



In 2021 and 2022 there are 40 Helvetas projects in which private sector partners engage. These projects are located in all continents where Helvetas is active and center around economic development such as vocational skills development and income generation through agricultural value chains.

PRIVATE SECTOR ENGAGEMENT FOR DEVELOPMENT – FROM ASPIRATIONS TO REALITY

Private sector engagement in development cooperation is essential for reaching the Sustainable Development Goals. Therefore, Helvetas seeks collaboration with private partners based on its long experience and proven skills, while respecting due diligence requirements.

Through the Sustainable Development Goals (SDG), the world has laid out an ambitious plan to reduce poverty and enable people to live in dignity and security in a healthy environment. Joint efforts, including contributions from the private sector, are required to sustain the estimated annual investments of 5,000 billions USD needed to meet the SDGs. Publicly available data shows that there is a huge investment shortfall to reach the annual goal; private sector contributions are currently in the range of one-digit shares, and only six percent of official development assistance is targeted to leverage private investments ([OECD](#); Convergence, The State of Blended Finance, 2021). In alignment with many other donor countries, Switzerland therefore places its current strategy focus on fostering the engagement of private sector partners in development cooperation.

DRIVING FORCES FOR COLLABORATION BETWEEN PRIVATE COMPANIES AND DEVELOPMENT ORGANIZATIONS

Partnerships with private companies have a long tradition at Helvetas, which is one of the largest and oldest Swiss development organizations. In 2022, Helvetas has around 40 ongoing projects covering agricultural value chains, private sector development, and vocational skills development in which private sector partners engage. From the point of view of a development organization such as Helvetas, the motivation to enter these types of partnerships is the increased probability:

- to reach impact and scale
- to achieve sustainable results
- to find innovative solutions
- to leverage public funding.

From the perspective of participating enterprises, the following factors motivate engagement:

- to access new markets
- to comply with preferences of consumers and clients
- to meet growing expectations from the public (i.e. reputation) and investors
- to establish lasting relationships with producers and collaborators
- to gain improved access to thematic and technical competence
- to find innovative solutions.

Helvetas' definition of private sector engagement:

An activity in which private sector actors participate to jointly reach development results. In this example, private partners mean organizations that engage in profit-seeking activities and have a majority private ownership. This can be either transnational or substantial domestic companies that are ready to invest in a development undertaking (adapted from [OECD 2016](#)).

HELVETAS' PRINCIPLES FOR COLLABORATION WITH PRIVATE COMPANIES

Helvetas believes that engagement with private partners is essential for reaching the SDGs. Therefore, Helvetas seeks collaboration with private partners based on its long experience and proven skills, while respecting due diligence requirements. Helvetas operates within the following principles, which are largely aligned with the [Kampala Principles](#) issued by the CSO Partnership for Development Effectiveness, including:

1. Complementary purpose and added value to reach the agreed development goal
2. Mutual respect for values and beliefs
3. Clarity about roles, responsibilities and decision-making
4. Transparency and accountability
5. Long-term commitment.



A key factor ensuring successful collaboration between public and private sector partners is diversity, e.g., having more than one private company involved in a development undertaking.



Private sector partners assure a secured demand for agricultural products that comply with agreed production standards and thereby the sustainability of the interventions of development projects.

Helvetas will not collaborate with enterprises that produce or trade weapons, engage in extractive industries, or are involved in the production or trade of goods that are detrimental to human or environmental health. For other companies, if human rights and environmental issues are found in the due diligence process without serious approaches for compensation and change of practices, Helvetas will not engage in a partnership.

TEN INSIGHTS FROM COLLABORATIONS BETWEEN PRIVATE PARTNERS AND HELVETAS

Typical roles that Helvetas performs in partnerships with the private sector include 1) Facilitation among various actors, 2) Facilitation of investments, 3) Engagement in Multi-Stakeholder Initiatives, 3) Capacity building, 4) Project management, 5) Knowledge management and 6) Advocacy. In 2021, Helvetas analyzed its experiences from the collaboration with large companies and gained the following ten insights on how to best shape the life cycle of these partnerships.

STEP	INSIGHT
Getting partners on board	<ol style="list-style-type: none"> 1. Develop a shared vision 2. Understand each other's motivations
Due diligence and partnership appraisal	<ol style="list-style-type: none"> 3. Put proper processes and responsibilities in place 4. Understand due diligence processes as a reciprocal learning opportunity
Risk mitigation measures	<ol style="list-style-type: none"> 5. Foster diverse partnerships 6. Choose appropriate collaboration modalities
Contracting and partner contributions	<ol style="list-style-type: none"> 7. Contract carefully and assess commitments 8. Aim at auditable cash contributions
Implementation	<ol style="list-style-type: none"> 9. Monitor results and contributions 10. Management knowledge to nurture a family feeling



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Helvetas' standardized due diligence process serves as basis to enter or not into a collaboration with private sector partners. It covers aspects such as human rights violations and the compliance with international labor standards.

GROWTH POTENTIAL FOR PRIVATE SECTOR ENGAGEMENT

Though there are a wide array of options for engaging with the private sector, such as various finance instruments, today Helvetas is mainly active in what is called "project collaborations." Helvetas has gained profound experience and developed adequate skills and tools for working in this segment. As an initial step for collaborating with private sector partners, Helvetas conducts a due diligence process that assesses benefits and risks that accompany the intended collaboration. Helvetas' experiences have confirmed the hypotheses that a collaboration with private sector partners enhances outreach and sustainability. A shared vision and joint action are pre-conditions for success. These joint ventures also stimulate innovation.

Helvetas' experience confirms that private sector engagement can leverage public investments, and vice-versa. Today's modest financial flows from private sector undertakings towards reaching the SDGs indicate that there is substantial growth potential through this form of collaboration in development cooperation – for the good of people and planet.

For further information, advice and support related to engagement with private sector partners, please contact:



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