Sida’s collaboration with the private sector engages corporate actors in global development. Through partnerships, the objective is to leverage the contribution of the private sector to global poverty reduction and to promote inclusive and sustainable business models that enable people living in poverty to improve the quality of their lives.

Collaboration between Sida and the private sector is based on risk- and cost-sharing and on the private sector being the driving force of the partnerships. This form of collaboration is open to private sector actors from all over the world provided that it brings clear benefits to people living in poverty. Partnerships can be effective in different areas, such as health, education, agri-culture and forestry, climate, energy, employment and infrastructure. The key focus for Sida is always the development results achieved through the partnerships.

**HOW IT WORKS**
An important aspect of Sida’s collaboration with the private sector is to enable projects and initiatives that otherwise would not have become reality. Through the catalytic nature of the support and the leveraging of valuable private sector resources (knowledge, innovation, long-term investments, local presence etc.) the development impact of aid funds are multiplied.

**INCLUSIVE AND SUSTAINABLE BUSINESS**
By partnering with private sector actors, Sida aims to contribute to promoting sustainable and inclusive business models and practices that:
1. ensure that the needs of future generations are taken into account in business decisions and investments made today.
2. offer opportunities for people living in poverty to improve the quality of their lives.

Inclusive business models include people in poverty as clients and customers, or as employees, producers, distributors, innovators and business owners, at various stages in the value chain.
PRINCIPLES FOR COLLABORATION
- Investments must have a clear objective to support sustainable development and create better conditions for people living in poverty in developing countries.
- Sida is open to collaboration with companies from all countries, provided that there are clear development results to be achieved.
- Partnerships are conducted in line with the collaborating country’s priorities.
- Sida funding is catalytic and the idea is to enable development or projects that otherwise would not have become reality.
- By engaging the resources of the private sector (for example knowledge, innovation, long-term investments and local presence) Sida wants to multiply the development impact resulting from its contribution.
- Investments are always based on risk- and cost-sharing between Sida and the partnering companies. Innovative solutions are particularly encouraged.
- Sida’s support should contribute to well-functioning markets, but must not distort markets or competition. In the interest of transparency and learning, partners should be willing to share information and results from the projects.
- Collaboration is always based on close dialogue with companies, governments and civil society in partner countries, in Sweden and internationally, in order to stimulate continuous communication, local ownership and cooperation.
- All partners must take social and environmental responsibility and strive towards compliance with key CSR and sustainability principles, such as those of the United Nations Global Compact.

FORMS OF COLLABORATION
Every project is different and has its own characteristics. Partnerships are developed in close dialogue between Sida and the partner/s. The two main forms of collaboration are:

Public Private Development Partnerships
Collaboration with mainly large companies, through joint financing of development projects with a win-win objective. Win for corporate good as well as for development impact. Companies usually contribute at least 50% of the project investment.

Challenge Funds
Collaboration with mainly small and medium sized companies and entrepreneurs, who compete for co-financing of sustainable, innovative and inclusive business-concepts.

CONTACT
Sida wants to collaborate with private sector partners who see the win-win potential in being an active driver of long-term sustainable development.

For more information and examples of collaboration between Sida and the private sector, please visit www.sida.se/privatesector or contact the Swedish embassy in the country that you operate in via www.swedenabroad.com.
In a Public Private Development Partnership, the public and private sectors make a joint investment in a project implemented by a third party. The objective is to create conditions that will enable people living in poverty to improve their lives.

WHAT IS A PPDP?
Public Private Development Partnerships (PPDP) is a key modality for concrete cooperation between Sida and private sector actors. PPDPs encourage the private sector to pro-actively create business ventures that also improve conditions for people in poverty. This form of collaboration is particularly suitable for larger companies.

The overarching objective of the PPDP is to increase opportunities for people living in poverty, both economically and by inclusion along value chains as producers, distributors, innovators, consumers and owners. A PPDP can for example help solve problems regarding lack of access to sustainable energy, food supply, or poor agricultural practices. A PPDP can for example include education and vocational training.

Expected outcomes of PPDPs are the inclusion of poor people, along value chains related to the company’s core business; in gainful employment and production as producers, distributors and entrepreneurs. This will lead to better lives for people living in poverty and to increased integration of low-income countries in the global economy. Partnerships are not tied to Swedish interests or to certain sectors and do not subsidise business ventures as such. Rather, they aim at maximizing the development value of private investments. The development results are always in focus.

COLLABORATION WITH SIDA
Private sector partners and Sida finance a project jointly. The driver of the project is the partnering company, or a cluster/consortium of companies. The project is generally implemented by a third non-profit party, such as a local ministry, agency or a locally established civil society organisation.

The private partner will normally be expected to cover at least 50% of the total cost of a project, with Sida’s contribution being complementary. Sida also supports with expertise concerning development cooperation related issues. The risk is shared between Sida and the partners.
Successful PPDP project proposals meet the following criteria:

- **Clear and substantial benefit for people living in poverty.**
- **Implementation in Sida’s partner countries.**
- **Alignment with existing national policies,** e.g., Poverty Reduction Strategies, and ideally inclusion of key sectors as identified in Sida’s bilateral cooperation strategies.
- **Scaling-up potential.** Projects with potential for greater impact through scale effects, e.g., through replication elsewhere, are given priority.
- **Projects should trigger market creation.** Partnerships should not result in subsidies to individual enterprises or create market distortion.
- **Close cooperation with relevant local bodies.** The commitment and participation of local partners such as national authorities, ministries, civil society organisations or trade unions will be needed in developing the projects.
- **Transparency.** Participating companies should be willing to share information, results and outcomes from the projects.
- **Partnerships should be catalytic and stimulate pro-poor development impact of business activities** which would not have emerged to the same extent without Sida’s support.

Projects as well as partners are expected to operate according to high global standards of social and environmental responsibility (CSR).

Examples of initiatives that Sida can support through a PPDP are:

- pilot projects
- technical assistance
- training and capacity building
- community development
- studies and evaluations
- other forms of problem-solving efforts

**PPDP ELIGIBILITY**

Sida is interested in collaboration with partners from the private sector who see the win-win potential in long-term sustainable development.

For further information or queries please contact a Swedish embassy through www.swedenabroad.com, or Sida at www.sida.se/privatesector

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1 See www.sida.se for a list of countries to which Sweden provides development assistance and for the about 40 countries which the government has decided should be target for the Swedish Development Cooperation.
The Coffee and Climate Initiative

Coffee represents a major source of income for around 25 million farmers around the world, with more than 125 million being dependent on the crop for their livelihood. Through the Coffee and Climate Initiative, smallholder farmers and service providers along the coffee value chain get access to the knowledge and instruments they need to mitigate the effects of climate change.

The Coffee and Climate Initiative is a partnership between a group of leading privately owned European coffee (including Swedish coffee company Löfbergs Lila), Sida, the German Agency for International Cooperation (GIZ), and several other partners.

The aim is to enable coffee farmers to effectively respond to changing climatic conditions by assembling and disseminating best practice for climate change adaptation and mitigation into a globally applicable toolbox. The initiative combines state of the art climate change science and proven farming method, with an approach involving a network of stakeholders and the entire value chain for sustainably farmed products. Public and private resources combined can make this happen.

Sida has contributed 4 million SEK to the initiative’s pilot projects in Vietnam, Tanzania, and the Trifinio region of Honduras, El Salvador and Guatemala. Improved livelihoods for smallholder coffee farmers and their families is a key objective.

The toolbox is a living format. Its main purpose is to collect, evaluate, further develop and disseminate best practices and experiences from the field, as well as to initiate a collaborative and global learning process.

“We have had very drastic changes in our weather, and water has begun drying up. But we have improved our methods and found plants and small bushes that can cover the growing coffee plants and keep them cool, so we need less water”, says Amani Fungo, who supports his family with a 6 acre coffee farm in Tanzania.

In addition to learning and sharing agricultural practices, Fungo and other producers in the area have had training in marketing, and have formed a producers’ organisation to share best practice and market their coffee.
The Swedish Academy for Training in Iraq

The Swedish Academy for Training offers young Iraqis support in building skills and finding employment. The academy is the result of a partnership between truck retailer Scania, Sida, the United Nations Industrial Development Organization (UNIDO), international education company EF, and the Kurdistan Ministry of Labour and Social Affairs.

The initiative is based in Erbil, the regional capital of Kurdistan and was launched in April 2012, when almost one hundred young Iraqis enrolled for training in basic mechanics, computing and English. The academy is open to unemployed Iraqis under the age of 30 and almost all of the teachers are from the region. Courses in advanced mechanics and driver training are also offered, with courses in sales and marketing to be added in the future.

This initiative combines Sida’s mission to create economic opportunities for young Iraqis with the industry’s need to recruit skilled workers in the region. Finding mechanics with the right skills has proved to be a major challenge for Scania in Iraq, and the academy will serve as an important recruitment base for the company’s continued expansion in the region. The academy will, however, train far more mechanics than Scania needs. After graduation students are free to seek employment where they want. The academy helps connect students with Scania, which runs a maintenance center in Erbil, as well as with other companies.

“Before the invasion there were a lot of very skilful mechanics in Mosul, but after 2003 many of them migrated abroad and to the Iraqi Kurdistan, including my employer who migrated to the United States,” says Ammar Akram, who previously worked as an apprentice in the Mosul industrial district, repairing cylinders and tractor grinders. At the academy, Akram is now learning how to repair heavy trucks and machinery, with the aim of finding a new job when he graduates.

CONTACT
For queries regarding the projects or more information on the Sida programme, please contact either the relevant Swedish embassy or the Sida team directly at www.sida.se/private sector.

Photos: Rachel Ambrose
To encourage the private sectors’ contribution to development and poverty alleviation, Challenge Funds invite companies to compete for support for good ideas in the same way that researchers apply for funds from a research foundation. Project proposals are measured against each other in an evaluation process based on predetermined and fixed criteria.

WHAT IS A CHALLENGE FUND?
A challenge fund is a financing mechanism to allocate funds for specific purposes using competition among organisations as lead principle. A challenge fund invites companies, organisations or institutions working in a targeted field to submit their proposals.

Challenge funds are often set up to meet specific objectives – such as extending financial services to people in poverty; finding solutions to a specific health problem in developing countries; as a means of triggering investment to certain high-risk markets; to stimulate innovation for effective use of water resources, etc. The scope of using challenge funds for creative problem-solving in development is very wide and holds considerable potential.

HOW IT WORKS
Proposals are assessed against transparent and pre-determined criteria. The challenge fund awards grants to projects that best meet the objectives of the fund.

Challenge funds are defined in time, for example they can operate for 3 years with a specific number of challenge rounds. The challenge fund might not only provide outright grants, but also other forms of contributions, such as technical support. Another model of support, used by for example the African Enterprise Challenge Fund (AECF) is repayable loans, meaning that a loan is due to be repaid only if a project is commercially successful, otherwise it is written off.

All business oriented challenge funds apply a cost-sharing formula. Cost-sharing is applied as it creates commitment by the applicant as well as risk-sharing. Also, it provides leverage of donor funding.
EXAMPLES OF SIDA-SUPPORTED CHALLENGE FUNDS

Innovations Against Poverty
The Innovations Against Poverty fund provides matching grants (maximum 50%) to entrepreneurs or companies with innovative products, services, systems or business models that serve and create opportunities for and benefit people living in poverty.

Examples of projects that have received support include new types of battery chargers, rural renewable energy, municipal sanitation, safe drinking water and agribusiness advisory services.

IAP is open for applicants from all over the world and also has a special window for the Middle East and North African region.

The Africa Enterprise Challenge Fund
The Africa Enterprise Challenge Fund (AECF) supports profitable ways of raising rural incomes by developing markets for products and services that meet the needs of rural areas in Sub-Saharan Africa.

Sida supports two windows within AECF; one working with agri-business and one focusing on agri-business in post-conflict countries.

Seed Alliance
Seed Alliance is a challenge fund aimed at Internet development and digital innovation. This fund supports initiatives that utilize new technologies to make pro-poor projects more effective and inclusive. The main focus of the fund is; openness, inclusion, rights and access.

Powering Agriculture
The agricultural sector is the most important source of income for many people living in low-income countries, but lack of access to reliable, clean energy is a major barrier to its development. Powering Agriculture is a grand challenge for development that encourages innovative technological and financing solutions for providing reliable and clean energy to the agricultural sector in low-income countries.

CONTACT
For further information or queries please contact a Swedish embassy through www.swedenabroad.com, or Sida at www.sida.se/privatesector
The Africa Enterprise Challenge Fund (AECF) supports profitable ways of raising rural incomes, by developing markets for products and services that meet the needs of people living in rural areas in Sub-Saharan Africa. Sida’s support to the AECF is aimed at the agri-business sector.

Sida has donated 217 million SEK to the AECF, a USD 200 million fund hosted by the Alliance for Green Revolution for Africa (AGRA). The fund, to which a number of donors contribute, focuses on financing projects, through grants and interest free loans, which will have a broad developmental impact on the rural poor.

The AECF is structured to match the commercial interests of private companies with the agricultural needs of a particular country, while emphasizing sustained business engagement.

**CHALLENGE FUNDS**
Challenge funds invite companies to compete for support for good ideas the same way researchers apply for funds from a research foundation. Proposals are measured against each other in an evaluation process based on predetermined and fixed criteria.

Challenge funds are often set up to meet specific objectives. In development cooperation, these could for example be extending finance to people living in poverty, finding solutions to a specific health problem in developing countries, or as in the case of the AECF, developing markets for products and services that meet the needs of people living in rural areas in sub-Saharan Africa.

**WHY?**
The main goals of the AECF are:
- To promote ideas that will lead to growth in the rural economies of Africa, generating employment and creating new opportunities for systemic change in the markets that serve them.
- To support new investments in the agribusiness, renewable energy and adaptation to climate change technologies, rural financial services and media and information sectors across Africa.
- To match the commercial interests of private companies with the agricultural needs of a particular country, while encouraging sustained business engagement to ensure a flexible, responsive, results-oriented approach.
THE PURPOSE OF COLLABORATION BETWEEN SIDA AND THE AECF

- 133 business projects supported in 22 African countries, rising to estimated 170 in its fifth year
- 3 million people reached through these projects
- more than 5800 applications for funding received
- USD 308 million in private sector contributions catalysed to the projects

HOW?
The AECF is a competition, open only to for-profit private companies, which are starting or intending to start new ventures in specific fields.

The AECF offers funding windows aimed at specific economic sectors, specific countries, or development corridors involving several countries. New windows may be added and each window will generally offer more than one funding round. Sida supports two windows within AECF; one working with agri-business in general and one focusing on agri-business in post-conflict countries.

The AECF is open to proposals from all countries in Africa. Multi-country and regional projects are also eligible.

The AECF can award between USD 250 000 and USD 1.5 million to a single business idea. The amount will vary depending on the competition, but the average is expected to be about USD 700 000.

EXAMPLES OF PROJECTS SUPPORTED BY THE AECF

Dairy farming in Tanzania
In Tanzania, the AECF has invested in the efforts of Tanga Fresh Ltd to support the modernisation of its milk collection and communication systems. Tanga Fresh started a project in 2008 to improve the organisation’s milk collection system, the Modern Dairy Service Network, and was granted a matching contribution of USD 700 000 from the AECF in 2009. By improving delivery to market, the project has enabled delivery to market. The AECF grant will also help fund the Dairy Farmers’ Information Service, a mobile phone text message service providing milk producers with market information.

Fish farming in Kenya
In western Kenya, the AECF has co-funded the development of Dominion Farm’s aquaculture program, which is helping to move the country’s fishing sector in a more sustainable direction.

Being a staple source of protein in the Lake Victoria region, fish stocks are becoming increasingly threatened by overfishing.

Through its operational and infrastructure investments, Dominion Farm’s has become one of the major producers of quality fingerlings (baby fish) and fish farming in the area has taken off markedly. In order to ensure the sustainability of the market, Dominion is also working to establish a centre of excellence for fish farming.

CONTACT
For information on the AECF, including funding windows and how to apply, please visit www.aecfafrica.org
For more information on Sida’s collaboration with the private sector, please contact a Swedish embassy through www.swedenabroad.com, or Sida at www.sida.se/privatesector
Innovations Against Poverty challenges the private sector to develop products, services and business models that can contribute to poverty reduction and combat climate change.

The objective is to serve as a catalyst for innovation of new products, services and market systems that benefit people living in poverty, rather than helping a single company to do better business.

WHY?
Innovations in technology and business practices are critical for creating opportunities for people living in poverty to improve their living conditions. Sida’s intention with this programme is to stimulate development which otherwise would not have taken place within the private sector due to perceived initial commercial risk or uncertain market opportunities, and to accelerate the go-to-market process. The starting point is the concept of Bottom of the Pyramid (BoP), refers to the people “making up the base of the pyramid” who live on less than two dollars per day. Involving this group as innovators, entrepreneurs, producers, consumers and distributors provide positive development opportunities for all parties – and increase the prospects of reaching the Millennium Development Goals.

WHO?
Innovations Against Poverty is designed for companies which are based or operate in a developing country.

The programme targets smaller organisations which have a wealth of good ideas with great potential, but need the support of their business strategy and resources to penetrate new markets. Innovations Against Poverty also seeks to work with larger companies, to help support the development of “inclusive business” models to expand opportunities for the poor and disadvantaged in these markets. Such business models can engage the poor as employees, suppliers, distributors or consumers.

Companies can be active in all sectors where innovation leads to poverty reduction, from agriculture and infrastructure to health and education. Exceptions are companies involved in arms, tobacco and gambling industries (the full eligibility criteria are outlined in the application guide available online).
**EXPECTED RESULTS:**
The expected benefits and results from this programme are:
- Access to more affordable essential products and services for people living in poverty
- Access to smart solutions, for example within the fields of health, infrastructure, energy, education and agriculture
- New sources of income for poor through employment, subcontracting and engagement as innovators, producers and suppliers
- Solutions to climate and environmental sustainability challenges

**HOW?**
The programme functions as a risk sharing mechanism for sustainable business ventures (commercial companies or market-oriented organisations) which have a strong potential to reduce poverty.

**Financial Assistance**
Companies can apply for financial support from two different modules aimed at different stages of the innovation and development path.

- **Small Grants**
  Innovations Against Poverty can provide a matching grant (maximum 50% of total project cost) up to €20,000 for the purpose of exploring an innovation or a new market. The grant can be used for travel and feasibility studies, stakeholder needs assessments, or for networking with local organisations.

- **Large Grants**
  Innovations Against Poverty can provide a matching grant (maximum 50%) between €20,000 and €200,000 to a company for the purpose of undertaking a project aimed at a new product, service, system, business model or a concept ready to be put to market test, or adaptation of existing products to be affordable and accessible by the poor.

**Advisory support**
In addition to the funding components of the programme, IAP offers companies advice in developing and rolling out business models that engage the Base of the Pyramid and deliver commercial returns. This advice may for example be provided by assisting applicants of large grants to develop their business ideas and practices.

**A global community of practitioners**
In collaboration with the UK Government programme Business Innovation Facility, Innovations Against Poverty can offer practitioners and interested companies access to information and insights on inclusive business, and share lessons learnt from the programme through an online Practitioner Hub. Furthermore, the programme delivers workshops and learning events to promote awareness, knowledge, learning and interest in Base of the Pyramid and Inclusive Business approaches in the business community which provides opportunities to share cases and best practices in the field.

**THE IAP TEAM AND HOW TO APPLY**
A project team led by PwC, including Njord Consulting and ORGUT Consulting, has been contracted to implement the programme and handle the application and assessment processes. Deadlines for submissions are end of April and end of November every year. Submission dates, instructions and forms, are available online, please see below.

**CONTACT**
For more information and application forms, please visit www.sida.se/iap or email the team at, innovationsagainstpoverty@se.pwc.com
Sanergy – improving sanitation in Kenya’s urban slums

2.6 billion people worldwide lack access to adequate sanitation, many of them in urban areas. By designing user-friendly, hygienic sanitation facilities to increase usage and reduce cleaning costs, and applying a systems-based approach, Sanergy aims to improve sanitation in urban slums in Kenya.

Sanergy’s long-term objective is to build and scale commercially and sustainably viable sanitation infrastructure in the slums of Kenya, where 8 million people currently lack access to adequate sanitation. In the start-up phase, extensive field testing was carried out to indicate areas of improvement to existing solutions, where toilet design was found to have a direct impact on the profitability of the local entrepreneurs operating the facilities.

The grant from Sida’s Innovations Against Poverty (IAP) challenge fund, provided support to Sanergy in the product development phase, which focused on developing a durable, hygienic, and user-friendly toilet design: the “Fresh Life Toilet”. Building sanitation centres and franchising to local entrepreneurs is only the first step in the business model however, which also includes collecting the waste, and converting it into renewable energy and organic fertilizer.

In developing and scaling-up their solution, Sanergy cooperates with a large number of other actors, such as local plastics manufacturer Kentainer, the Kenya Water Services Trust Fund, Kiva, and several non-governmental and community organisations.

In addition to providing hygienic sanitation solutions to the people living in slums, the Sanergy model provides job opportunities at each step:
- Building a network of low-cost sanitation centres in slums
- Distributing them through franchising to local entrepreneurs
- Collecting the waste produced
- Processing it into renewable energy and fertilizer
Ruby Cup contributes to development on three levels:

- The product is an affordable, sustainable solution to the problem of access to menstrual hygiene products
- The business itself offers employment opportunities for women living in poverty
- The company also educates young women about menstrual hygiene

Ruby Cup – a better future for young women in sub-Saharan Africa

For girls and women living in poverty, menstrual hygiene products such as tampons or pads are often prohibitively expensive – a problem which has often been overlooked despite its negative impact on development.

Ruby Cup provides a solution through bringing a durable, sustainable and ultimately affordable product in combination with education on menstrual issues to young women across Africa.

Lack of menstrual hygiene knowledge and products has a direct negative impact on development, as regular absence from and dropping out of school, and infections from unhygienic home-made solutions, impact the ability of women to improve their lives as well as their health.

Ruby Cup, a company founded by three students at Copenhagen Business School, offers a solution in the form of a menstrual cup, a product previously unavailable in most low income countries. The product is more expensive than disposable products initially, but can be reused for more than ten years, making it much more affordable and sustainable in the long run. Lack of knowledge and awareness of menstrual issues has proved to be part of the problem, and education and communication is therefore a prioritised part of the business.

With a small grant from Sida’s Innovations Against Poverty (IAP) challenge fund, the founders were able to go to Kenya to survey the needs locally and to start marketing the product, first in Kenya, and now in other parts of sub-Saharan Africa. Scaling up takes place through sales in pharmacies and supermarkets, and bulk sales to individuals, organisations and NGOs that provide Ruby Cups in refugee camps and schools. Also, for every Ruby Cup sold over the Internet the company donates one to a school girl from underprivileged backgrounds in Kenya. The goal is to sell half a million Ruby Cups in five years.

CONTACT

For information about the projects or the Innovations Against Poverty challenge fund, please visit www.sida.se/iap or e-mail the IAP team at innovationsagainstpoverty@se.pwc.com

For more information on Sida’s collaboration with the private sector, please contact the Swedish embassy in the country that you operate in via www.swedenabroad.com, or Sida at www.sida.se/privatesector
Civil society organisations can play an important role in improving markets and business conduct. Drivers of Change are change-agents, dedicated to influence the private sector to work in a more sustainable and inclusive way and thereby contribute to poverty reduction and a sustainable development.

Drivers of Change have great potential to influence and transform business behaviour to become more environmentally, socially and economically responsible, creating opportunities for people living in poverty.

**WHAT IS A DRIVER OF CHANGE?**
Drivers of Change are civil society organisations or other change agents transforming current ways of doing business so that they become more sustainable and inclusive of people living in poverty. Drivers of Change are contributing to transforming markets, better business practises, long-term systemic change and a sustainable development.

Drivers of Change can operate in various ways, for example by:
- promoting the development of Corporate Social Responsibility (CSR) and better business practices contributing to transforming markets, long-term systemic change and sustainable development
- influencing governments to improve business climate and facilitate for sustainable business practises
- facilitating relations between civil society organisations and the business community
- supporting social entrepreneurship and innovation, to achieve poverty alleviation
- identifying unacceptable business conduct
- working together with companies and other private sector actors to improve business conduct and the inclusion of people living in poverty, in company core operations and value chains.
SUPPORT FROM SIDA
In order to receive support from Sida as a Driver of Change, the organisation or change agent must work to influence the private sector and/or the market for the benefit of people living in poverty and for a sustainable development.

The Driver of Change is expected to cover at least 30% of the total cost of the project. The 30% should be a mix of project-owners’ contribution and other funding, preferably from the private sector. The owners’ contribution should be substantial and can be a mix of cash and in-kind.

A Driver of Change can be based in any country but the effects of their activities must have a large impact on people living in poverty in low-income countries.

Examples of programmes:
Swedwatch is a watchdog, who investigates human rights breaches and blows the whistle when necessary in order to push companies to act according to international standards and be pro-active.

HERproject is an education programme, run by Business for Social Responsibility (BSR), targeting women working in factories in Asia and Africa. The objective is to achieve widespread impact on women’s sexual and reproductive health through workplace training programmes. HERproject has been implemented in over 150 factories across eight countries reaching over 200,000 women.

Business Call to Action (BCtA) challenges companies to engage in inclusive business models related to their core business, to achieve both development outcomes and commercial good.

Global Reporting Initiative (GRI) is one of the leading standards on sustainability reporting. The support from Sida aims to enhance the capacity of GRI to provide guidance and support to companies and organizations to manage their economic, environmental, social and governance performance and impacts responsibly and report transparently.

CONTACT
For further information or queries please contact a Swedish embassy through www.swedenabroad.com, or Sida at www.sida.se/privatesector
The Market Transformation Initiative

The rapid expansion of agriculture and forestry threatens our environment, the livelihoods of indigenous people and the future of endangered animals and ecosystems. Through the Sida-supported program Market Transformation Initiative (MTI), WWF works with major companies to increase demand for responsibly produced global commodities.

The idea behind MTI is that when large numbers of large commercial buyers start demanding better produced products in their supply chains the global market for that commodity will shift to a more sustainable production. As a result and since a fairly limited number of companies control most of the trade in the products, this strategy can be more efficient than trying to bring about change through vast numbers of consumers changing their habits, or engaging directly with large numbers of primary producers.

WWF works together with different stakeholders to develop standards for a better, more sustainable production, while also influencing major producers and buyers of each commodity to certify their production and to buy certified products. The partnership with Sida includes core support for MTI as well as a specific focus on more sustainable production of palm oil, cotton, timber, tuna, pulp and paper, as well as engaging with the finance sector to increase the sustainability of their financing and investments, which can be a strong lever of change.

The companies involved include retailers, investors, brands and manufacturers. One of them is the Swedish food retailer ICA that uses palm oil as an ingredient in the production of many products. Palm oil is one of the most cost-effective vegetable oil crops. One hectare of oil palms produces five to ten times more oil than other edible oil crops and experts predict that global demand will double between 2000 and 2020. Palm oil is undoubtedly important for economic development and has lifted many people out of poverty. It is also an important foodstuff for millions of people living in poverty. But the expansion of plantations in Indonesia and Malaysia is a leading cause of deforestation in Southeast Asia.
Case studies show that improved farming methods including the palm oil certification have led to a healthier workforce and less social conflicts, reduced the use of chemicals and made it possible for smallholder farmers to increase their productivity.

Asia, and now production in Africa is on the increase. As tropical forests are converted into plantations biodiversity is eroded and habitats of endangered species destroyed. Local people who are dependent on these areas for their livelihoods are at risk of displacement, suffering the consequences of water pollution, declining fish stocks and dried out wells. ICA and companies like Unilever are engaged in the Roundtable on Sustainable Palm Oil (RSPO), an association where stakeholders from the entire palm oil value chain, including environmental and social NGO’s, have developed a standard for more sustainable production.

The RSPO criteria prohibit e.g. new plantings that replace primary forests or plantings on indigenous and rural people’s land without their free prior informed consent.

Palm oil is one example of several MTI commodities. Also included are cotton, soy, tuna, timber, whitefish, beef, sugarcane, pulp and paper, biofuels, and aquaculture, where similar work is being done to shift markets towards increased sustainability for the benefit of people living in poverty as well as the planet.

Case studies show that improved farming methods included in e.g. the palm oil certification have led to a healthier workforce and less social conflicts, reduced the use of chemicals and made it possible for smallholder farmers to increase their productivity. Ongoing improvement is an essential element of all certification schemes supported by WWF.

CONTACT
For queries regarding the projects or more information on the Sida programme, please contact either the relevant Swedish embassy www.swedenabroad.com or the Sida team directly at www.sida.se/private sector

Photos: James Morgan - WWF-International, Jürgen Freund, Christophe Courteau, Juan Carlos Munoz - WWF-Canon
The HERproject

The majority of workers in the garment industry in developing countries are young women – migrant workers that have moved from the countryside to work in the factories. Low wage female factory workers often suffer from anaemia, poor hygiene and other health problems, due to very low educational level. Through the education programme HERproject, they are provided with information on how to improve their situation.

**HERPROJECT IMPROVES HEALTH**  
Business for Social Responsibility (BSR), a business membership association with 300 member companies around the world, has initiated the HERproject, a factory-based education programme targeting young women working in factories in Asia and Africa. HERproject works together with 21 multinational participants in eight countries.

The purpose of the project is to bridge the gap between female factory workers and health NGOs, and to make sure that the women receive training on topics such as hygiene, family planning, maternal health, sexually transmitted infections, HIV/AIDS and food and nutrition. The training is given by other factory workers that have been trained by local NGOs.

**BUSINESS VALUE**  
The factory programmes are co-funded by the multinational brands and the factory owners. Overhead costs such as capacity building, monitoring and evaluation, the development of training resources etc, are funded by Sida and the Levi Strauss Foundation.

One of the participants is the Swedish fashion retailer Lindex, which earlier this year launched the project in one of the factories that the company uses in Bangladesh. The project has improved the health of the employees and proved to have business values such as reduced absenteeism as well as turnover and higher productivity. Another Swedish company participating is H&M, through factories in Indonesia.

**RESULTS**  
Since the HERproject was started in 2007 the programme has reached more than 200,000 female workers and more than 25,000 males in factories around the world. An average of 80 percent of workers also report sharing the health information outside the factory walls. The methodology is being expanded to Sub-Saharan Africa, targeting industries like flower farms and vegetable farms that are also dominated by young female workers.

**EXAMPLES OF HEALTH IMPACTS:**  
- In China, the percentage of workers who use condoms with irregular partners has increased from 61% to 86%  
- In Pakistan and Bangladesh, familiarity with Hepatitis B has increased from 19% to 68%
Global Reporting Initiative

Having companies measure, manage and report their impacts on the economy, environment and society, and their governance practices, is an important step towards a sustainable global economy.

To enable companies and organisations to report their sustainability performance and impacts, the Global Reporting Initiative (GRI) produces a free Sustainability Reporting Framework, which includes its widely-used Reporting Guidelines. As a not-for-profit network-based organisation, GRI’s mission is to make sustainability reporting standard practice.

In 2010, GRI adopted a Sustainable Development Strategy entitled ‘Towards Sustainable Development: Multi-stakeholder Engagement and ESG Reporting in Developing Countries’, to integrate the developing country focus into its main work agenda.

The strategy aims to strengthen companies’ governance of sustainability in the countries where they operate and to increase transparency for investors and stakeholders. The core support which Sida has provided to GRI has, among other things, helped to increase the involvement of developing country actors in the continuing improvement of GRI’s Framework, supported training programmes and capacity building in developing countries, and helped finance the translation of GRI’s Guidelines into more languages.

**SUSTAINABILITY REPORTING FRAMEWORK**

GRI’s Sustainability Reporting Guidelines and supporting Sector Guidance enable companies and organisations to measure and report their sustainability performance based on more than 140 economic, environmental, social and governance disclosure items. Thousands of entities of all sizes and sectors report with the Framework. It is continuously developed in consultation with GRI’s network partners and stakeholders, with the fourth generation of GRI Guidelines – G4 – being launched in the spring of 2013.

The G4 Guidelines focus specifically on making reporting more user-friendly, improving technical quality, aligning more with other reporting mechanisms, and reviewing how companies and organisations may improve reporting on their supply chains. All these elements can have a direct or indirect impact on peoples’ livelihoods and poverty.

**GRI’S VISION**

A sustainable global economy where organisations manage their economic, environmental, social and governance performance and impacts responsibly and report transparently.

**MISSION**

To make sustainability reporting standard practice by providing guidance and support to organisations.

**CONTACT**

For queries regarding the projects or more information on the Sida programme, please contact either the relevant Swedish embassy or the Sida team directly at www.sida.se/private sector
Innovative Financing aims at mobilizing private capital resources, both market-based and philanthropic, for development through new forms of financial solutions. Financing solutions may involve the use of development loans and guarantee arrangements.

**DEVELOPMENT LOANS**
The enormous need for investments in low- and mid-income countries cannot be solved by grants alone. Development loans provide opportunities to expand and leverage available resources for economic development by linking grant aid with market finance.

Sida provides a grant to complement a loan facility. The grant is typically 35–80 percent of total funding, while the market financed loan is 65-20 percent. Market financed loans are structured and issued by banks or multinational financial institutions (MFIs). Sida closely cooperates with several key partners; AsDB\(^1\), EBRD\(^2\), GPOBA\(^3\) (WB\(^4\)), IFC\(^5\) and USAID\(^6\). Teaming up with partners are efficient ways to share risk, pipelines and best practices.

**ENVIRONMENTAL LOANS**
The Swedish government has formulated a special strategy on environmental loans and guarantees, which allows both the use of development loans and guarantees. An earmarked 2013 budget of approx. SEK 250 million is designated to environmental loans. These loans are primarily aimed at improving energy efficiency and renewable energy; management of water, sewage and waste, and transportation.

**GUARANTEE ARRANGEMENT**
Sida Guarantees are flexible financial instruments, promoting economic growth to help reduce poverty. Sida guarantees allows for mobilization of capital, including partner countries’ domestic capital. In this way, many countries will be able to reduce their aid dependency and instead be able to domestically finance economically viable investments.

A guarantee functions like an insurance for a financial institution wanting to lend to investors and companies.
Sida can help lenders deal with these risks by insuring eligible projects against losses relating to the different market risks. If there are such problems and the borrower is not able to repay its loan to the bank, Sida covers parts of the loss. Sida closely cooperates with several key partners such as ADB and USAID. Teaming up with partners are efficient ways to share risk, pipelines and best practices.

Guarantees are designed to encourage banks to expand their lending to new sectors and regions or to offer better loan terms. Guarantees can be used in any sector including energy, education, democratic governance, infrastructure, health, and business development. A typical credit guarantee is a guarantee on a portfolio of loans that the partner financial institution (bank) makes within an identified sector. The structure enables the lender to extend credit to borrowers that are currently underserved by financial institutions.

**SIDA GUARANTEES ARE BASED ON A SET OF SIMPLE KEY PRINCIPLES AND CONDITIONS:**

**Additionality:** When Sida looks into possibilities of issuing a guarantee Sida needs to be additional, i.e. Sida should be active in a situation where no other actor has the possibility to issue a guarantee.

**Risk-sharing:** Sida always shares the risk with the other parties involved and never takes on the entire risk for the financing.

**Risk reflecting premium:** For issuing a guarantee Sida charges a risk reflecting premium (deposited in a financial account with the Swedish National Debt Office). If losses occur in the facility and the guarantee will be called upon, Sida’s share of the losses will be carried by the guarantee reserves.

**Non-distortionary:** When assessing a project Sida needs to ensure that there is insignificant risk for market disturbance or distortion of the competition within the financial sector or the sector in question.

**CONTACT**

Sida is interested in collaboration with partners from the private and public sector who see the win-win potential in long-term sustainable development.

For more information on Sida’s Innovative Financing Programme, please contact a Swedish embassy through www.swedenabroad.com, or the Loans and Guarantees Unit at L&G@sida.se

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1 Asian Development Bank
2 European Bank for Development and Reconstruction
3 Global Partnership on Output-Based Aid
4 World Bank
5 Asian Development Bank
6 U.S Agency for International Development
7 Asian Development Bank
8 U.S Agency for International Development
Global Health Investments (Guarantees)
Malaria and diarrhea pose severe health risks to people in poor countries. To support world-wide private investment in a Health Fund and accelerate research for vaccines, Sida in alliance with Bill and Melinda Gates Foundation (BMGF), decided to issue guarantees.

The decision is part of Sida’s ambition to stimulate investment in health programs benefiting people in poor countries and an aim to strengthen global work to prevent and mitigate diseases. To facilitate for private investors to engage, Sida and BMGF asked the international bank JP Morgan to organize a novel and catalytic transaction, for the purpose to borrow from global capital markets.

Support to Private Investments in Micro Finance (Guarantees)
Another project is to scale-up a private fund created and managed by Deutsche Bank Americas, for the purpose to lend money to Micro Finance Institutions for on-lending to target people in poor countries for a business purpose, Sida issued a guarantee. This arrangement uses a guarantee in an innovative and catalytic way and enhances the transaction while convincing private investors to participate.

The fund, Global Commercial Microfinance Consortium II B.V. (Consortium II), is a closed-end fund seeking commitments from qualified private sector investors. The investors comprise mainly of private sector, including insurance companies and banks. Some philanthropists contribute with smaller amounts.

Consortium II’s goal is to facilitate a renewed focus on client service and product innovation in micro finance, while continuing to develop the field of social investing. The fund provides senior and subordinated loans to microfinance institutions (MFIs) globally for up to seven years, and offers MFIs a range of maturities, amortization schedules and local currency funding, where possible.

The fund helps people in developing countries to borrow money from a bank which puts consumer protection and social aspects first. The guarantee plays a catalytic roll sharing a first loss portion together with Deutsche Bank to convince global private investors to lend money to the Fund.
Solar Home Systems - Bangladesh
(Environmental loan)

Not even half of the 150 million people in Bangladesh have access to grid electricity, and even less in rural areas. A solution that has proven more effective in providing millions of people in rural Bangladesh with electricity is off-grid electrification based on renewable energy, in the form of so-called “Solar Home Systems (SHS)”.

THE PROGRAMME
The programme is constructed to build a commercially viable system, but subsidies targeted at the poorest aim at making the initial investment possible both for the companies and the customers. Producers offer a range of solar panels, from 10 to 135 watt, allowing customers to choose one they can afford. The customer has to make an initial down payment, but can then pay the installation off in instalments, and the total cost of providing the solar panel is subsidised at a set rate.

PARTNERS AND FINANCING
The SHS programme in Bangladesh has been operated by the World Bank since 2003. It is financed by several partners, for example local micro finance organisations, and implemented by local companies in partnerships with local NGO:s and partner organisations. Sida contributes 65 million SEK to the programme, through the Global Partnership on Output-based Aid.

RESULTS
- 1.2 million SHS installed 2011, far surpassing the original goal of 50,000.
- Current installations at the rate of 500,000 SHS/year, far more than the number of new connections to grid-based electricity.
- Improved quality of life for rural inhabitants.
- Improved productivity and profitability of local businesses.

CONTACT
For more information on Sida’s Innovative Financing Programme, please contact a Swedish embassy through www.swedenabroad.com, or the Loans and Guarantees Unit at L&G@sida.se
Sida works with Corporate Social Responsibility (CSR) in order to promote, influence and collaborate with various actors in good governance and sustainable business practices. Sida policy document “Guidelines for Sida’s work with Corporate Social Responsibility (CSR)” explains how Sida can promote responsible business through cooperation with companies, authorities and civil-society organisations (CSOs) as well as in its own internal processes. This paper is an abstract of those guidelines.

CSR is a way for corporates to voluntarily engage in the integration of social and environmental considerations as well as anti-corruption in their operations and in relation to their stakeholders. CSR operates in this sense as a tool for socially, ecologically and economically development. Sida’s engagement in CSR is supported both on a global level, in the partner countries as well in Sweden and concern all its cooperation with companies, authorities and civil society organizations (CSOs).

Sida shall promote respect for human rights, environmental sustainability, gender equality and anti-corruption, leading by example within its own organization and processes such as contribution assessments, employment terms, procurements, procurements and agreements with partners. Essential to cooperation of all forms is that Sida places high demands on the organisations and companies with which Sida chooses to cooperate¹. Sida also stimulates corporate cultures among both Swedish and international companies that respects human rights, handles its environmental impact at home and outside of

Guidelines for Sustainability

How Sida promotes Corporate Social Responsibility (CSR)
its host country’s borders, strives for increased gender equality and fights against all forms of corruption. It is equally important to support work which in various ways identifies and counters companies that act irresponsibly. In this context, Sida has the potential to contribute with a rights and development perspective in the CSR area.

SWEDEN’S POLICY FOR GLOBAL DEVELOPMENT & CSR

Sida’s CSR guidelines have a natural basis in Sweden’s Policy for Global Development (PGD), which says that the entire government shares the responsibility to contribute to the objective of achieving an equitable and sustainable global development. It also requires all policy areas to formulate and implement policies in a way that takes the effects on developing countries into account and makes use of every opportunity to help achieve the objective.

According to the Policy for Global Development, Sweden shall contribute to increased knowledge and observance of universal codes of conduct and instruments, such as the UN Global Compact principles and OECD Guidelines for Multinational Enterprises, through a continuous dialogue with representatives of government, the business sector and civil society in cooperation partner countries. To improve the climate for trade and investment in developing countries, and benefit local business development, the Government aims to promote observance of CSR by increasing knowledge of the principles contained in the above-mentioned frameworks.

LEADING POLICIES FOR SIDA’S CSR-ENGAGEMENT

Sida’s commitment and work with CSR is well established in various policies. The Policy for democratic development and human rights highlights how Sweden prioritizes support to and cooperation with democratic minded actors for change. The Policy for economic growth in Swedish development cooperation stresses the importance of creating better conditions for sustainable economic growth processes in developing countries. Also, that the business sector’s contribution to development improves when companies support and work according to international principles for responsible business. The Policy for environment and climate issues in Swedish development cooperation establishes that environmental and climate issues and the development of a green economy are central to all development cooperation. Human rights, sustainable economic development and green growth are all crucial elements for a stronger future, and an important basis for Sida’s work with CSR.

Anti-corruption and gender-equality perspective in CSR are other areas that Sida’s guidelines include. Sweden has signed several international conventions with the aim of increasing transparency and reducing the risk of corruption, which means that Sida is responsible through its work to prevent and counteract corruption. The guidelines also aim to add a gender equality perspective to CSR, in line with Sweden’s thematic priorities and in accordance with the Policy on gender equality and women’s rights and roles in Swedish international development cooperation.
PROTECT, RESPECT AND REMEDY

The framework for Sida’s work with CSR is based on Professor John Ruggie’s UN report “Protect, Respect and Remedy”, which was adopted in 2011. Ruggie’s report includes three pillars which are meant to provide mutual support and are intended to bridge the gap and create a system which contributes to the observance of human rights. The ILO’s core conventions on fundamental working conditions, which deal with issues surrounding child and forced labor, the right to regulated working hours and the right to form a union, serve as a basis for the framework. Equally important to promoting responsibility within business is support to work that identifies and counteracts companies that act irresponsibly.

Protect:
The pillar Protect refers to states responsibility to protect human rights. Sida broadens the concept of responsibility to protect to include the environment, labor legislation, anti-corruption and gender equality. Central to the work is promoting a good environment for responsible business activity in developing countries. As with all development cooperation, it is of course important that contributions are dependent on and adapted to the local context and that measures are based on the needs and demands of the target group. Under the responsibility to protect, Sida also has the role of supporting, in collaboration with actors such as the Ministry for Foreign Affairs’ Global Responsibility section, the development and dissemination of knowledge on basic norms and principles such as the UN Global Compact, ILO core conventions, OECD Guidelines for Multinational Enterprises, and ISO standard for Social Responsibility (ISO26000). Sida can contribute to the global dialogue and strive to influence other countries and international institutions to take more responsibility. Although the duty to protect a population is well known and implemented in international law and custom, the problem is how states follow these recommendations with respect to business activities.

Respect:
The second dimension targets the business responsibility to Respect human rights. Sida has a responsibility to respect human rights and other social and environmental issues in its own processes, while its role as an authority can influence the behavior of companies how they act. This can be achieved by placing requirements on cooperation partners in procurement situations, in agreements and cooperation with companies. Sida can also contribute to increasing the capacity of the local private sector, the labor market, NGOs and organizations that can act as an intermediary between these. This work is closely related to both private sector development and collaboration with companies, for example through Sida’s Public Private Development Partnership Programme. Another way to extend the responsibility to respect human rights is to include the proactive taking of responsibility within the business sector. This is about influencing what companies do. Proactive actors can play a huge role by going beyond the legal requirements in countries where national legislation concerning the environment, labor, corruption and human rights is weak or not applied. Strategic cooperation with companies is hence important. Dialogue is an important objective for Sida, who always wish to work to influence partners and other actors to achieve continuing improvements regarding CSR and sustainable development.

Remedy:
Access to formal legal systems is often worst where the need is the greatest. Without proper remedying mechanisms, duties and obligations become vague. Therefore, effective remedying mechanisms play an important role in the state’s duty to protect and the corporate responsibility to respect. Extra-judicial mechanisms, regardless of whether they are state-run or independent, should be in agreement with the principles on legitimacy, accessibility, predictability, rights perspectives, fairness and openness. A company’s own mechanisms should also work through dialogue and mediation rather than the company itself acting as arbiter. As a part of a company’s corporate responsibility to respect human rights, monitoring mechanisms can facilitate identification, mitigation and even the resolution of bad conditions before they grow and cause more damage.
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<th>PROTECT</th>
<th>RESPECT</th>
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<tr>
<td>Support the capacity development of governments in partner countries to</td>
<td>Follow, support and show commitment to Sida’s CSR guidelines and international norms in its own processes as well as in all cooperation.</td>
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<td>implement legislations and guidelines concerning human rights, labor-</td>
<td>Equal requirements in all collaborations, independent of organization form of the partner.</td>
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<td>conditions, environment, equality and anti-corruption.</td>
<td>Ensure that adequate impact assessments are performed in order to identify and handle risks and impact concerning CSR-issues, in all contribution assessments.</td>
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<td>Empower states compliance and control mechanisms.</td>
<td>Use procurement as a strategic tool to increase the development impact of goods and services procured by Sida.</td>
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<td>Support to global initiatives to develop guidelines, tools and standards.</td>
<td>Strategic collaboration - support to develop sustainable corporations in partner countries as well as collaborating with organizations working for sustainable development.</td>
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<td>Enable partner countries to participate and influence standardization-</td>
<td>Dialogue with partners for continuing improvements regarding CSR and sustainable development.</td>
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<td>processes and international frameworks targeting CSR.</td>
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<td>Cooperate with companies through policy dialogues to achieve joint</td>
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<td>development goals.</td>
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1. The Strategy for capacity development and collaboration 2011-2013 states that principles for sustainable business and Global Compact are an important basis for cooperation with trade and industry.
2. Sweden’s policy for global development 2007/08:89.
3. UN Global Compact’s ten principles for corporate responsibility in the areas of environment, corruption, labour legislation and human rights.
4. OECD’s Guidelines for Multinational Enterprises (1976) are joint recommendations for companies from the governments of 42 countries. Last updated 2011.
8. Carbon dioxide neutral and resource-efficient economy, based on renewable energy sources and sustainable production.
9. Including the UN’s Convention against Corruption, the OECD Convention, and several other EU instruments against corruption. Implementation and monitoring the UN’s anti-corruption convention is done in cooperation with the Ministry for Foreign Affairs, the Ministry of Justice and Sida.
10. The UN Convention against Corruption (UNCAC) and DAC’s Anti-corruption policy are guiding documents, as is the management that exists through the integration of anti-corruption into Sida’s Instruction letter. Policy for gender equality and the rights and role of women in Sweden’s international development cooperation 2010-2015.

11. Ruggie was appointed UN Secretary General’s Special Representative on Business and Human Rights in 2005, to present recommendations how to best govern impacts of corporations on human rights.
13. ILO’s eight core conventions are assembled in ILO’s declaration “Fundamental Principles and Rights at Work” from 1998. See www.manskligarattigheter.se or www.ilo.org.