of programmes by other bi- and multilateral organizations qualify as e+i relevant in a broader sense, because they have income objectives.

However, the e+i network concentrates on three thematic priorities (see e+i pyramid below):

- i) Vocational Skills Development (VSD),
- ii) Private Sector Development (PSD),
- iii) Financial Sector Development (FSD).

The thematic priorities VSD, PSD and FSD are linked by the inner triangle highlighting three important approaches or instruments:

- Systemic Approach
- Public Private Development Partnerships and more (PPDP+x)  
Result measurement<sup>4</sup>



## 3. What are the challenges within the three thematic priorities VSD, PSD, FSD and why is the systemic view so important?

SDC is taking a systemic approach to its thinking on e+i challenges as indicated above and explained in more detail in the following subsections.

<sup>3</sup> The precise target group may vary from project to project as priorities depend on the context. Usually the final impact should benefit low-income men and women (social change), marginalized and/or vulnerable groups.

<sup>4</sup> Each element of the triangle is underpinned and referenced by associated policies, strategies, and technical papers – e.g. Policy for Financial Sector Development; Strategy for Basic Education and Vocational Skills Development; Framework on Public Private Development Partnerships; Comparative Approaches to Private Sector Development; Employment, Income and the MDGs; VSD Common Outcome Indicators, Guiding Principles Insurance for Smallholders. All documents and more information can be found on SDC e+i shareweb: <http://www.sdc-employment-income.ch/>

### 3.1. Vocational skills development (VSD)<sup>5</sup>

Vocational skills development can make a crucial, multi-faceted contribution to the reduction of poverty. Providing additional skills to individuals contributes to their personal and professional development, helps them to find an active role in society and integrates them better into the economy. Qualifications are broadened and thus beneficiaries have better opportunities on the labour market. Furthermore, people with better skill sets are at the basis of productivity gains in the economy and contribute therefore to the economic competitiveness and growth of their country. Therefore, SDC promotes VSD since more than four decades and is supporting today 40 programmes and projects on all continents, with a specific focus on the integration of poor and vulnerable groups.

**Challenges in VSD:** The 1990's and the first decade of the new millennium have brought a distinct decline in VSD activities on the global level and essential changes in the way, how in developing countries VSD promotion was supported. Traditional TVET (technical and vocational education and training) had often proved insufficiently flexible to respond to growing informal sectors, large excluded groups mainly in rural areas, technological change, increasing international competition and high under- and unemployment. In order to increase the poverty focus of VSD, there has been a shift from traditional TVET to a broader comprehension of VSD internationally, which includes basic, social and professional competencies that can be acquired through a combination of formal education, competence-based training, non-formal and informal learning.

The economic crisis at the end of the decade brought VSD back on the international agenda. The high youth unemployment and a mismatch between the acquired education and the skills demanded on the labour market were seen as one of the main reasons for social tension. Therefore, many bilateral donors and multilateral organisations re-established VSD programmes<sup>6</sup>.

SDC is one of the few donors that remained active in VSD over the whole period and has developed further its approaches. The key challenges from a systemic point of view are: *access* to VSD offers, *integration* of vulnerable groups, *permeability* between different educational offers, *life-long-learning*, *relevance* and *quality* of the training, cooperation with the *private sector* in the definition of contents and in the provision of training offers, sustainable *financing* mechanisms of VSD offers, and improvement of framework conditions.

**Focus of SDC's response to VSD challenges:** SDC subscribes to this broader concept of vocational skills development. The ultimate target groups of VSD are poor, disadvantaged and vulnerable groups, with a particular focus on youth and women. SDC's work in VSD is often integrated into the strengthening of a country's education system. This integration aims at increasing the permeability between the different educational offers and supports a more

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<sup>5</sup> For an excellent introduction on how VET systems function and how their different elements interrelate read the publication "Understanding and analysing vocational education and training systems – An introduction" by Franz Kehl, Gunter Hohlheyer, Wolfgang Schlegel, 2013, [http://www.sdc-employment-in-come.ch/en/Home/Vocational\\_Skills/VSD\\_Main\\_Topics\\_and\\_Resources/VET\\_Systems\\_Development/Understanding\\_and\\_analysing\\_VET\\_systems](http://www.sdc-employment-in-come.ch/en/Home/Vocational_Skills/VSD_Main_Topics_and_Resources/VET_Systems_Development/Understanding_and_analysing_VET_systems)

<sup>6</sup> The importance was underlined by the UNESCO's Third International Congress on Technical and Vocational Education and Training in Shanghai in 2012. It adopted the Shanghai Consensus <http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/ED/pdf/concensus-en.pdf>), defining recommendations to strengthen VSD provision on a global level.

seamless and therefore more efficient approach to delivering on the concept of 'life-long-learning'. This facilitates improved knowledge and competencies throughout the working life of a person in order to adapt to the dynamics and changing requirements of the world of work. Specific objectives of SDC's support are:

*Promote a broader access to VSD.* SDC promotes the removal of access barriers (e.g. financially affordable or lowering formal entry requirements), a better inclusion of disadvantaged persons, innovation of delivery modes and the incorporation of entrepreneurial skills directed at self-employed activities within curricula. It also supports widening of VSD offers by including private training providers that operate in transparent normative frameworks.

*Promote the relevance of VSD.* SDC promotes the participation of public and private actors in the definition of curricula and the provision of VSD, in order to bring VSD in line with labour market demands and the potential of local and regional economic development. It contributes to enhancing the quality of VSD offers and to promoting life-long learning schemes. In addition to these activities within the VSD system, SDC supports the integration into the labour market through different measures (e.g. information, placement).

### 3.2. Private sector development (PSD)

It is the private sector who is the driver of growth – and the main creator of employment and income opportunities. Private sector development (PSD) has therefore emerged as a central thrust of poverty reduction strategies, with SDC projects or programmes in Asia, Africa, Latin America and Eastern Europe and the Commonwealth of Independent States (CIS) countries. Obviously, growth alone is not sufficient; it needs to benefit the poor and excluded as well.

**Challenges in PSD:** Private businesses can control and influence factors internal to their business. However, there are many external factors that influence their performance and that are beyond their control: the business environment including forward and backward linkages in the respective production and value chains. Often, these factors increase the risks and costs of doing business and ultimately undermine the ability to grow and succeed, hence the ability to achieve scale. Therefore, improving business performances implies improving the socio-economic system within which businesses operate. Businesses – being formal or informal – operate within market systems: they source physical, human and financial inputs through markets, and sell outputs through markets.

Well-functioning markets allow inclusive growth and employment. However, although some markets provide growth and employment, they may not automatically provide access and inclusion for poor and disadvantaged groups. *Inclusive* market system development therefore is increasingly recognised by SDC, and other development agencies, as a key objective for PSD.

**Focus of SDC response in PSD:** SDC projects are evolving from rather supply driven intervention approaches towards inclusive market system development.<sup>7</sup> Within this overarching objective, SDC employs a range of approaches to define and delineate a socio-economic system within which businesses operate. Typically, this is done by adopting either a *spatial* or *sectoral* focus – but increasingly even by combining both. For example, the maize value chain (sectoral) may be a national priority in a given country, but in a specific territory of in-

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<sup>7</sup> "Supply driven" approaches may ignore the other side of the market, the demand, i.e. identifying low production as the problem and then offering technological solutions when perhaps the demand side is the problem: if the peasant would be sure to sell more, he would invest and produce more.

tervention (spatial), a dialogue between the public and the private sector may reveal that a different crop in this locality is more important (e.g. beans). However, as the dialogue evaluates many different potential interventions in a territory, but with limited resources, not even the bean value chain may be pursued exclusively, but may be only one of many priorities like rural roads, etc.

***Spatial approaches: Example Local Economic Development (LED)***

SDC works at sub-national levels, supporting local authority capacity to manage stakeholder partnership approaches to local economic development. With urbanization becoming more important, LED is an appropriate answer to link rural to urban development. Inclusive market system development is increasingly taking this into account.

***Sector approaches: Example Agricultural value chains***

SDC works with value chains as an approach to understanding how poor and excluded producers can organise better in order to meet competitive global threats and access local, national and global market opportunities.

SDC contributes to a more enabling business environment in all its projects and programmes by changing systems, e.g. via influencing public policies (governance as a transversal theme) and promoting dialogue and cooperation between the public and the private sector.

### **3.3. Financial sector development (FSD)**

Deep and efficient financial sectors promote growth; when formal and inclusive they improve equity and reduce vulnerability of enterprises and households.<sup>8</sup> Financial services (savings, insurance, credit, payment services etc.) allow individuals and enterprises (including farmers) to better participate in economic activities, cope with shocks and income fluctuations, build assets and invest in economic and social (e.g. education, health) activities. SDC has been promoting access to financial services for almost fifty years in projects or programmes in Asia, Africa, Latin America and Eastern Europe.

***Challenges in FSD:*** Ensuring sustainable access to relevant and appropriate financial services, especially in rural areas, is the main challenge in financial sector development today. Typical barriers to access are often rooted in limited retail capacity, high costs, inadequate market infrastructure, inappropriate policies and regulations and, unfortunately, ineffective or even distorting aid.

In rural finance specific challenges remain, often related to the reduction of risks and transaction costs and the linkages to complementary services (extension, marketing etc.). Institutional governance (especially in savings-led and cooperative systems), market transparency, gender, over-indebtedness and client protection are themes of particular relevance to financial sector development. Improving the poor's access to financial services is not constrained by a lack of know-how per se, but by the context-specific application of widely known good practices and approaches, including better donor performance. Improved alignment with local policies and strategies and better donor coordination, considering comparative advantages of different donor agencies, are essential.

FSD, especially inclusive finance, is an extremely dynamic field, driven by factors such as technology (IT and financial), product innovation (including insurance) and socially responsible investments. Effective public-private partnerships that crowd-in private investors have

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<sup>8</sup> See as well <http://www.portfoliosofthepoor.com/book.asp> by Stuart Rutherford et al.

shown their potential, and can be designed and managed with a development agenda. In fact, the Swiss financial sector is impressively driving this agenda. Private investors demand increasingly inclusive and impact investment possibilities. The assets under management are rising continuously, attaining already values of several billions of CHF. In addition, growth perspectives are still high, but there is a growing need to identify more investees.

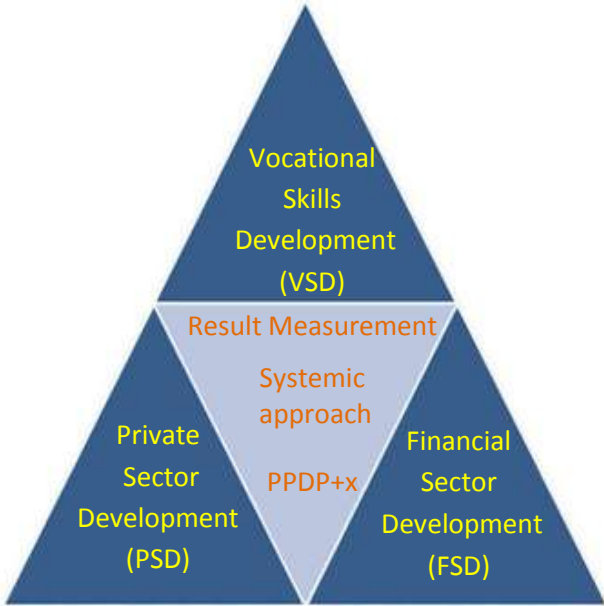
**Focus of SDC response in FSD:** SDC's focus during the coming years will continue to be on innovations in rural finance (including small farm and non-farm enterprise finance), capacity building (at retail and sector infrastructure levels mainly) as well as the mainstreaming of responsible finance standards (do no harm) and social performance management and measurement (do good). Synergies with non-financial rural development activities and other non-financial services that matter for the poor and excluded (social capital formation, financial literacy etc.) will remain important, too. The development of local financial markets and savings services for the poor retain a high priority. SDC can facilitate engagements of socially responsible investors complementing its own capacity development work, local savings mobilisation and the promotion of linkages in local capital markets. Microinsurance as well as agricultural and catastrophe insurance has gained in the last years increasing attention and efforts, as technological progress has made it more and more commercially viable. This has attracted private sector companies with their resources and know-how and correspondingly many public private development partnerships started.

Insurances are interesting for many reasons, e.g. they do not only aim at income poverty but at reducing vulnerability, too. Moreover, they can cover aspects as life, property, health, etc. and they have important links to disaster risk reduction, thus building a bridge to the efforts and expertise of SDCs humanitarian aid. However, insurances are not easy as they need expertise and data. In their absence, some costly trial and error is necessary, making public sector involvement indispensable for a certain period in time. This is nevertheless no news, as microfinance as well needed and still needs a lot of support from the public sector.

**4. How are we doing e+i?**

The preceding chapters have already highlighted some answers to the “how” question when describing the different challenges in e+i’s thematic priorities, i.e. VSD, PSD and FSD. This chapter looks at the three approaches or instruments, depicted in the inner triangle of the graph, in more detail:

- 1. Systemic Approach
- 2. Public Private Development Partnerships and more (PPDP + x)
- 3. Result Measurement



**4.1. Systemic Approach**

Development cooperation transfers to partner countries constitute usually only a minor percentage of their gross national products (on average 20 million CHF expenditure per year per

Swiss Coordination Offices in one country relate to a partner's GNP of several billion CHF). Therefore, we can rarely expect macro-economic effects just from development aid flows.

That is why we need to find bottlenecks, leverage points and work towards the change of whole systems in favour of the poor and excluded

Systemic approaches encompass market system development approaches and more as has already been mentioned above concerning VSD, where e.g. educational systems are to a large extent obliged to provide public goods. Systemic thinking usually is in fact part of SDC e+i result chains and hypothesis' of change (see result chain example in the Annex), and thus part of planning, evaluating, monitoring and implementing.

Systemic approaches have thus a lot of potential in other sectors beyond e+i, too. Other sectors can benefit from this perspective, way of thinking, planning and analysing, even if markets are not the answer to everything, not even in e+i projects. The network stays alert to the limits of the market system development approach, e.g. when promoting VSD, nevertheless looking at VSD as a system and exploring how to further develop and refine market system development and the VSD systemic approach.

Mainly in PSD and FSD the inclusive market system development (like the making markets work for the poor approach) is used aiming at scale and sustainability. In inclusive market system development projects it is not the "Swiss Cooperation" providing services during a limited project life time, but a Swiss financed project that facilitates a systemic change that ideally enables the (changed) system to perform and deliver on its own beyond SDC's involvement.

The approach to inclusive market system development stays pragmatic as many practical implementation problems still need to be solved. However, a rising number of market system development projects and programmes by SDC (and other donors) confirm the particular interest of the approach for e+i projects.

#### **4.2. Public Private Development Partnerships and more (PPDP+x)**

"SDC understands a private sector partnership as an alliance with a private actor that establishes mutual obligations. Each partner defends its specific interests while sharing a set of agreed values. Such alliances create a positive impact at the social, environmental and/or economic levels. ... Programmes aiming at developing the private sector as well as mandates to provide services or to acquire goods are not identical with public-private partnerships in the strict sense"<sup>9</sup>

Collaboration between the private and the public sector has a lot of potential and we are actively engaging with the private sector as actors in development cooperation in the broader sense as well, as it is a central theme in VSD, PSD and FSD and has many facets.

Inclusive growth, inclusive finance, insurance, vocational skills development, employment generation: all this is unthinkable without the private sector. The incentives, the competences, the know-how, the financial and the human resources of the private sector are locomotives.

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<sup>9</sup> See as well: Partnerships with the private sector, Institutional position, Swiss Agency for Development and Cooperation (SDC), March 2013 (internal link: Positionpaper PPDP [pdf, 79 KB] [en] [es] [de])

tives for development. Without private sector involvement we cannot expect *net additional incomes* for our target groups in the long term and at significant scale.

However, private sector engagement for development cooperation is not necessarily happening automatically. To the contrary, often it is very difficult, risky or too costly to create or improve markets where the poor and excluded sell, buy, work or otherwise benefit. As not one single business is constructing a market building or a road just for itself, there is obviously the need for coordination and public investment. Infrastructure is just one example, a very important other example is capacity building: businesses in Switzerland can hire staff who has graduated from good public schools and universities, so they do not need to train them from scratch. Or customers may know products like insurance in Switzerland, but much more financial education may be necessary for smallholders in e.g. Africa or Latin America not knowing the product at all. Some public goods or public investments are often not provided by national or local governments in our partner countries.

Thus, low-income contexts often engender high additional costs and risks leading to higher capacity building needs and costs, higher transaction costs, higher risks to build inclusive markets and systems. Either this translates into higher prices for poor and excluded customers or in longer pay back periods for the investors. Both could jeopardize private investment or make it happen slower and/or later. All these are reasons for public sector involvement and support: PPDP and more. SDC and likeminded can make a difference.

SDC has collaborated with the private sector in many countries for many years. SDC's PPDPs incur in thematic areas like water, health, food security and more. Although PPDPs are challenging, SDC sees the enormous potential. Moreover, SDC itself brings additional benefits to private sector initiatives, in particular by sharing risks, financing public goods that are necessary for market creation, accelerating outreach or incentivizing outreach to commercially less interesting groups (e.g. in rural areas). SDC can do this by taking over guarantees, provide subsidies, co-finance private projects (the public goods part usually), accompany and support policy dialogue, co-finance feasibility studies, co-develop products, support research and development, share experiences and many more.

As one of the difficulties in doing PPDPs is a potential conflict of interest between SDC's social and the private sector's financial interests, collaboration with social businesses and social enterprises, whose objectives are generally better aligned to SDCs priorities, has become an interesting additional opportunity.

**“Social entrepreneurship: The case for definition,** By Roger L. Martin Sally Osberg

The term “social entrepreneurship” is not clearly defined today. In order to understand it, we should start by looking at the characteristics of entrepreneurship.

**What is entrepreneurship?**

In the 19th century, the French economist Jean-Baptiste Say was the first to give a definition of entrepreneurship and describes entrepreneurs as the “ones who undertake”. Besides common personal characteristics such as opportunity sensing, out-of-the-box thinking and determination, entrepreneurs share the ability to identify a gap in or failure of current systems and see embedded in it an opportunity to provide a new solution, product, service or process. They are inspired to alter this unpleasant equilibrium and take direct action to develop a new solution, despite the risk of failure. Finally, entrepreneurs possess the fortitude to drive their creative solutions through to fruition and market adoption.

**What is the difference between entrepreneurship and social entrepreneurship?**

The main distinction between entrepreneurs and social entrepreneurs is the value proposition itself. For the entrepreneur, the value proposition anticipates and is organized to serve markets that can



afford the new product or service, and is thus designed to generate financial profit. Instead, the social entrepreneur's purpose is to create social value by primarily addressing an underprivileged target group ultimately aiming for transformational change of the society.

#### **What is social entrepreneurship?**

We define social entrepreneurship as having the following three components: (1) identifying a gap in or failure of a current system that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political influence to drive change on its own; (2) identifying an opportunity in this unjust situation, developing a social value proposition, and implementing a social innovation by applying inspiration, creativity, direct action, courage and fortitude; and (3) creating a change of the system that releases trapped potential or alleviates the suffering of the targeted group and finally (through imitation and the establishment of a strong ecosystem around the new solution) creates a series of reactions and ensures a better future for the targeted group and even society at large.”<sup>10</sup>

Nevertheless, SDC is making more and more encouraging experiences, that already the dialogue with the private sector is sometimes sufficient to put development issues higher on the private sector agenda, leading to better inclusion of smallholders, better working conditions in factories, etc. Ever more companies are open to explore their engagement for development and SDC can bring interesting contacts, experiences, ideas and additional insights to them. And of course vice versa.

### **4.3.Result Measurement**

SDC has a number of tools and guidelines to promote result based management and measurement, that are usually applied in e+i projects and programmes. In addition, the e+i network promotes

- “result chains”<sup>11</sup>,
- the “DCED standard”<sup>12</sup>, in particular in PSD
- the “SPTF universal standards for social performance measurement”<sup>13</sup> (for FSD)
- the “Common Outcome Indicators in VSD”<sup>14</sup>, developed by the e+i network
- Cost-Benefit Analysis (CBA) or more specifically: ex-ante financial and economic evaluation<sup>15</sup> and when reasonable and feasible impact evaluations

As some of these instruments are of interest beyond e+i, there is an ongoing collaboration with SDCs' Quality Control Division, e.g. in the revision of the Cost-Benefit-Analysis - How-to-Note.

Application of these different instruments can rely on a roughly similar logic behind most e+i projects and programmes: they aim at social changes for SDC's beneficiaries like smallholders, low-income households, low-income female headed households, etc. However, as e+i programmes are working increasingly via market creation and systemic change, the ac-

<sup>10</sup> <http://www.blog4dev.ch/ei-f2f2014/2014/07/29/clarification-of-concepts/#more-429>

<sup>11</sup> See in Annex 1 the e+i networks' result chain as an example, although this is a more difficult one, as the impact is particularly indirect.

<sup>12</sup> DCED= Donor Committee for Enterprise Development, see <http://enterprise-development.org/page/measuring-and-reporting-results>

<sup>13</sup> SPTF= Social Performance Task Force, see <http://www.sptf.info/>

<sup>14</sup> [http://www.sdc-employment-income.ch/en/Home/Vocational\\_Skills/VSD\\_Main\\_Topics\\_and\\_Resources/Common\\_Outcome\\_Indicators](http://www.sdc-employment-income.ch/en/Home/Vocational_Skills/VSD_Main_Topics_and_Resources/Common_Outcome_Indicators)

<sup>15</sup> <http://www.blog4dev.ch/ei-f2f2013/2013/05/16/psd-training-on-financial-and-economic-project-evaluation/>

tivities and inputs are thus interventions into a system, then leading to a change of this system and then onwards to the improved performance of the system that finally yields the social change: poverty reduction and inclusion.

As with each step higher in the result chain the influence of external factors rises, it is important to carefully argue the causality. This is usually done by designing appropriately the corresponding result chains (graphically and then translate them into the logical framework).

E+I programmes do benefit from important key indicators like “net additional income” that can be quantified with reasonable effort and other indicators which can be chosen from the above mentioned standards. However, important challenges remain:

When changing a system, the number of beneficiaries is large and the projects’ influence is not exclusive (attribution problem). As not each beneficiary can be asked personally, the impacts and even the outcomes need to be estimated, but in a plausible and reliable way. Programmes have to strike a balance between costs of measurement and precision. Therefore, benchmarks, guidance, more tools and ideas will have to be developed in the coming years.

As replication and up-scaling is one of the components of the networks mission, result measurement and impact evaluation are central. Proposing national replication and up-scaling of e+i projects or successful components should ideally be based on proper evaluations of impacts and outcomes. And ideally, the basis for this kind of evaluation is already laid when projects are planned.

Consequently, one focus of e+i result measurement efforts lies in project planning and implementation/steering. E+I programmes move increasingly into the direction of ex-ante economic and financial project evaluation, as this allows improving effectiveness during planning and implementation and later in spotting the desired pearls apt for replication and up-scaling.

As usual, a lot of effort needs to go into the continued building of capacities at headquarters and in field offices, a never ending task due to staff rotation practice within SDC. Corresponding efforts from partners are expected, too, as tender, reporting and steering requirements change accordingly.

## **5. What is the role of the e+i network?**

SDC is pursuing an important part of its thematic work via thematic focal points and networks. The focal points have a multitude of tasks (going beyond the result chain, see Annex 1), only one of them being the moderation of the thematic networks.

Network members are SDC staff in headquarter and field offices, however, project implementers, competence centres, policy makers, consultants and other interested partners are part of the outer circle (see graph on page 1) as they all hold relevant knowledge and can thus contribute as well to and benefit from knowledge exchange.

Although our main priorities lie with SDC own projects and programmes, positive externalities to every other partner’s development efforts are intended and likewise we are open for every experience that could inspire and improve SDC projects. Consequently, the e+i network is supporting different specialized networks financially and with content (DCED, SPTF, CGAP, DCdVET, etc. s. Appendix 1). The e+i network is supported by a backstopping mandate.

Ideally, the e+i network would function like a community of practice<sup>16</sup>. Within the restrictions of SDC the e+i network continues to evolve into this ambitious direction. The term “ambitious” refers to the prerequisites that a functioning community of practice requires, one of them being thematic competence and interest by its members. These conditions are not automatically given within SDC due to staff rotation and a not yet fully developed thematic career. Therefore, the network has to apply a systemic approach to its own functioning and work on the improvement of the framework conditions. Fortunately, this is to a certain extent synergetic with other network tasks as the result chain in Annex 1 shows.

Last, but not least, the network is the members. Members need to express their demand. Share their knowledge and ideas. Help their colleagues. Think in systemic change. Think big.

We encourage the members to use the network to improve the e+i programmes and projects or e+i components of them.

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<sup>16</sup> [http://www.sdc-learningandnetworking.ch/en/Home/SDC\\_KM\\_Tools/Community\\_of\\_Practice](http://www.sdc-learningandnetworking.ch/en/Home/SDC_KM_Tools/Community_of_Practice)

## Annex 1: Example of a result chain

