

e+i F2F 2015: Effective Partnerships with the Private Sector

Brief descriptions of market stalls (Monday, April 27, afternoon)

	domain	Region/ Country	Topic	Owner
1	PSD	Central America	Selling metal silos and bags for grain storage: a promising business in Latin America	Marie Laure Crettaz (advisor)
2	FSD	Ghana	SCBF intervention for financial inclusion in the cocoa value chain	Ariane Appel, Konrad Ellsäßer
3	PSD	Georgia	Alliances Lesser Caucasus	Ia Tsagareishvili (NPO)
4	VSD	Bangladesh	Industry-led Apprenticeship Project	Derek George (HQ Desk)
5	PSD	Kyrgyzstan	SME development	Elke Oehme (program manager) and Lydia Plüss (implementer Helvetas)
6	PSD	Sri Lanka	Post-conflict rural market Development	Nimmi Ariyaratne (NPO)
7	PSD	Serbia	PSD South Serbia	Arminio Rosic (NPO)
8	VSD	BiH	Skills for Jobs	Mersiha Alijagic (NPO)
9	VSD	Nepal	Employment Fund & Safer Migration projects	Usha Bhandari (NPO)
10			PPDPs	Jean-Christoph Favre (HQ)
11			SECO's approach to work with the Private Sector, example cocoa Indonesia	Gabriella Crescini (Implementer Swisscontact) with support by Nicolas Guigas and André Pantzer (SECO)
12			A social business model to lifting farmers out of poverty	Patrick Struebi

1. Selling metal silos and bags for grain storage: a promising business in Latin America

Market stall owner: Marylaure Crettaz

At the end of 2012 SDC has started the project "Wide spread Replication of Successful Post Harvest Technology in Latin America" (Proyecto Postcosecha América Latina, PPAL) to be implemented by Swisscontact. With this project, SDC in partnership with private sector actors aims at increasing income and food security of 130'000 rural families in 5 Latin American countries: Nicaragua, Honduras, Ecuador, Peru and Bolivia. Selling post-production solutions for maize and beans to subsistence and low-income farmers will allow agribusiness companies to enter into new markets, while reducing postharvest losses and improving life conditions for small farmers. Replication of the business model will be supported by conducive policies and knowledge management.



The initial business model was thought to work with traditional tinsmiths as assemblers of silos kits – pre-cut by an industrial provider- and distributed by an agribusiness company. The hypothesis was that the company would adjust its sales strategy to reach low-income clients in a profitable way. The model did not work mainly due to high sales distribution costs, low margins, and resistance of tinsmiths to be subcontractors.

Another business model (working with semi industrial tinsmiths and a wide network of individual local dealers) is currently developed. Some challenges identified are: the need for more accurate market studies at local level (different timing of harvesting seasons of grains but also of cash crops like coffee

(availability of cash to purchase postharvest solutions); innovation in marketing devices; the informality of artisanal and semi-industrial tinsmiths. More information: <https://www.shareweb.ch/site/Agriculture-and-Food-Security/focus-areas-overview/post-harvest-management/sdc-post-harvest-projects/south-america>

2. Financial inclusion for smallholders along the cocoa value chain in Ghana

Market stall owners: Ariane Appel (SCBF Secretariat), Konrad Ellsäßer (FIDES)

The Swiss Capacity Building Facility (SCBF) is a public-private development partnership (PPDP) to assist financial institutions such as insurance companies, microfinance banks, and savings and commercial banks, in significantly scaling up their outreach to low-income households, smallholder farmers, and micro, small and medium businesses in developing countries. The presentation at the market stall will look at a specific experience in the cocoa value chain in Ghana and focus on the following aspects and questions:



- Short description of the overall aim of the feasibility study in Ghana and the partnership between SMH, Lindt & Sprüngli, Armajaro and Allianz.
- Relevance of a platform like the SCBF, where the private sector can partner with the public sector, thereby test innovative ideas and provide private investors access to a relatively risky, unknown market in order to establish long-term partnerships and ensure sustainable investments.
- Overall: Lessons learnt on project level regarding collaboration with the public sector.

If time allows and in case of interest, there will also be some insights into a successful collaboration between the SCBF and FIDES in Mozambique and into procedures of the SCBF as an organisation/PPDP.

3. Alliances Lesser Caucasus Program (ALCP) – Georgia

Market stall owner: Ia Tsagareishvili (NPO)

During the presentation I shall briefly describe the Alliances Lesser Caucasus Program (ALCP) supporting the livestock sector development in Georgia. The project is working mainly in dairy and meat value chains. The majority of poor rural households own from 1 to 10 cows and heavily rely on incomes from them. The project engages with the private sector actors who provide services or market access to small farmers. Facilitating better integration of small farmers into the livestock value chain helps them to improve livestock productivity as well as market access and thus increase incomes. The project works with the private sector to enhance the outreach and sustainability of the interventions. The project avoids becoming a market player itself. It facilitates the development of mutually beneficial and sustainable links among various actors of the value chains.



I will present the key tools used by the project for the engagement with the private sector. These are: analyzing markets, identifying opportunities for growth, assisting in developing business plans, providing technical assistance (TA), co-funding acquisition of key equipment, etc.

Major lessons learned are the following: SMEs are good partners when they see the potential for expanding their business; they have a comprehensive understanding of the details and can turn them into opportunities with a bit of TA; co-financing is a good motivator for smaller companies, while the larger ones need more TA to identify profitable opportunities which they can finance on their own; grant seekers shall be avoided, as they go after subsidies and not after business models.

4. Industry-led Apprenticeship Project, Bangladesh

Market stall owner: Derek George (HQ Desk)

The *Industry-led Apprenticeship Project (2011 – 2015)* is piloting the introduction of a large-scale workers apprenticeship scheme for the leather industry. The project has high relevance from the perspective of the government's recently adopted National Skills Development Policy, and is implemented by the Center of Excellence for Leather Skills (COEL).



The project is designed as a private-public partnership, where the concerned industry also contributes towards the cost. The objective of the project is *"Sustainable employment opportunities for the unskilled and unemployed labour force in the leather industry have increased"*. The project is meant to *upscale an apprenticeship model* among the leather industry members and to provide opportunities for the *poor, unskilled, unemployed* portion of the labour force looking for employment.

The presentation at the market stall will focus on:

- The apprenticeship model introduced by SDC in the leather sector, the underlying financing model, and the roles, responsibilities and respective contributions of the main stakeholders involved
- The results achieved so far and the prospects for financial sustainability and further upscaling
- the motivations and interests of the main stakeholders (participating companies, LFMEAB, COEL, SDC, Regulators), including areas in which interests are aligned and areas of conflicting interests
- strength and challenges of this project and the mode of collaboration with the private sector
- key contextual success factors that made participation and buy-in by the private sector possible

5. SME Development Project "Bai Alai", Kyrgyzstan

Market stall owners: Elke Oehme (Program Manager) and Lydia Plüss (Implementing agency Helvetas Swiss Intercooperation)

The "BAI ALAI" – Small Business and Income Creation Project is a ten-year initiative, that has started its First Phase in May 2014 in an area with a total population of about 100'000 and with a budget of approximately CHF 6,7 million. Primary beneficiaries and right-holders are all 24'000 households in Alai and Chon Alai, in particular women and young men.



The development goal of the programme is to reduce poverty in Alai and Chon Alai through increased income and employment – in particular for women and youth. This will be achieved by facilitating the rise of local and regional markets, leading to reduced inequalities and improved perception of life perspectives, especially local youth. Bai Alai focuses on following sub-sectors: livestock (cattle), cashmere, poultry for egg production, youth-oriented or women-led businesses, machinery services and tourism. The strategy is to increase productivity, sales and/or margins of the micro- and small businesses in these sub-sectors and to create better access to knowledge, information, inputs and new technologies.

The market stall presentation will focus on a cashmere value chain and highlight collaboration with two new private companies that are interested in buying better quality cashmere. These companies invested their capital to raise farmers knowledge on cashmere (support farmer trainings and provide tools for combing, offer differentiate price for different quality). At the same time there are other companies (mainly Chinese) which are working in cashmere sector, but they are not yet interested in cashmere quality and do not ready to pay differentiated prices.

Participants could learn on cashmere value chain development in one of the Central Asian countries and challenges faced by the project on each stage of value chain as well as challenges related to the project M4P approach which is an absolutely new approach to these regions.

6. Post-conflict rural market development, Sri Lanka

Market stall owner: Nimmi Ariyaratne (NPO)



The North and East of Sri Lanka were primarily devastated by the 30 year armed conflict. Over 300,000 persons were displaced and their homes and villages completely destroyed. Since the end of the armed conflict in Sri Lanka in 2009, SDC has been working through livelihood partner Swiss Labour Assistance, to help returnee communities in the North establish durable livelihoods.

We initially tried the direct livelihood-aid approach through individual grants/cash for work/distribution of livelihood assets. However, we realized that in a post conflict setting the private sector engagement is essential to create durable livelihoods for returnees and re-connect them with national. The direct-aid method adopted by a lot of aid agencies in Sri Lanka had created a culture of aid-dependence among returnee communities in the post-conflict North.

Accordingly, SDC and Swiss Labour Assistance changed our approach, and decided to focus on forming producer groups from 2013-2015. These groups were then linked with large scale buyers of products at national and international level, for example a large national company that exported seaweed to Japan, a large national company that produces snacks from ground nuts and a large company making Palmyra-fibre products for the European and USA markets. SDC/Swiss Labour Assistance played a facilitation role in creating these relationships: providing training and advice to the producer groups at the initial stages, and linking them with the private sector buyers; helping groups to register as small private companies themselves; supporting trainings for local authorities in-charge of regional development in the conflict-affected provinces.

Although the engagement seems to be working at the moment, it is still too early to see if this kind of relationship is durable in the long term. Challenges include: the private sector buyers don't have much interest in teaching the groups to add value to their products; there is also a risk that the groups may not be strong enough to bargain with large companies for a good rate; at the moment no real due diligence procedures are in place when selecting buyers of products- and that the long-term environmental concerns regarding some of the activities may not have been explored sufficiently.

7. Private Sector Development Project in South Serbia (2010-2018)

Market stall owner: Arminio Rosic (NPO)



The project's *goal* is "Increased income opportunities and quality jobs, particularly for young people and women". One of the project's selected market systems is the Wood and Furniture industry where an intervention on: "Skills development for the furniture value chain in Serbia" has been designed and implemented. Within this intervention, the cooperation with the private sector was initiated by the facilitator (Regional Development Agency for South Serbia) who conducted research which made clear that there are scarce and missing profiles in the labor market, i.e. that the demand for required skills and the offer do not match. The solution was supporting establishment of a Training Center (TC) within one furniture company that would provide „on the job“ training.

The intervention contributed to *systemic changes*, i.e. Improving trainings in the furniture sector through furniture manufacturers, which helped remove the monopoly of inflexible old-fashioned training providers, whose vocational profiles were not in accordance with the needs of the furniture manufacturers. Secondly, an adult training institution, the Chamber of Craftsmen developed new procedures for the certification of “on the job” trainings. Before the intervention, only trainings in the classroom could be certified.

Cooperation with the *private sector* had various forms: The facilitator assisted the TC in developing its business model that would define key partners, value proposition, cost structure, communication channels. The TC identified working profiles that are the most demanded by furniture manufacturers and that require an intensive on-the-job training. The sustainability & replicability of the intervention are sought in reaching out to more potential partners who have will and skill to establish a TC - present good practice from existing TC and profitability of the TC to potential partners.

The intervention had broad *outreach*, i.e. towards the 7 furniture companies, training providers, National Employment Service, Technical school, Ministry of Education. This intervention had high leverage, i.e. the results from the informal sector trainings were used to persuade formal training providers (high and vocational schools) to develop curricula responsive to the private companies needs. As a result of the intervention, during the last 6 months, 400 women and men found sustainable *employment*.

8. Skills for Jobs Project, Bosnia and Herzegovina

Market stall owner: Mersiha Alijagic (NPO)

This market stall is based on the experience of the Skills for Jobs (SfJ) Project in Bosnia and Herzegovina (BiH) in working with the private sector in vocational skills development.



The following points will be introduced:

- Short presentation of the context (60% unemployment rate among youth, weak VET school system, reputation issue, significant number of employers who are not able to find adequate labor force/with some specific skills).
- SDC started its engagement in the VET sector by supporting the non-formal training system: *Why was that important for BiH?, What are the lessons learnt? Biggest challenges?. How did we get the private sector on board?*

The market stall then deepens on the current status and specific experiences with the SfJ project:

- The decision of the project to enter formal VET education system after the first phase of the project: *What is the background of that decision? What was the reaction of the private sector and how did the schools and the ministries in charge reacted? What is the role of the training centers (established in the first phase of the project)? How to create win-win situation for all participants involved?*
- Presentation of the developed five pillars of the Skills for Jobs Skills model: *Training need analysis, job profile development, curricula and test item development, training delivery, assessment and certification.*
- The role and synergies with other two projects in the portfolio (Youth Employment Project and Market Makers)

9. Engaging the private sector in VSD: an experience from Nepal

Market stall owner: Usha Bhandari (NPO)

The market stall presentation and discussion will draw on the experience of two projects in Nepal: The Employment Fund project and the Safer Migration project. Aspects that will be highlighted are the following:



Experiences on the various roles of the private sector in the context of Nepal:

- How private sector adds unique strengths for the expansion of the services (focus also on the public sector limitation to tackle the challenges of skill development for employment)
- How private sector played the role of critical enablers for equipping workers with the skills required in the local, national or international labor markets (experiences from Employment Fund project as well as some from Safer Migration project).
- How the role of private sector has been slowly understood by the government as a change agent for system building: the creation of sustainability of public/private partnerships

Learning and challenges:

- Paradigm shift: for the sustainability and system building, private sector working unilaterally and/or the partnership with donors need to be shift their approaches to the partnership with government actors too.
- Challenge: Sustainable financing mechanisms

10. Public-Private Development Partnerships (PPDPs)

Market stall owner: Jean- Christophe Favre, SDC Senior Policy Advisor – Partnerships with the Private Sector

In the market stall on public-private partnerships for development, we do not have anything to sell! We will just offer a space for exchanging on different issues: What is a partnership? Why should we develop partnerships with private companies for achieving development goals? What mutual obligations and benefits can be expected by each party? The discussion will be enriched by the experiences of the participants and cases brought by the facilitator.



Actually, the Message on Switzerland's International Cooperation 2013–2016 recognized the importance of the private sector as a key actor of development; the Swiss Cooperation has been requested to join forces more actively with private companies in order to increase impact at scale and sustainability in the achievement of its development goals.

To be noted that since the inception of its activities in 1961, SDC has always been working with and for the private sector. Projects aimed at developing the private sector in the less developed countries where SDC is active, mainly through small enterprise promotion, skills development and financial services. Private enterprises SDC was working with were mainly micro and small. In the last decade, SDC – like many other agencies – has started to explore 'new' ways of working with the private sector. New concepts – or sometimes simply new catch-words – have emerged: inclusive markets, social business, bottom of the pyramid, corporate social responsibility, creating shared value, impact investment, sponsoring, etc. These diverse concepts refer to different dimensions – e.g. goals, modalities, type of companies – What does it mean for the debates on collaboration/alliances/partnerships? Let us discuss!

11. SECO's approach to work with the Private Sector, example cacao Indonesia

Market stall owners: Gabriella Crescini (Implementing Agency Swisscontact) with support by Nicolas Guigas and André Pantzer (SECO)



Aiming to promote the Indonesian cocoa value chain, the Sustainable Cocoa Production Program (SCPP) was initiated in 2012. SCPP is a large PPP comprising Swiss State Secretariat for Economic Development (SECO), the Sustainable Trade Initiative (IDH), the Embassy of the Kingdom of the Netherlands, IFA, and new MCA.

By using a holistic and successfully tested approach, SCPP helps to provide a foundation for the long-term sustainability of cocoa production in Indonesia. This approach incorporates:

- Farming Good Practice and Technology Transfer Systems
- Nutrition and Gender Sensitivity Integration
- Farmer Organisation, Market Access and Certification
- Integrated Agri-Business Financing
- Stakeholder Management and Networking Platforms

In the stall we will explain the interest of SECO in supporting the cocoa value chain, the set up and sup-partnerships in the different cocoa producing regions and try to enhance opportunities and challenges by working with the private sector.

12. A social business model to lifting farmers out of poverty

Market stall owner: Patrick Struebi

Patrick Struebi's experience with the world's leading international commerce companies led him to change the face of fair-trade exportation. With his social enterprise, Fairtrasa, Patrick is seizing the opportunity to broaden global markets while paying small-scale farmers a fairer price for their goods. He developed a unique Three Tier Farmer Development Model that links sustainable agriculture with community empowerment. By creating alliances with organizations and farmers, he is encouraging growers to invest price premiums in community development.



Based on Patrick's experience, this market stall will touch on the following points:

- Lifting small-scale farmers out of poverty – a social business model
- Success factors and challenges
- Sustainable and scalable business models
- About Systemic Change
- Social Entrepreneurship as a growing force for good
- Collaboration with development cooperation actors