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Capitalisation of Swiss-South African Cooperation Initiative (SSACI) experience

Report

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1. Introduction

1.1. The changing context for development policy and the emergence of the partnership paradigm[1]

The emergence and development of SSACI can only be properly understood and appreciated when viewed against the backdrop of the changing context of international development assistance. SSACI is certainly not the only public-private initiative that has emerged during the past decade. In fact, quite a number of "public-private development partnerships" have emerged during the past 10 years. While they differ in function and scope, they do share one key feature: they are based on a partnership model, i.e. they are based on the idea that public and private partners share costs and benefits as well as risks and opportunities.

This move towards PPdPs is driven by changing macro and micro conditions. In terms of macro conditions, it is important to recognize the evolving context of development cooperation that is being reshaped by globalization. Following the principles of liberal internationalism, states have deliberately deregulated and liberalized their domestic economies, opening them to international trade and capital flows, including foreign direct investment (FDI). This process has been going on for several decades, but has sped up considerably since the early 1990s, enhanced by technological innovation and political change (the breakdown of the socialist bloc in particular). Companies have taken advantage of this freer business environment and spread their activities on a transnational and indeed ever more global scale.

Consequently, production and consumption patterns are becoming increasingly internationalized. While the OECD countries were clearly the epicenter of globalization in the 1980s and 1990s, many developing nations have become increasingly integrated into the newly emerging web of global investment and trade in recent years. In fact, in many of these countries FDI now clearly outstrips Official Development Assistance (ODA), turning the private sector into the most significant source of influx capital.[2] In aggregate terms, foreign aid is today only the third-largest source of financial flows from the developed to the developing world, after FDI and remittances.[3]

Donors have therefore started to look for levers to harness the positive development potential of these capital flows or to ameliorate negative externalities. Partnerships between business and development agencies are one among several approaches put together by development agencies to leverage that potential.

Continuing in this vein, donors have also started to look at partnerships with business to assist developing economies in forging sustainable ties with the global economy. As indicated above, many developing nations (particularly in Asia) have successfully turned themselves into key constituent parts of the global economy, receiving significant FDI and actively participating in international trade. This is not the case for many countries in sub-Saharan Africa, the Middle East and North Africa, for example, where ODA still represents the most significant influx of capital. Here donor programs concentrate on refashioning the least developed countries into active participants on the global economic stage. Partnerships with business are one of several

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[1] Adapted from: Andrea BINDER, Markus PALENBERG and Jan Martin WITTE, « Engaging Business in Development, Results of an international benchmarking study », GPPi Research Paper Series No. 8, Global Public Policy Institute, Berlin, 2007

[2] See World Bank, «Global Development Finance: The development potential of surging capital flows», World Bank, Washington DC, 2006

[3] See USAID, «The Global Development Alliance: Public-Private Alliances for Transformational Development», USAID, Washington DC, 2005

mechanisms developed by donors to address this challenge – to attract new investment to countries that are usually bypassed.

SSACI is one such attempt to leverage the power of the private sector for development; to tap into the networks and resources of private companies to attain positive development outcomes.

1.2. Origins of SSACI

Active in South Africa since the early 1980s, the Swiss Agency for Development and Cooperation (SDC) operated a country programme with an annual budget of CHF 8 million from the early 2000s until the end of 2004. At that time, SDC shifted its focus from a country-specific national programme to a regional programme serving the Southern African Development Community (SADC).

As planning for this shift began to take shape within SDC's East and Southern Africa Division, the question had to be asked: "What will SDC's priorities be in the future?" South Africa's relatively large economy and sophisticated public administration made sustainability a viable possibility. The National Skills Fund, the National Development Agency, national government's Poverty Alleviation Programme and the Umsobomvu Youth Fund were all examples of the country's capacity to fund its own development. But, for a variety of reasons, none of these agencies or programmes was yet functioning to capacity, and the demand was huge. In addition, government faced severe capacity constraints that affect its ability to deliver on social services.

SDC did not want to exacerbate this need by leaving a void where once it had been present. Thus it began searching for a partner from the South African private sector who could progressively take on responsibility for accessing and deploying local funds.

At that time, more than 250 Swiss companies were active within the borders of South Africa. Many of these companies already had a strong sense of corporate citizenship, often expressed through their own social investment programmes. Such companies were clearly potential partners for SDC. Moreover, some of them had previously collaborated in funding the construction of a community school in Orange Farm between 1992 and 1994.

In late 2000, discussions were held between SDC and Swiss corporates active in South Africa on the possibility of jointly funding a South Africa-based development agency. In a series of meetings in Bern and Johannesburg, agreement was reached with ten Swiss-owned companies in South Africa on the establishment of a trust fund with equal capital from SDC on the one hand and the ten companies on the other. These founding corporate sponsors of the Swiss-South African Cooperation Initiative, as it was now called, were Alpha (a division of the Holcim group), Ciba Specialty Chemicals, Credit Suisse, Givaudan, Novartis, Schindler Lifts, Sika, Swiss Re, UBS and Xstrata. The Deed of Trust was formally signed in February 2001 and registered with the Pretoria High Court in April. On March 1st 2001, SSACI officially opened its doors for business.

SSACI came into existence with an annual budget of CHF 2 million, guaranteed by its funders for five years. At that time, it was governed by a Board of Trustees comprising two representatives of the Swiss government (the Swiss ambassador to South Africa and the local coordinator of SDC, *ex officio*), two representatives of the corporate sponsors (elected annually) and two prominent South Africans (co-opted by the other trustees).

1.3. Focus and strategy of SSACI

SSACI's overall objective in terms of its Deed of Trust is: "To advance educational opportunities for disadvantaged young South Africans in order to enable them to obtain employment". This is in line with one of the South African government's own priorities, namely to tackle the critical problem of youth unemployment.

SSACI use their fund for vocational training and job creation for out-of-school youths in the 16-35 year-old age bracket. Particular emphasis is given to training in the Further Education and Training band of the National Qualifications Framework – i.e. the technical and vocational equivalents of Grades 10-12 in the academic school system. SSACI implements its funding programme through a range of partners from the public, private and non-profit sectors.

SSACI aims to open up new pathways to employment for youths. To this end, SSACI seeks projects that prepare youths for long-term careers in industries or enterprises that offer prospects for sustainable employment, personal development and the acquisition of further skills. SSACI also places a high value on training that prepares trainees for immediate entry into the workplace. All their vocational-training projects are required to bring trainees to the point of "work-readiness".

To date, SSACI has funded 50 major projects, of which 11 are currently active and 39 have run to completion. By October 2008, SSACI's support to these projects had resulted in 4 447 youths enrolled for training, 3 582 of them being graduates and 2 725 of them generating regular income through wage- or self-employment.

SSACI also help to create new enterprise through their enterprise development projects, which include business start-up training, the provision of business-development services, and loans to emerging youth-owned enterprises. By October 2008, 358 new enterprises had been created and 450 pre-existing enterprises had received business development services, bringing the total number of jobs created to 1 040.

1.4. Purpose of the capitalisation of SSACI's experience

SSACI, in the form of a public-private development partnership (PPdP), is considered a success story. Therefore the Swiss Agency for Development and Cooperation (SDC) envisaged realising a capitalisation exercise aimed at capturing the key lessons of SSACI and its constituent partners.

This capitalisation focused on the lessons learned by the enabling partners involved in SSACI at different stages of the evolving partnership. In this sense, the capitalisation of experience should provide directly involved parties with useful insights on the future potential of SSACI, while illustrating how successful partnerships can be built and further developed over time.

The capitalisation of experience should capture lessons learned related to the following key issues:

- The initial positioning, including motives and incentives for participation, of the enabling partners involved in the partnership;
- The evolution of the partnership and the possible evolution in the roles or motives of the different partners;
- Difficulties and challenges faced in the course of the first 8 years and how these were solved (or not);
- The articulation of SSACI, amidst the interests of the enabling partners and the development priorities of the South African Government; and
- The prospects for future engagement of the enabling partners involved, and their vision for SSACI's future.

1.5. Methodology and interviews performed

SDC mandated Alexandre Boin, Associate Consultant at KEK-CDC Consultants in Zurich, to realise this capitalisation. They also mandated Jan Martin Witte, from the Global Public Policy Institute (GPPI) in Berlin, to join Alexandre Boin in South Africa in order to jointly prepare and facilitate a workshop, which was held on 6 October 2008 in Johannesburg with some corporate partners. During this workshop, the general context of PPdP and the preliminary findings of this capitalisation of SSACI's experience have been presented and discussed.

This capitalisation of SSACI's experience is mainly based on the interviews performed by Alexandre Boin in Switzerland and in South Africa. The interviews were conducted with the Swiss and South African managers of the Swiss corporate partners, government representatives who are in close collaboration with SSACI, SSACI's CEO, and SDC's representatives. The interviews were in the form of semi-conducted interviews and covered the abovementioned aspect.

Interviews performed:

Corporate partners (in Switzerland):

- ABB: Ms Janet Schranz-Murray, Group Assistant Vice President
- CREDIT SUISSE: Mr Bruno Bischoff, Public Policy–Sustainability Affairs / RPA
- NOVARTIS: Mr Dr Stephan Mumenthaler, Head of Economic Affairs
- SWISS RE: Mr Dr Urs Leimbacher, Director: Communications & Human Resources
- UBS: Mr Christoph Schmocker, Managing Director, UBS Optimus Foundation

Corporate partners (in South Africa):

- ABB South Africa: Ms Nthabiseng Dube, Director: Group Marketing and Communications
- AFRISAM South Africa: Mr Tsholo Diale, Manager: Corporate Social Responsibility
- BÜHLER: Mr Marcel Bruehwiler, Managing Director
- CREDIT SUISSE: Mr Bob Judelsohn, Director, Chief Representative Officer
- NESTLÉ (South Africa):
  - Mr Yves Manghardt, CEO, Southern African Region
  - Mr Theo Mxakwe, Director: Corporate Communication and Public Affairs, Southern African Region
  - Mr David Moloto, Training and Development Manager, Human Resources, Southern African Region
- NOVARTIS South Africa: Ms Dr Tobeka Boltina, Director, Public Affairs & Communications
- UBS South Africa: Sheila Mokoboto-Zwane, Head of Southern Africa Programs – UBS Optimus Foundation

Government representatives:

- AgriSETA: Mr Machiel Van Niekerk, Chief Executive Officer
- Dept of Education: Mr Martin Mulcahy, Special Advisor to the Minister of Education
- Dept of Trade & Industry: Ms Pulane Masebe, Director: Skills for Economy, Enterprise and Industry Development Division
- National Treasury:
  - Ms Elaine Venter, Director, International Development Cooperation
  - Ms Mokgadi Tena, Portfolio Manager, International Development Cooperation

SSACI's representative:

- Mr Ken Duncan, SSACI's CEO
- Mr Monwabisi Vika, Member of SSACI's Board

SDC's representatives:

- Mr Peter Tschumi, Head of E+I Division, Bern
- Mr François Droz, Resident Director, Pretoria, South Africa
- Mr Richard Chenevard, Deputy Resident Director, Pretoria, South Africa

Documentation

- SSACI's Case study, Arthur Zimmermann (Zürich), Ivo Angerhn (Bern), Frank Mlotchwa and Nobayethi Dude (South Africa), November 2004
- SSACI's External Evaluation, Eva Schmidt (Berne) and Frank Mlotchwa (Johannesburg), April 2005
- SSACI's Activity Report 2005–06
- "Lessons for partnership between industry and government from a Swiss-South African initiative", paper delivered by Ken Duncan at the 2008 Conference of the International Vocational Education and Training Association.

2. Motives, incentives and motivations for participation in SSACI's PPdP

2.1. Exploring the potential of public-private collaboration in development[4]

To appreciate the motivations that determine the potential and limits of the partnerships – on both the donor and the private sector side – it is essential to understand the dynamics of these partnership programs. This appreciation could answer to the following questions:

- What objectives do donors seek to pursue by launching partnership programs?
- What really drives business engagement?
- What is the scope of partnerships, and how can this scope be effectively realised?

In the context of their overall goal to help reduce poverty in developing countries, donors pursue partnerships with business in order to achieve two objectives. First, by building partnerships with companies, they hope to generate maximum positive development impact from private sector activity in developing countries, or to alleviate potential negative externalities. In practice, that may include collaborative alliances with business in order to raise social standards, or to introduce environmentally friendly technologies. Second, donors enter into partnerships to attract or mobilize new investments for developing countries, in particular those that have so far been sidelined by the globalization process. However, donors are not interested in fostering any type of investment. Instead, they seek to provide incentives for investments that also generate positive development effects. SDC policy in this regard is also to strive to avoid subsidizing individual companies and distorting local markets.

An analysis of the motivations behind business engagement in partnerships with development agencies needs to be based on a realistic assessment of their basic incentive structure. At the most fundamental level, it can reasonably be assumed that companies will only engage in a partnership if there will be a positive return on their investment. In economic terms, it can be assumed that if the net present value (NPV) of an investment[5] in a partnership is negative, business will not engage.

However, the corporate business case for engaging in development partnerships is not always straightforward. Often the return on investment in a partnership may be long-term or not easily expressed in monetary terms. Falling into that category are many partnerships driven by a desire to demonstrate corporate social responsibility (CSR). Yet it would be misleading to categorize all CSR-driven business engagement in partnerships as philanthropy, or altruistic behaviour. Most

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[4] Adapted from: Andrea BINDER, Markus PALENBERG and Jan Martin WITTE, « Engaging Business in Development, Results of an international benchmarking study », GPPi Research Paper Series No. 8, Global Public Policy Institute, Berlin, 2007

[5] The net present value of an investment is the present value of future payments reduced by the present value of cost.

CSR activities are driven by long-term concerns about issues such as corporate reputation and branding, or the so-called 'social license' to operate – clearly issues that have an impact on corporate profitability.

2.2. SDC's motivations for launching and participating in SSACI's PPdP

One of SDC's main reasons for launching this partnership was to increase the funds for its efforts to support access to the labour market. However, the launching of this PPdP was driven by many other reasons as well. First, it is clear that SDC wanted to experiment with this new type of mixed funding for development projects. It was at the time when many bilateral and multilateral cooperation agencies began their own partnerships. SDC thought that South Africa was a good place to launch a PPdP because of the country's recent history, the great number of Swiss companies present in South Africa, and the large size of South Africa in terms of population.

Second, with the end of the apartheid era and the advent of the new democracy in South Africa, SDC also wanted to offer the possibility for Swiss corporates to become more involved in the social development of the country. SDC was sure of the need in South Africa for vocational training and job creation for out-of-school youths, and they believed that the South African government could later integrate a part, or even the entirety, of SSACI's ideas and concepts.

SDC's actual motivations for continuing to be part of SSACI are the following:

1. Continuing to fund this PPdP as, in SDC's view, public funding is still needed for the financial sustainability of SSACI,
2. Facilitating access to the South African government,
3. Providing input for the scaling up strategy on the basis of the institutional know-how at SDC South Africa.

2.3. Corporate partners' motivations for participation in SSACI's PPdP

This point is central to understanding the beginning of the partnership and its subsequent evolution.

The majority of the corporates told me that their motivations for participation in SSACI's PPdP have changed since the first phase. At the beginning of the first phase in 2001, the main corporates' motivations were strongly linked to the need to do something for South African civil society after the profitable years that some of SSACI's partners enjoyed during the apartheid era. Not surprisingly, their main motivations were the following (in decreasing order of importance):

1) Corporate social responsibility
2) Reputation
3) Poverty alleviation and corporate philanthropy

Of lesser importance was a "licence to operate", which some corporates mentioned as a motivation for enrolling in the partnership, as well as the fact that this initiative was a PPdP, something new and interesting for them to explore in cooperation with SDC.

Some companies stressed that it was also in their business interests for South Africa to remain at peace and stable. In this regard, they saw the SSACI partnership as a way to continue to develop the attractiveness of this country.

For this first phase of the partnership, SDC played a very important role. SDC's participation was seen as a guarantee that this initiative would be run professionally and with all the know-how required to assure its quality. It is clear that SDC played an indispensable role in "kicking off" the initiative at the beginning, by being able to bring together ten Swiss corporates.

However, as time has gone by, the motivations of the corporates have changed. Asked about their current motivations for continuing as partners, their answers were the following (in decreasing order of importance):

For managers interviewed in Switzerland:

1) Corporate social responsibility
2) Reputation
3) BEE (Black Economic Empowerment)
4) Contribution to the SA labour market

For managers interviewed in South Africa:

1) Contribution to the SA labour market (inclusive the need of skilled employees for their own corporate)
2) Corporate social responsibility
3) BEE
4) Reputation

Of lesser importance was a "licence to operate", "poverty alleviation and corporate philanthropy" and "direct return on investment", which some corporates mentioned as motivations for continuing as partners.

It is interesting to observe the shift in motivations, especially for the managers interviewed in South Africa. This can be explained by the fact that these managers are deeply concerned with the country's current skills shortage. They feel the accuracy of SSACI's project in terms of the country's development and also in terms of the own development of their own companies.

The second remark concerns the intensity of the corporates' motivations. Many comments made during my interviews show that the motivations for being part of this partnership have grown during the eight years of partnership, especially for the managers interviewed in South Africa. This is without doubt a success for the partnership.

However, the shift in and growth of corporates' motivations have many implications. These will be described below.

3. Evolution of the partnership and evolution of the roles of the different partners

3.1. From sponsorship to partnership

The vast majority of corporates interviewed saw the first phase of SSACI more as a sponsorship than a partnership:

1) The corporates paid a certain amount of money to SSACI because of the above-mentioned motivations. As they were in agreement with SSACI's global goal and main strategy, they were not directly interested in defining the details of the strategy and scope of SSACI. They just wanted their money to be used as in the best possible way by this development project.
2) The corporates relied on SDC to deal with the strategy and the supervision of SSACI. They were generally happy with this because they were not used to dealing with development projects and they had neither the time nor the knowledge to act as truly equal partners.
3) Some managers also told me that during this phase they saw themselves as a little like "milk cows", as they embarked upon this project without having the feeling that SDC, at

the beginning of the partnership, had a proper understanding of the real motivations of corporates for being involved in a partnership.

With the evolution of their motivations, it is clear that the corporates see themselves more and more as partners of a PPdP.

1) They want to play a stronger role in the definition of the strategy and scope of SSACI. This point was repeated often by South African managers, as they really struggle with the shortage of skills and see SSACI as a way to reduce this gap in the country, and possibly also for their own companies.
2) Many of the South African managers now insist on having their own dedicated SSACI project for communication purposes (it is easier to speak to the general public or the government about a particular project that has been supported by the corporate). The dedicated project could also fit their need for persons with particular skills in the region of South Africa where they are active.
3) The Swiss managers also told me that they wanted to be more actively involved in the strategy of SSACI, and it was for this reason that they strongly support the candidature of Christoph Schmocker from the UBS Optimus Foundation for SSACI's board of trustees. With his nomination, they believe that they will be better represented in SSACI's board.

3.2. Role of SDC

The leading role of SDC is seen by most of the corporate managers as being less important now than it was at the beginning of the partnership. Many managers told me that SSACI could survive in case of the withdrawal of SDC, as the corporate partners are now ready and most of them want to take an active role in conducting and supervising SSACI's strategy. However, many managers also told me that the funds providing by SDC remain important for creating a big enough mass to develop important and visible projects.

A few corporate managers, however, stated that SDC's presence in this partnership is still important, as SDC continues to play an important role in guaranteeing the seriousness and quality of SSACI's strategy and projects. SDC could also play a greater role in the contact with government officials in the future in order to accelerate the scaling up of the project. However, this remark came more from the side of the Swiss managers. In general, South African managers are in direct contact with SSACI's management, and thus perceive SDC's financial contribution to be more important than its leading role.

From SDC's own perspective, its role evolved from initiating a new public-private partnership to facilitating the qualitative development of the partnership and its communication with the South African government. According to the agency, they also play an important role as a strategic adviser on the board and as a facilitator of the partnership.

3.3. Role of SSACI's management

SSACI's management, particularly Ken Duncan, appear to be very important to the sustainability of this partnership. Ken Duncan is described as: an excellent project leader, passionate about the work, honest, and reliable. He appears to have been a determinant for many corporate partners in past, and certainly future, decisions to stay partners of this PPdP. SDC also sees Ken Duncan's role as important, as he is able to unify and harmonize the different opinions and find a middle way.

3.4. Evolution in terms of governance

The composition of the board of trustees was decided upon the creation of SSACI, following the rule in force in South Africa during this time. Currently, the board of trustees comprises seven members:

- Three representatives of the corporate partners (two South African and one Swiss manager), elected annually
- Two donor representatives: the Swiss Ambassador in South Africa and the deputy country director in South Africa of the Swiss Agency for Development and Cooperation
- Two representatives of the broader South African community, nominated by the other trustees, with one of these representatives being the chairman of the board.

Almost all the corporate partners see no problem concerning the current composition of the board. However, during my interviews I perceived different opinions concerning the governance of the partnership. On the one hand, the deputy country director of SDC in South Africa (also representative in the board of trustees) clearly expressed his opinion that SSACI's board is the only place where the strategy and scope of SSACI are decided. To him the corporate partners are naturally part of the decision, as representatives of three corporates are trustees on the board. Therefore, according to him, it falls to every corporate partner to transmit their wishes or requests to their representatives in order for the board to take them into account.

On the other hand, I perceived that the corporate partners prefer to use channels other than their representatives in the board to express their wishes regarding the partnership. The managers of corporate partners based in Switzerland used the annual consultation meeting organised by SDC in Bern. During this meeting, most of the corporate partners are present, together with SDC's representatives and SSACI's CEO. It seems that during this meeting a number of decisions, or at least recommendations, are made.

In the same way, a General Assembly is organised each year in South Africa. This assembly gathers managers of every corporate partner based in South Africa. During this assembly the two South African corporate partners' representatives are elected to the board. It seems, however, that the wishes of the partners concerning the strategy and scope of SSACI are not discussed during this assembly. I noted during my interviews that South African managers prefer to deal directly with Ken Duncan to express their views and their specific wishes (see in this context the 4th remark under point 5. "Challenges and difficulties experienced by the corporate partners").

According to many representatives that I interviewed, these multiple – formal and informal – centres of consultation or decision are not easy to coordinate and may not be entirely transparent. As explained above, the motivations to be part of the partnership (and therefore the wishes for the strategy and scope of SSACI) of corporate partners sometimes differ depending on whether they are expressed by managers based in South Africa or managers based in Switzerland. With this structure, it is not certain that all the wishes of those involved are really integrated into the decision-making process, which takes place during the board meeting.

With the evolving motivations of corporate partners and their increasing desire to fulfil the role of partners instead of sponsors, the governance structure of SSACI should also evolve to avoid the risk of frustration and withdrawal of corporate partners if their desires and requests are not heard. This point is also crucial if the enlargement of the partnership to European or South African corporates is decided upon.

Ultimately, it is very important in a partnership that every partner is able to participate in the definition of the strategy and scope of the partnership. If for any reason they are not able to do this, the partnership could turn into a sponsorship where the choices for the sponsors are just limited to pay or leave.

An alternative to SSACI's actual governance model could be to define more precisely the role and competences of the General Assembly of partners (GA). As is the case for many other partnerships, the GA should have the ultimate power of decision for the strategy and scope of the partnership. Naturally, the board of trustees should provide the GA with propositions and elements in order to guide the partners in their choice. The board should also ensure that SSACI's overall objective for the partnership (described in point 1.3, above. "Focus and strategy of SSACI") will be observed in the decisions of the GA.

In this alternative, SSACI's board of trustees will have a more supervisory role of SSACI's management, in accordance with the decisions of the GA, and an ethical role in order to guarantee the quality of the different SSACI's projects and respect for SSACI's overall objective.

The advantage of this governance model is that the voice of every partner would be heard and integrated in the decision-making process. This model also allows the partners to better conduct the partnership following their mutual motivations and interests.

4. Perceived effects of SSACI

4.1. Perceived external effects of SSACI

Even though all the corporate partners are convinced of the positive effects of SSACI's projects, they all say that, to date, SSACI is not well-known enough by the general public in either Switzerland or South Africa. Some corporate partners appear to prefer this kind of discretion. But the majority of the corporate partners expect better and stronger public communication, especially in South Africa. For some partners, their own dedicated projects will help them in their own public relations exercises.

The majority of the government officials that I interviewed also told me that they do not have in-depth knowledge of SSACI's projects. The exception is the Special Advisor to the Minister of Education, who knows SSACI really well because of the collaboration between the Department of Education and SSACI, which was start up last year for a project concerning four FET colleges[6]. Through this project, SSACI will assist the selected FET colleges in implementing a new engineering skills curriculum, through in-service training for teachers and workplace-based experience for learners.

Nevertheless, corporate partners, as well as government officials, were all convinced by the great quality and utility of SSACI's projects. This excellent image of the effects of SSACI is really one of the successes of this partnership. The comments that I generally received in this regard are the following:

- The strategy and scope of SSACI is extremely well chosen. SSACI contributes to reduce the gap between the need for skilled employees from companies active in South Africa and the extremely insufficient offer of skilled persons in this country, especially in the areas of technicians, artisans and all skilled workers below the level of master-craftsman.
- SSACI's projects are efficient and well managed. SSACI selects their projects very well and monitors and evaluates them strongly. SSACI also keeps their operating costs at a very low level.
- SSACI's projects are working. The large number of graduate's youths who generating regular incomes through wage- or self-employment is something that the corporate partners are proud of.

[6] FET college = Further Education and Training college, the name for public technical college in South Africa

- SSACI is transparent enough. The corporate partners were generally happy with the communication they received about how their money was used.

4.2. Perceived internal effects of SSACI (within the corporate partners' companies)

Internally, within the corporate partners' companies, participation in this PPdP is appreciated and supported. However, it must be stressed that for certain big corporates SSACI's partnership is one CSR project among many, and at least one corporate has never communicated its participation in this PPdP internally.

5. Challenges and difficulties experienced by the corporate partners

Listed below are some challenges and difficulties that the corporate partners experienced during the past eight years of this partnership. I would like to stress that in spite of the fact that some comments are relatively strong, every corporate partner that I interviewed was positive regarding the partnership. These comments should be seen as an expression of the willingness to share challenges and difficulties in order to improve this PPdP.

- **Relationship with SDC:** A few corporates encountered difficulties in their relationship with SDC as they felt they were not treated as equal partners. The attitude of SDC was sometimes perceived as arrogant and disrespectful. Acquiring in-depth knowledge of the expectations of corporate partners in a partnership and the way of dealing with them is very important.
- **Communication and marketing** are important for this partnership. Some partners think that SSACI's partnership should be communicated and marketed more within SDC, to current and potential corporate partners in Switzerland and South Africa, to Swiss politicians, and possibly also to the general public in both Switzerland and South Africa.
- **Direct return on investment:** At least one corporate partner would like to be involved with a greater part of the training in order to be able, at the end of the training, to give jobs in their own factory to most of the graduates trained. This demand seems to directly contradict the view of SDC and SSACI's management.
- **Governance:** Some South African managers told me about their difficulties in being heard by SSACI with regard to their specific demands. It appears that South African managers prefer to express their demands directly to Ken Duncan, SSACI's CEO. As he must refer to the board of SSACI to determine whether or not to accommodate their demand, some South African managers feel a kind of frustration relating to the way decisions are taken, especially if the board does not meet their requests. In this context, some managers have said that they would have liked to receive more information, advice and follow up from Ken Ducan, should their demands have been rejected by the board. This challenge could certainly be answered by designing a new governance model which would allow their voice to be better heard (see in this context point 3.4. "Evolution in terms of governance").

6. Prospects for future engagement of corporate partners and vision for SSACI's future

Generally speaking, the corporate partners are very happy with the results of SSACI. They are fully convinced that SSACI's projects are useful, well-managed and well-targeted. A clear majority of managers interviewed are in favour of continuing to support SSACI in the future, sometimes even with an increase in funds. Some managers, however, are awaiting the definitive SSACI strategy 2010+ before deciding if they will be part of the next funding phase. In any case, it must be stressed that only a few of the managers that I interviewed are in a position to decide if the corporate will continue to fund SSACI in the future or not. Generally, they only have an advisory voice.

Comments from the corporate partners regarding SSACI's future:

- The vast majority of corporate partners said that the number of partners should increase in order to expand SSACI's projects and to assure SSACI of long-term funding. Most of them said that it could be advantageous for the partnership to integrate South African corporates. A few of them would also like to extend the partnership to other European corporates.
- At least one corporate partner thinks that there is a risk of difficulties in the partnership's organisation and the strategy's definition if the number of corporate increases too greatly. He also said that the fact that this partnership has, until now, only been constituted of Swiss corporates is both nice and unusual.
- Many corporates suggest that the South African government should be more integrated into the partnership. Some think that a government official should sit on SSACI's board of trustees, while others think that SSACI should just establish stronger partnerships with different government departments, such as the Department of Labour or the Department of Education.
- Two corporate partners also expressed their view of a change of the role of SSACI. They think that SSACI should take a progressively more consulting role. From this perspective, SSACI could only build the concept, strategy and scope of projects and cooperate with the South African government for the realisation of them. In this case, SSACI could also work as services provider for South African companies in order to help them to organise their own vocational skills-training.
- I also heard sometimes that SSACI should create innovative services tailored to the different requests of corporate partners, or potential partners, in order to meet their demands and increase their satisfaction in being partners.

7. SSACI and the South African Government

7.1. SSACI management's point of view

Since SSACI's establishment, Ken Duncan has tried to build bridges with the South African government. According to him, they are three main reasons for this effort. First, because SSACI would like to have a systemic influence in the process of education and vocational skills development in South Africa. He is convinced that SSACI's experience and expertise could benefit the South African departments of Education, Labour, and Trade and Industry in their definition and organisation of their own vocational skills-training programmes strategy.

Second, if SSACI wants to scale up, strong cooperation with the South African government is needed. This cooperation could take the form of specific partnerships for selected projects or a global partnership with the government for many projects, which could be replicated, with the state's money, across the whole of South Africa.

The third reason to collaborate with the South African government is also to avoid an eventual "veto". This power of veto could be defined as the power of the South African government to block or to put a brake on any projects or initiative, even those of private NGO organisations. The power of veto in South Africa should not be minimised, as the public administration is strong and powerful, and could make decisions that run contrary to expectations.

SSACI has succeeded in building many bridges with the South African government. First, SSACI received the South African label "ESDA", for Employment and Skills Development Agency. With this label, SSACI is recognised as a state's partner for vocational skills-training programmes. Many of SSACI's skills-training programmes have also been certified by the public sector, allowing national certification for graduates.

Different SSACI projects have already been realised in partnership or in joint funding with the South African government. Five such projects are currently underway.

However, Ken Duncan also expressed the difficulty he experienced in creating a real partnership with the South African government in order to realise an effective scaling up of SSACI's projects. In his opinion, it seems that the South African government was, until recently, not really interested in engaging in strategic partnerships with SSACI.

7.2. SDC's point of view

From the point of view of SDC, cooperation with the South African government must continue to improve. For SDC, the ultimate goal of SSACI is not just to provide youths with employment, but to convince the South African government of the advantage of SSACI's approach and methodology in order to scale up SSACI's vocational skills-training programme throughout the country.

SDC representatives see it as too big a risk in terms of independence and efficiency to have a South African government official on SSACI's board and would prefer strong partnerships for some of SSACI's projects.

7.3. Corporate partners' point of view

For the Swiss corporates, the questions of scaling up and the inclusion of the South African government are also very important. Almost all of them told me that they would see a better and deeper cooperation between SSACI and the South African government in a very positive light. For them, it is always a "plus" when the local government is included in their CSR funding. If the South African government is part of the project, this will also be a "plus" in attracting new South African corporates to the partnership. They would be also very happy to see a great scaling up of SSACI's projects, as those projects would be more visible in South Africa and this could be also very positive in terms of their own public communication.

Globally, the corporates think that the cooperation between SSACI and the South African government has not been enough up to this point. They expect a really great improvement in the collaboration in order to definitely scale up the projects.

7.4. South African government officials' point of view

Although I interviewed only four government's officials, in my opinion, their responses could be taken as representative of that of the whole South African government. But for a deeper analysis, it would be interesting to conduct a study with many more interviews with South African government officials.

First, it is impressive how good South African government officials' image of SSACI is. They were all convinced by the seriousness, efficiency and positive results of SSACI, and believe that SSACI could have a positive impact on the public sector.

Two of the government officials that I interviewed are already working on projects in cooperation with SSACI. One is the Poultry Farming project in KwaZulu-Natal province, which is jointly funded with AgriSETA (Agricultural Sector Education Training Authority) and consists of a training of 85 youths in KwaZulu-Natal as commercial poultry farmers, and developing a new nationally-recognised training programme.

The second one is the FET College Engineering project, in cooperation with the Department of Education. This project consists of assisting FET College in implementing a new engineering skills curriculum, through in-service training for teachers and workplace-based experience for learners. In this project, SSACI and the Department of Education are sharing the costs for four colleges, and the Department of Education should be applying lessons and systemic changes to 47 other colleges.

The remaining two government officials interviewed have only known about SSACI for a short time, following a meeting of their respective Ministers with the Swiss Minister of Economy Doris Leuthard. They both expressed an interest in developing strong cooperation with SSACI. However, they both told me some very important remarks which explain part of the difficulties experienced by SSACI in attempting to enter into a deeper and bigger cooperation with the South African government.

The most important remark came from the National Treasury. Although they see a lot of potential for a strengthened cooperation between the South African government and SSACI, they told me that SSACI and SDC could improve their ways of dealing with the government. They insist on the fact that the South African government wants to play a central role in every bilateral cooperation agreement. Even though SSACI is South African, their funding comes in large part from the Swiss government and, in this case, according to the Paris Declaration on Aid Effectiveness, SDC is supposed to speak about this engagement in the Donors Coordinator Committee.

The National Treasury told me that they were very surprised to have only known about SSACI for a short time. They do not understand SDC's motivation for keeping SSACI a kind of secret in the Donors Coordinator Committee, even though the purpose of this Committee is to coordinate the different donors and to enter into contact with the South African government to strengthen their mutual cooperation on specific projects.

The National Treasury also told me that they are central to the process of coordinating the cooperation and joint funding between different South African departments and any bilateral programme. In the case of SSACI, they said that although SSACI is a South African NGO, SSACI is exclusively funded by the Swiss government and by Swiss corporates and therefore could benefit from the service offered by the National Treasury. This service is principally opening front doors that National Treasury has in every South African department in order to accelerate cooperation, joint funding, and the eventual scaling up of projects.

But they also stated that SSACI must adhere to specific governmental rules, namely 1) a necessary respect for the South African government's way of operating, 2) acceptance of a preliminary discussion about the focus of the cooperation, with the South African government having a chance to explain its priority, so that the decision about the scale and the focus of the cooperation is taken together, 3) an understanding that the National Treasury sets the speed and rules for eventual cooperation.

The other very important remark concerns the role of Ministers. Almost all the government officials interviewed insist on the fact that a real cooperation between any South African department and an organisation like SSACI could only be created if the Minister of the corresponding department is involved from the beginning. In South Africa it is illusory to create a long-term partnership, strong collaboration, or long-term joint funding with a South African department without receiving the agreement of its Minister. Therefore, according to the officials, it would be judicious to enter directly into contact with the Ministers themselves in order to have their agreement from the beginning for any kind of project. They also insist that SDC have always had great potential to enter into contact with the Ministers and should use this opportunity to build bridges between SSACI and the South African government.

Surprisingly, and according to the information I received during my interviews, none of the Ministers of the Department of Education, the Department of Labour or the Department of Education haven been directly contacted and informed by SDC about the SSACI programme and SSACI's willingness to cooperate with the South African government in order to scale up their projects.

In this regard, it should be mentioned that SSACI's management met the previous Minister of Education, the current Minister of Labour and the outgoing Minister in the Office of the President. Unfortunately, those meetings did not lead to conclusive results. However, the willingness expressed by the government during the interviews conducted for this mandate is a positive sign for the future improvement of the collaboration between SSACI and the South African government.

8. Lessons learned

Listed below are some lessons learned by the corporate partners, SDC and SSACI in the course of the eight years of this partnership.

- Every PPdP is different and there is perhaps no one model that is applicable for every one. The conditions for launching a PPdP are also very specific and could not exist anywhere else. In this context, many lessons learned during a PPdP could not be transposed directly to any other future or potential PPdP.
- The public donor (here SDC) plays a very important role during the launching of a PPdP. He has the capacity to convince potential corporate partners to join the PPdP, thanks to his reputation and expertise in the field of the future partnership.
- It takes time (two to three years) for each partner to build confidence in the other partners. During this time the "leader" or initiator of the PPdP (in this case SDC) has a very important role to play in order to create a climate of respect and understanding within the partnership.
- It could be easier for the corporate partners to reengage themselves in another potential PPdP with the same public donor because the confidence built for their first partnership could be transposed directly. This public donor would have a strong advantage in comparison with other public donors unknown to the corporate.
- The choice of the partnership management is very important for the future of the partnership. Corporate partners would definitely stop their participation in a partnership very quickly if they had the feeling that their money was being wasted or that the partnership management seems to be dishonest, unaccountable or inefficient.
- The public donor must understand and take into account the specific motivations of corporate partners. The strategy and scope of a PPdP must reflect the motivations of both the public donor and the corporate partners. Failing to integrate the motivations of the corporate partners into the strategy and scope of the partnership conducted will certainly lead to some or all corporate partners withdrawing as soon as they can.
- As the motivations of the public donor or corporate partners could evolve during the partnership, the board of the partnership must follow this evolution and integrate the new desires expressed by the partners into the partnership's strategy and scope. The desires of the partners must remain the central element constitutive of the board's decisions. Failing to adhere to this view, the board could transform the partnership into a kind of

sponsorship where the only choice for a partner is to participate or withdraw from the sponsorship.

- If one of the goals of the partnership is to scale up its projects, it is essential to cooperate, preferably from the beginning, with higher levels of the government of the country where the partnership is active in order to prepare and allow for the future scaling up.
- To secure the success of the partnership's strategy and scope, it is largely beneficial to be transparent towards the government of the country where the partnership is active in order to initiate a straightforward collaboration which could have a positive impact for many activities of the PPdP.[7]

9. Conclusion

SSACI's partnership has been a great success in many fields. First, with this partnership, SDC and more than ten Swiss corporates have shown that it is possible in the long term to join their efforts in order to realise a development programme in a developing country with quality, efficiency, and positive effects unanimously recognised.

Second, SSACI's overall objective (namely to tackle the critical problem of youth unemployment in South Africa) appear to have been extremely well choose from the beginning. With this choice, its enthusiasm and its professionalism, SDC was able to attract the interest of more than ten Swiss corporates. Each, with their own particular motivations, found a way to share costs and benefits as well as risks and opportunities in order to develop this programme over a period of almost eight years.

Finally, the greatest success of this partnership can certainly be seen in the fact that, after eight years, the motivations of the corporate partners for being part of this partnership are always there, and sometimes with even higher intensity. This success must be also seen as a result of the excellent work of SSACI's management and team, as well as the willingness of each partner to accommodate their particular wishes to the general interest.

All these successes could not hide some issues which have been raised in this report. The most important are certainly the governance issue and the integration of the South African government (in one way or another) into the partnership in order to definitively scale up SSACI's projects.

Further thought must also be given to the evolution of SSACI, from sponsorship to partnership. This reflection will assist SDC in gaining a better understanding of the motivations behind business engagement in partnerships that are different from those conducting corporates to be part of a sponsorship.

In order to better demonstrate to the South African government the advantage of SSACI's approach in terms of vocational skills-training, it could be interesting to realise a study evaluating and comparing the skills-trainings organised by SSACI and that organised by the Department of Education or the Department of Labour.

I wish the best future possible for the SSACI partnership and hope that this capitalisation of experience can help to some extent in the building of SSACI's strategy 2010+.

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[7] This point and the previous one are in line with the Paris Declaration and the Accra Agenda for Action. The latter stated: "*Country ownership is key.* Developing country governments will take stronger leadership of their own development policies, and will engage with their parliaments and citizens in shaping those policies. Donors will support them by respecting countries' priorities, investing in their human resources and institutions, making greater use of their systems to deliver aid, and increasing the predictability of aid flows". SDC committed itself to implement the principles spelled out in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.