



Swiss Agency for Development  
and Cooperation SDC

# PSE @ SDC – How are we doing?

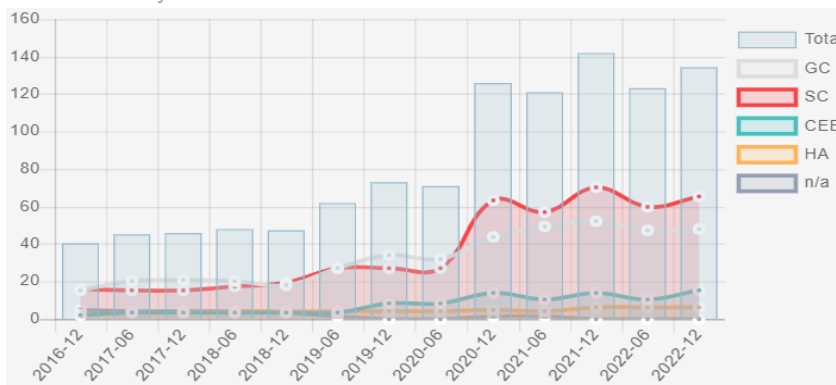
## Summary of the 2022 Annex 2 data collection

With the latest data from the Annex 2 of the Annual Reports 2022, it is for the first time possible to analyse financial-market oriented projects separately. Promising results of leveraging private sector finance are emerging.

Since 2020, the Annex 2 exercise, carried out as part of the annual reports of SDC’s operational units, provides a picture of SDC’s Private Sector Engagement (PSE) portfolio. As a modality, PSEs are implemented across all of SDC’s priority topics and they are diverse in terms of objectives and private sector partners. By comparing data from SAP with information entered by operational units, we get an understanding of the universe of PSE projects SDC is engaged in. Last year, the Annex 2 database allowed SDC, for the first time, to report to the OECD on mobilizing private sector funding. Here are some of the main takeaways from SDC’s PSE portfolio at the end of 2022:

Figure 1: Projects with PSE Partnerships (134) –

Distribution by Domain



GC: Global Programmes; SC: South Cooperation; CEE: Cooperation with Eastern Europe; HA: Humanitarian Aid

- SDC has currently 134 recorded PSE projects with a total of 152 partnerships (some projects have more than one PSE partnership). These are slightly fewer projects than recorded at the end of 2021, when we counted 142 projects with 162 partnerships. The number of new PSEs initiated per year also decreased from 36 new PSEs in 2021 to 16 that started in 2022. These numbers should be

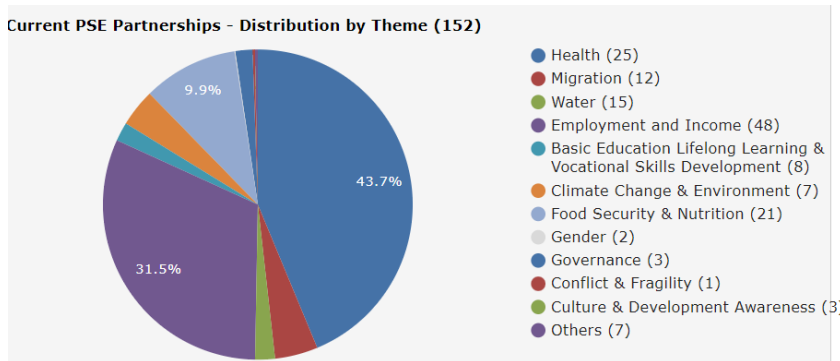


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interpreted cautiously, however, as there is usually a backlog in reporting new projects, especially those that started after the completion of the annual reports in October.

- In terms of financial volume, projects totalling an amount of ca. CHF 850 mio. (encompassing SDC budgets for the entire phase) include a PSE partnership. It is important to note that many of these projects have only a small PSE component. If we look at funds disbursed in 2022, SDC invested CHF 143 mio. in projects with a PSE partnership, compared to CHF 288 mio. in 2021 and CHF 166 mio. in 2020.
- The biggest number of PSE partnerships, 48 out of 152, are in the area of Employment and Income, followed by Health (25) and Food Security and Nutrition (21) (Figure 2). Health is the sector with the highest volume of SDC funds engaged in partnerships with the private sector, accounting for almost 44% of SDC funds in PSE. The main driver are large multi-stakeholder initiatives that pool public and private funding such as the Global Fund to fight HIV, TB and malaria (Figure 2). Such multi-stakeholder

Figure 2: Current PSE Partnerships (152) – Distribution by Theme based on the committed funds, in percent. Number of projects per theme in Brackets.



Partnerships – comprising various public and private actors – represent the

most important PSE format across sectors, accounting for 75% of SDC's PSE investments and 89 out of 152 partnerships.

- SDC has currently 696 different private sector partners<sup>1</sup>. The most important partner category is SMEs which account for almost 40% of SDC's private sector partner universe, followed by large corporations (32.5%) and foundations (12.8%). The picture looks very different when looking at funds provided by different private sector partner categories: foundations provide the vast majority (84.7%) of private sector funding, followed by Social Enterprises (8.6%).

*Spotlight on financial-market oriented PSEs*

- Financial-market oriented PSE formats, aiming at leveraging private sector money, are a small but growing share of SDC's PSE portfolio. This year, for the first time, we can estimate the leverage ratio of SDC's financial-market oriented PSEs separately.

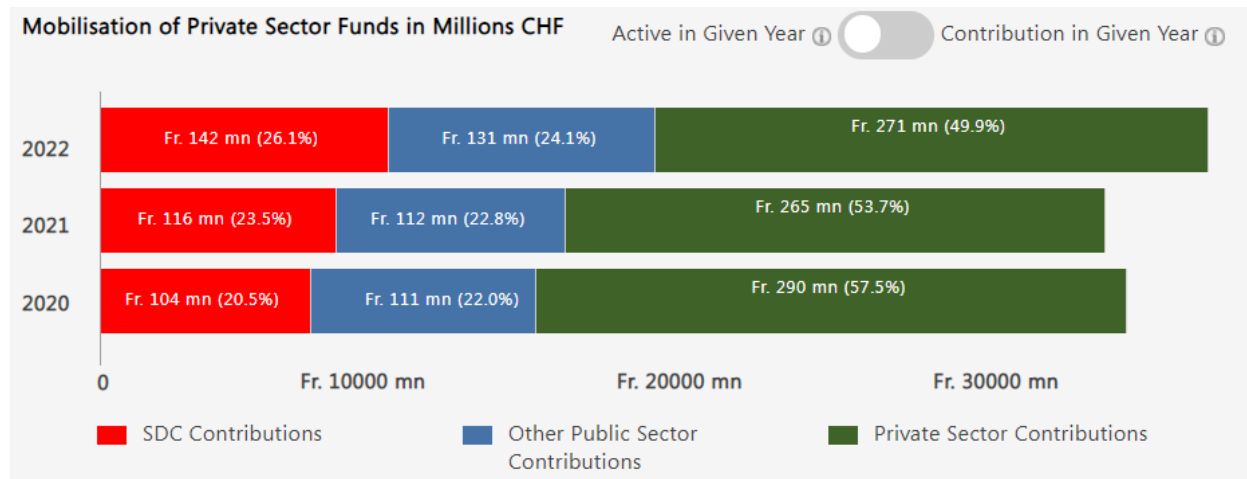
<sup>1</sup> Very often, a PSE Partnership counts more than one private sector partner. Public sector partners are counted separately.



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- Across the currently 24 financial-market oriented PSEs (23 in 2021), SDC committed CHF 142 mio., with respective contributions of CHF 131 mio. from other public actors and CHF 271 from the private sector (Figure 3). In other words, the leverage ratio in SDC's financial-market oriented PSEs is around 1:2 if only considering SDC funds and 1:1 if other public funders are included. This is in line with international benchmarks for the ticket sizes, geographies and sectors SDC is prioritizing<sup>2</sup>. Moreover, in many of SDC's financial-market oriented PSEs – such as impact-linked finance or first loss engagements – private investments are expected to be made after, and incited by, the public investments.

Figure 3: Mobilisation of private sector and other public sector actors in SDC's financial-market oriented PSEs, in mio. CHF



- Looking only at financial-market oriented PSEs also changes the thematic composition of SDC's PSE portfolio. 70% of funds invested in financial-market oriented PSEs are in the Employment and Income thematic area followed by Climate Change and Environment (9.2%) and Migration (7.3%). The most important formats of SDC's financial-market oriented PSEs are outcome-based payment schemes which account for 36% of funds invested or committed, followed by Technical Assistance to a financial vehicle (33.5%) and first loss engagements in structured funds (17.4%).
- Looking at different PSE partner categories, SMEs (42.2%) remain the most important PSE partners in terms of numbers, followed by large corporations (18.5%) and social enterprises (17%). In terms of volume of investment, impact investors (41.4%) are the most important partners, followed by large corporations (30.6%) and social enterprises (18.5%).

<sup>2</sup> See for example: <https://www.convergence.finance/news-and-events/news/4cC8kVJXv0FZDVxGQ6HLNH/view>.