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Scoping study

Private Sector Engagement in Basic Education and Lifelong Learning

2020

Executive summary

Despite strong progress over the past decades, the goal to ensure basic, high quality education to all children and adolescents globally, as stated in [the Sustainable Development Goal 4](#), is far away. According to the UN, over 265 million children globally are currently out of school and 617 million lack minimum proficiency in reading and mathematics. Academic research and empirical findings have shown that besides the moral imperative to act, the economic rationale also calls for action, as every year of additional education equals double-digit gains in personal income and thus also GDP per capita.



However, the SDG 4 comes with a heavy price tag attached: according to UNESCO, USD 39 billion is needed by 2030 just to reach goals for universal pre-primary, primary and secondary education (basic education) of good quality in low and lower middle-income countries. In these countries especially, governments cannot raise the sums needed to provide high-quality education on their own. As such, the development community has realized the ultimate goal to reach SDG 4 cannot be achieved without the involvement of the private sector. However, while the provision of education is a shared responsibility that can include public-private partnerships, the SDC is against for-profit schooling and the commercialization of basic education. Private and alternative basic education provision must respect the right to universal basic education and adhere to regulatory national policies and quality standards.

In the light of the Federal Dispatch for International Cooperation 2017–2020, the SDC Education Focal Point, a thematic division within SDC, is interested in exploring the opportunities, benefits, as well as risks involved in engaging with the private sector in education. To do so, the SDC Education Focal Point has commissioned [iGravity](#), an advisory firm specialized in impact investment and innovative finance solutions, to conduct a scoping study on private sector engagement in Basic Education and Lifelong Learning (BELL).

This scoping study will serve the SDC Education Focal Point and SDC field operations as a basis for policy dialogue, strategic and operational decision-making, and as operational guidance for SDC education programs to significantly increase PSE projects in BELL. To do so, this study introduces relevant frameworks and definitions to identify private sector actors and their contributions to BELL. Furthermore, it is accompanied by an extensive list of actors potentially interested in engaging with SDC in PSE projects. Last but not least, three detailed case studies for selected SDC focus countries sketch possible implementation approaches.

In more detail, the study identifies the private sector as 1.) provider of goods and services; 2.) provider of financial access 3.) provider of ecosystem support, and 4.) provider of advocacy. These contributions are translated into a framework of education impact lenses, which is shown on the following pages. The categorization of a private sector organization's main contribution – along with its organizational structure – allows for the grouping of potential private sector partners into the following types: foundation implementers, technology / education-focused

multinational corporations, impact investors, education focused for-profit enterprises, education-focused non-profit social enterprises, business / donor coalitions, and misc. ecosystem enablers. For each of the of the partner types, the study provides illustrative potential collaborations as well as a Partner Database with 40+ organizations of potential interest to SDC.

Also, in terms of how SDC itself should go about selecting potential partners, the study provides three options – one bottom-up approach (i.e. focusing on impact gaps) and two top-down approaches focused on identifying like-minded partners or effective solutions. These frameworks are complemented by a set of criteria to assist SDC in determining which potential partners may be of higher suitability, as well as additional guidance on how to develop monitoring and evaluation frameworks specifically for private sector engagement

Based on the totality of this work, the study concludes with high-level recommendations to SDC's headquarters and country offices, offers more specific suggestions per each of SDC's strategic orientations in education, as well as provides some general guidelines for SDC when drafting an PSE strategy in education. The following recommendations can be highlighted for SDC headquarters:

- Instead of focusing on either one partner type or one mode of engagement, SDC should consider creating a portfolio of PSE relationships that utilize all the possibilities (such as know-how, financial resources, financial instruments) available to SDC. This could be done using a pilot approach (i.e. begin with 1-2 markets/ 1-2 issues) to test PSE strategy and record lessons learned, and then implement the strategy more widely.
- Make sure that the internal staff expertise in business & corporate affairs, corporate relations and private sector engagement (such as fundraising and partnerships development) and internal tools to measure impact from these partnerships are known and used and track and share lessons learned by SDC offices.
- Create and plan regular interactions with the private sector in order to develop a mutual trust base and understanding. This could happen through formal regular convening in the office around specific topics or geographies, as well as informal meetings.

For SDC country offices, the study suggests the following:

- Conduct a national private sector mapping in or around BELL, which includes matching local actors to local needs and international actors for larger-scale / more generalized resources needs.
- Engage with national authorities / the ministry of education regarding the results of the mapping and develop a political dialogue around what are the national government's priorities and identify areas where SDC may be able to support the government's activities.
- Create a short-list of potential private sector partners from the national private sector mapping that address the identified strategic priorities. Key factors for narrowing down the list of potential partners include an assessment of motivations, alignment of values, resources, strengths, weaknesses, risks, and added value to achieving SDC's objectives.
- Based on the outcomes of the mapping and discussions with national authorities, consider focusing on 1-2 strategic priorities – for example, displaced learning – and develop an PSE strategy for that particular issues. SDC's country's offices should not be afraid to pick and choose from a variety of PSE options to tackle different impact gaps.

It remains to be mentioned that SDC's Private sector engagement in BELL has a wide range of opportunities that extend well beyond private schooling, with different private sector players bringing a variety of skills and resources, fit to address capacity and impact gaps in education on national and global levels. It is hoped that the content and frameworks presented in this study are helpful in supporting SDC with the development of its PSE activities as it enters this exciting new stage.

Key concepts & figures

Education

Impact Lenses illustrating that SDC's

engagement with the private sector in BELL has a wide range of opportunities



Increasing Availability of Finance

- Government-level financing
- Innovative financial mechanisms for scaling impactful programs
- Financial investments into education-related enterprises



Improving Education Quality

- Teacher training
- Textbooks and learning materials
- Curriculum development and enrichment
- Tutoring and test prep
- Education technologies
- Home-based learning support



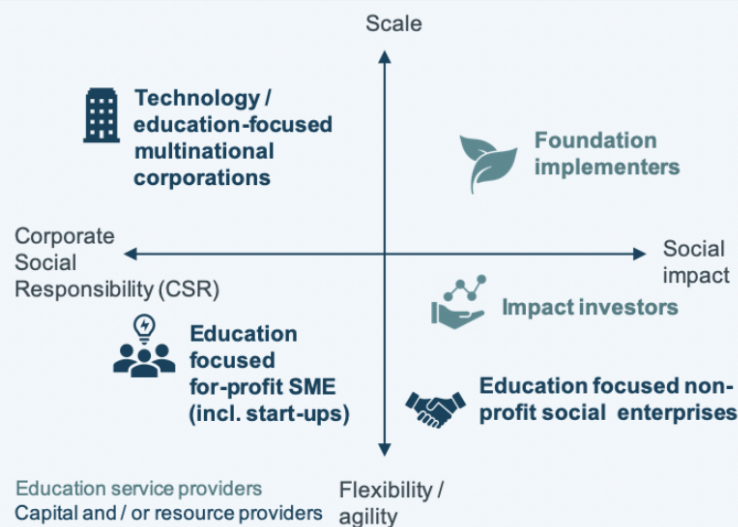
Improving Access & Inclusion

- "Bridge" programs and "speed schools"
- Gender access / equality programs
- Transportation (bicycles, buses, etc.)
- Income smoothing for families
- Meeting special needs (glasses, etc.)



Increasing the Strength of the Education Ecosystem

- Physical and digital infrastructure
- Data collection and monitoring / evaluation and training
- Governance and budgeting
- Support of entrepreneurial ecosystems



Private sector types and contributions

Private sector engagement in BELL can take a myriad of forms. We have organized the landscape into seven partner types based on their contribution and organizational mission.



The private sector as a provider of capital

1. Foundation implementers
2. Technology / education-focused multinational corporations
3. Impact investors

Mobilizing private capital and / or resources into education initiatives supported by SDC through a variety of means. Some of these partners can contribute both financial resources and provide services.



The private sector as a provider of goods and services

4. Education focused for-profit enterprises (SMEs, start-ups, social enterprises)
5. Education focused non-profit social enterprises

Using their core business activities in education toward educational outcomes in developing countries in coherence with SDC's strategy.



The private sector as a provider of ecosystem support

6. Business / donor coalitions
7. Other misc. ecosystem enablers

Having very diverse foci so any engagement would be based on their specific value to SDC in a particular geography or programmatic area.

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1. Introduction & scope

1.1. Context & overview

Basic education is a human right, regardless of nationality, gender, language, religion or any other status. **Nevertheless, we are far away from ensuring basic, high quality education to all children and adolescents globally.** Despite strong progress over the past decades – for example, women aged 25 to 34 now undertake almost the same duration of schooling as men¹ – many challenges remain. According to the UN, over 265 million children globally are currently out of school (of which 22% are of primary school age) and 617 million lack minimum proficiency in reading and mathematics.² According to Opportunity International, a non-profit organization committed to end poverty, the five main barriers keeping children out of school are (i.) low proximity of schools, (ii.) uncertain futures of parents, (iii.) ill-equipped schools and/or teachers, (iv.) few incentives to stay in school compared to employment, and that (v.) parents cannot afford educational costs for all their children.

These barriers especially affect girls, which is critical as education is key to boosting self-confidence and children's understanding of their own rights, contributing to better health and well-being and, ultimately, ending poverty.³ Furthermore, there is not only a moral imperative to act but a pure rational economic investment case: As many academic researchers have shown, each additional year of education is associated with double-digit gains in personal income and thus also GDP per capita (see for example Heckman and Klenow (1997) or Thomas and Burnett (2013)). However, in addition to access, the quality of education and learning matters just as much. In fact, as international reports show (e.g. the World Bank Development Report 2018⁴), today's learning gaps arise due to inadequate quality of learning tools, resources and other inputs, such as teacher skills, and that a focus on "simple" access is not enough. These findings highlight the urgent need for further action to ensure global access to high-quality education.

The ultimate goal can hardly be achieved without the involvement of the private sector.

According to UNCTAD, the roadmap to achieve the UN SDGs by 2030 requires annual investment of USD 3.9 trillion, whereof 1.4 trillion is currently being invested. This leaves an annual investment gap of USD 2.5 trillion. To put this figure in context: the official development assistance (ODA) aggregates to approximately USD 150 billion as of 2018 – a fraction of the amount needed.⁵ In fact, USD 39 billion is needed by 2030 just to reach goals for universal pre-primary, primary and secondary education of good quality in low and lower middle-income countries.⁶ However, governments in low and lower middle-income countries cannot raise the sums needed to provide high-quality education on their own as they suffer from limited fiscal space and institutional capacity as well as weak tax collection and public finance management

¹ Barro & Lee (2013). [Educational Attainment Dataset](#).

² UN (2019). [Quality education: Why it matters](#).

³ Opportunity International (2018). [Unlocking Quality Education for this Generation](#).

⁴ UN (2018). [World Development Report 2018 - LEARNING to Realize Education's Promise](#).

⁵ UNCTAD (2014). [World Investment Report 2014: Investing in the SDGs: An action plan](#).

⁶ UNESCO (2019). [What is the funding gap for education?](#)

systems, thus limiting the available space for increasing SDG-relating spending.⁷ As such, the development community seeks to engage further the private sector and its know-how, capabilities and financial resources to enhance development outcomes. This happens in two major ways to date: (1) by engaging with large and international companies as well as SMEs and social enterprises in developing countries; and (2) by mobilizing private capital for development purposes, to complement public financing.⁸

1.2. Objectives of the study

Facing the challenges and massive funding gap mentioned in the introduction and based on the Federal Dispatch for International Cooperation 2017–2020, as well as the upcoming dispatch 2021-2024, the Board of Directors of the SDC decided to substantially increase its Private sector engagement (PSE) as one of its central priorities. While by no means do all SDC topics and domains have the same potential for PSE, the dispatch foresees a range of 20 to 30% of PSE potential for the education domain.

In light of this, the SDC Education Focal Point, a thematic division within SDC, wants to explore the opportunities, benefits, as well as risks involved in engaging with the private sector in education. To do so, the SDC Education Focal Point has commissioned [iGravity](#), an advisory firm specialized in impact investment and innovative finance solutions, to conduct a scoping study on private sector engagement in Basic Education and Lifelong Learning (BELL).



The scoping study will serve the SDC Education Focal Point and SDC field operations as a basis for policy dialogue, strategic and operational decision-making, and as operational guidance for SDC education programs to significantly increase PSE projects in BELL. In more detail, this scoping study shall:

- Give guidance to SDC on the current state and latest developments of private sector engagement in BELL, including proposing key features for SDC's international policy position, and offer an overview of innovative partnerships, delivery or financing modalities that can impact educational outcomes (Section 2);
- Categorize and identify potential private sector partners (attached separately in the Appendix) and provide a guidance on how to select and screen potential partners (Section 3);
- Provide a short-list of potential partners for SDC's PSE in BELL and an overview of common risks for PSE collaborations (Section 4);
- Provide recommendations for SDC HQ and country offices on how to engage with the private sector regarding BELL and make concrete recommendations to SDC on why, when, and how to strategically engage, co-create and leverage private sector expertise and finance for improving education (Section 5); and
- Offer 'deep dives' on the status of private sector engagement in three SDC priority countries - Jordan, Lebanon, and Mali (Annex).

⁷ Joint UN SDG Call, First Call on SDG Financing, 2019.

⁸ DCED Working Paper (2019). [Donor engagement in Innovative Finance: Opportunities and Obstacles](#).

1.3. Methodology

The findings of this study are based on desk review of empirical research, as well as academic publications and international reports. Primary data was collected during semi-structured interviews with education experts and representatives of private- and public-sector organizations, as well as those working at the intersection of both sectors on national and international levels. Last but not least, several discussions were held with SDC staff, primarily national basic education program officers in selected cooperation offices. The main text was restricted to provide the reader with the  most important frameworks, findings and opinions, while most  supportive material such as tables or figures can be found in the Annex. In addition, to support reader-friendliness the symbol points the reader to case studies within the text and the symbol towards key concepts and frameworks.

2. PSE: General introduction & frameworks for private sector contributions in BELL

As PSE has become a strategic priority for the SDC, this section serves to summarize the rationale and goals behind it, as well as describes the potential partners and partnership models at SDC. In addition, this section introduces a general framework to cluster private sector contributions in BELL and highlights efforts from other donors or multilateral institutions in this area. The goal of the section is to lay the ground for the upcoming sections, as well as showcases potential partners for SDC's future potential Private sector engagement in BELL.

2.1. PSE at SDC

PSE is a modality that can be applied to all of SDC domains of intervention in any case where it expects to generate measurable development outcomes. With PSE, SDC aims at strategic, long-term partnerships, which contribute to SDC's overall goal of eliminating poverty and achieving the SDGs, per the mandate given to SDC by the Swiss parliament. The SDC PSE Strategic Guidelines define "Private sector engagement" as follows⁹:



"Private sector engagement means that SDC and one or several private sector partners join forces within an impact-driven development intervention. Both sides – public and private – have ownership of the joint project and act in a symmetric relationship. The co-ownership of the intervention differentiates PSE from other forms of interactions with the private sector such as mandates to the private sector or Private Sector Development interventions. (...) Private sector partners are expected to contribute in cash and/or in-kind to an PSE project."

PSE refers to a collaborative partnership and is characterized by three key constitutive elements, which ensure that both partners are equally engaged and share responsibilities. This envisaged setup guarantees that both sides equally share risks and costs, and obviously equally benefit from the outcomes when the project is successful. Below, the three key cornerstones of a successful PSE set-up are summarized:



The project is initiated and backed by both parties who assume joint ownership throughout the lifecycle of the project, no matter which side brought up first the idea.



Once a project or structure is up and running, both sides are involved in the steering and management. This can for example be achieved by a formalized steering committee or by a looser project board in which both parties participate and share clearly defined task and responsibilities.

⁹ SDC (2019). PSE Strategic Guidelines.



Usually a 50:50 financial contribution is expected, subject to the specific situation and context that may justify a higher or lower SDC contribution. This is the most crucial factor, as both parties need to have “skin in the game”. This principle ensures that the private sector partner is genuinely committed to the initiative.

2.1.1. The universe of potential private sector partners

As a general rule, SDC engages in PSE initiatives with those private sector partners that largely share its commitment towards sustainable development, as it can be seen from Figure 5 in the Annex. Multinational companies, small and medium sized enterprises (SMEs), social enterprises, or start-ups can be genuinely committed to sustainable development or have a business interest in an area that is connected to the SDGs – in many cases, it is a combination of both. This concept is known as “shared value”, a management strategy in which companies find business opportunities in social problems. While philanthropy and CSR focus efforts focus on “giving back” or minimizing the harm business has on society, shared value focuses company leaders on maximizing the competitive value of solving social problems in new customers and markets, cost savings, talent retention, and more.¹⁰ However, PSE partners are not limited to traditional companies but also include impact investors and charitable foundations (see Annex E for more details). Figure 1 gives an education-specific overview of private sector partners according to a multi-dimensional framework that maps organizations according to their strengths and their commitment to social impact.

Private sector organizations in basic education and lifelong learning are grouped on the vertical axis according to their strengths, summarized as a range from “Flexibility / agility” to “Scale” which derives from their size and business development stage. Actors which are closer to “Flexibility / agility” usually are more adaptive to changes in the environment or emerge as a result of them, actors closer to “Scale” have the capabilities and resources to scale products and services and reach a large mass of customers / beneficiaries. **On the horizontal axis, actors are grouped according to their primary mission and motive for engaging with the SDC, ranging from “Corporate Social Responsibility” to “Social impact”.** While on the left-hand side actors may follow a business model which also takes into account environmental or social considerations, they are primarily driven by a commercial purpose, without the intention of creating positive impact through their business operations. The opposite happens with actors on the right-hand side which build their model around the creation of impact. The position of the respective actors is purely indicative, and ultimately depends on the specific examples and context. Last but not least, actors whose focus is more on the financing aspect are labelled in blue, while actors that primarily pursue a business motivation and are executing business activities are labelled in green.

¹⁰ SVI (2020): [About Shared Value](#).

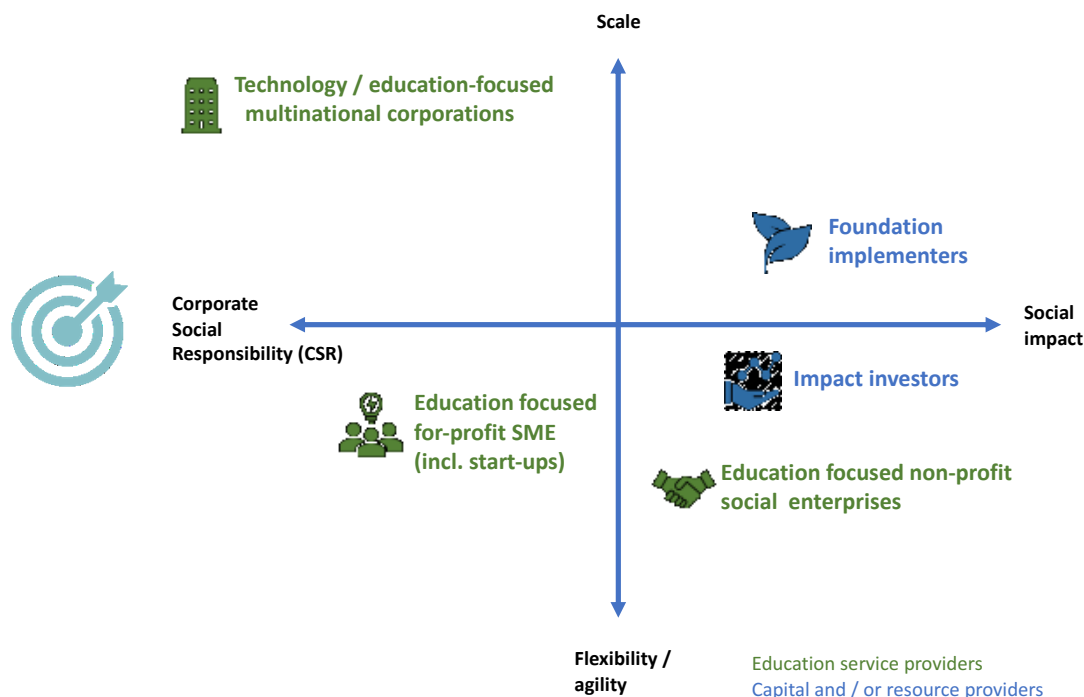


Figure 1: Mapping of private sector actors in basic education and lifelong learning according to a multidimensional framework. Own figure.

Private sector partners in an PSE project can emerge from any geographic region, e.g. a Swiss multinational company, a medium-size enterprise from India, a social enterprise from Mexico, an impact investment fund from Kenya, or a grant-making foundation from Canada. **It is also important to notice that while NGOs, research centers, and academic institutions are not part of the private sector, as defined by SDC, they are quite often involved in the set-up of PSE projects (e.g. as implementing partners or conveners) due to their specific expertise and knowledge**

2.1.2. PSE partnership formats

There are different modalities and ways to structure a collaboration with the private sector, depending on the development objective, the context, and the type and number of actors involved. Therefore, SDC distinguishes between different types of engagement modalities – the so-called PSE formats. Projects that are implemented as part of SDC Private sector engagement can be divided into two main categories: **development-project-oriented PSE formats and financial-market-oriented PSE formats.**

Simply put, while in a financial-market-oriented format the financing of the intervention is at the core, in a development-project-oriented format the focus is on the technical collaboration between SDC and the private sector actor. Projects based on development-project-oriented formats are conceived in the logic of a development project, e.g. in the framework of a project co-financed by the SDC and a company (or several companies). For example, imagine that SDC would enter a single partner project with a large multinational company to support the enhancement of the quality of learning in rural schools. In this set-up, if the multinational

company would use in-house technological resources for entering a new market, this would be considered as a project under a development-project-oriented format.

Projects based on financial-market-oriented formats, on the other hand, follow an investment logic and can be subdivided into two sub-categories: projects relying on grant-based instruments and projects which use (financial) return-based instruments. Financial-market oriented instruments differ from grant-based instruments insofar as repayments are foreseen or at least possible; they include e.g. shares, loans, participations in investment funds, and guarantees. Grant-based instruments consist of cash contributions (with no expectations about capital flowing back) aimed at facilitating private investments with development goals. For example, if SDC would work with a local microfinance institution to design an education loan product for low-income parents using a guarantee to cover for potential losses, this is considered as a project under a financial-market-oriented format.

Table 5 in Annex B showcases the most commonly used formats in an PSE set-up, including their area of application and advantages. The case study below showcases the application of one financial-market orientated format.

2.2. Overview of private sector contributions in basic education and lifelong learning

2.2.1. Current trends and directions

As the introduction has highlighted, achieving universal access to high-quality basic education is almost impossible without the involvement of the private sector, which however can have very different roles. For the purposes of this study, we will consider four potential contributions of the private sector in BELL:

- **Private sector as provider of capital:** Private sector financiers, which in the development sector is mostly composed of impact investors and foundations but is increasingly including companies, are mobilizing private capital for development purposes, to complement public financing.¹¹ These actors are providing capital in a variety of ways, increasingly including the use of innovative financial mechanisms – such as financial products, risk-sharing mechanisms and pay-for performance instruments– to either scale up impactful education programs and projects in developing countries or increase the efficiency thereof. The emergence of this diverse group of actors in recent years has strengthened the intention of SDC and other donors, as well as multilateral organizations, to engage with the private sector for the purposes of contributing to SDG 4.¹²

¹¹ DCED Working Paper (2019). [Donor engagement in Innovative Finance: Opportunities and Obstacles](#).

¹²According to the Brookings Institute (2013). [Investment in Global Education: A Strategic Imperative For Business](#), there are at least four reasons why a compelling business case can be made for private sector investment in global education:

- Business has a vested interest in helping education systems develop the competencies of young people, as only this ensures that they will have educated and trained future staff at their disposal
- The inability to secure future talent with the right skills and to manage talent-related costs kePSE firms from being able to quickly scale up their operations to meet demand in new locations and to launch new products and services.
- Innovative new vehicles for business investment in social sectors are emerging, demonstrating that the future economic value of tomorrow's talent could be positioned as an attractive investment opportunity for today.
- Modest early-stage investments to ensure that each child attends school, remains in school and learns in school can yield significant economic returns.

- **Private sector as provider of goods and services:** The private sector itself also plays a key role in the education system through the provision of goods and services to the education system (including governments) or to individual students. This may include large corporations / multinational companies that provide the technological infrastructure to schools to SMEs that print the books ordered by a country's education ministry to social enterprises that have developed learning apps. Additionally, the private sector contributes with technical expertise and the injection of innovation in the markets in which it operates.
- **Private sector as provider of ecosystem support:** In addition to goods and services, the private sector can play an important role in providing basic support at the ecosystem level, such as for example physical and digital infrastructure, payment services (especially for teachers in rural areas), data management for school administrators, etc.
- **Private sector as provider of advocacy** The private sector can also – given its role as large employer and tax payer - harness its advocacy power to develop policy dialogue with national governments regarding education planning and priorities, potential methods of support from the private sector, and the use of innovative financial mechanisms to finance education, among other things. To note, advocacy is not the focus of this study, and thus the role of the private sector and political advocacy is only mentioned in Section 6 and not considered in the main findings of this paper.



Education in humanitarian crisis situation: displaced learning and opportunity for PSE

Currently over 74 million school age children are out of school due to crisis and conflict affected settings, and some may never return to the classroom due to these issues, with the impacts of these crises unequally distributed across genders, geographies, poverty levels, and ability levels.¹³ There are numerous challenges for education in crisis settings, each of which may be different depending on the nature of the crisis situation. For example, [USAID](#) views crisis and their corresponding impacts on education access and quality through four lenses: political, economic, health, or environmental. As such, areas affected by violent conflict may have seen schools be the target of violence, while in health-based crisis (such as the AIDS epidemic) there could have been a significant undermining of the personnel and teaching staff.¹⁴

The important role of the private sector

In terms of crisis situations that have resulted in displaced learning or out-of-school children, the severity and scale and crisis can have a large impact on the access to and quality of education for school aged children, which is seen in the very different situational context of Syrian refugees and out-of-school child laborers in West Africa. At the same time, the types of private sector organizations and their role of providing capital, solutions, or ecosystem support (including advocacy) remain largely the same. Additionally, very similar to the role of PSE in public education, the private sector appears to be providing additive resources to existing or ongoing activities being funded by donors and others, not seeking to be the primary provider of education services.¹⁵ Thus the responsibility of providing equitable access to education, safe learning environments, and rebuilding education systems seems to still remain vested in the hands of governments and international NGOs.

Exemplary interventions allowing access to quality education in crisis contexts

In terms of service providers (whether those be foundation implementers, for-profit, or non-profit enterprises), some have solutions that already focus on displaced learning, such as bridging classes (also known as speed schools) that seek to provide an accelerated curriculum to students that have been out of the education system for an extended period of time with a focus on near-term reintegration into the public school system. Organizations that provide this model include the [Legatum Foundation's Luminos Fund](#), which is currently expanding and adjusting its "Second Chance" model from Sub-Saharan Africa into its "Back to School" program to integrate refugees into schools in Lebanon. Other non-profit service providers that focus on displaced learners is [Barefoot College](#), which also has bridge classes, and [Sesame Workshop](#). An example of a for-profit company that is working within refugee-impacted learning environments is [Little](#)

¹³ Education Crisis and Conflict Network (2019). [Putting Equity at the Center of Education in Crisis and Conflict](#).

¹⁴ USAID (2005). [Education in Crisis Situations. Mapping the Field](#).

¹⁵ That said, there have been some examples of PPPs with private sector education providers in certain crisis situations, most notably in New Orleans after Hurricane Katrina. Open Society Foundation (2016). Public Private Partnerships in Education in Crisis and Conflict Affected Areas. Prepared for the Roundtable on Public Private Partnerships in Education in Crisis and Conflict Affected Contexts.

[Thinking Minds](#), a Jordanian company that has an Arabic-language literacy app being used in public schools (including the double-shifting schools in Jordan) and private schools throughout MENA.

Further, education in conflict and crisis situations and the current refugee crisis has become a rallying cry for multinational corporation's engagement in education. For example, during the World Humanitarian Summit in 2016 the [Education Cannot Wait fund](#) was launched to allow the private sector to use its financial and nonfinancial resources in more innovative and interactive ways. The [Global Business Coalition for Education](#) (a business / donor coalition) hosts the [Rapid Education Action \(REACT\)](#) database which allows for the 45 partner companies to more quickly direct their pledges (of capital, time, in-kind resources) to crisis situations. Specific examples of REACT partners' activities include free access to education content for communities hit by a disaster provided by telecommunications companies such as AT&T, Turkcell, and T-Mobile, the setting up of digital classrooms in Lebanon for Syrian refugees by HP, and efforts by Western Union to make it easier to transfer funds for education purposes.

Potential role of SDC

Some other solutions for basic education contained in the Partner Database in the Appendix could also be potentially (or are currently being implemented) in a refugee or crisis context. However, these solutions may require additional adjustments to ensure they are conflict sensitive, equity attuned, address social and emotional skills, and continue to use evidence-based approaches.¹⁶ For example, [Eneza Education](#) has a mobile phone-based offline learning application that is already in use in refugee camps in Kenya. That said, not all learning solutions especially technological-focused learning solutions – are appropriate to all circumstances. Thus, it is suggested that if SDC wants to engage the private sector for crisis settings, that it first considers considering working with partners that have proven solutions that are already in use among displaced learners to expand access. This can be done, for example, by supporting contextual-specific modifications that would adapt the solution to the local refugee environment, or by helping to introduce the solution to new crisis contexts in which SDC already has relationships with key stakeholders.

Box 1: Displaced Learning and Education in Crisis Situation: Opportunities for PSE.

¹⁶ Education Crisis and Conflict Network (2019). [Putting Equity at the Center of Education in Crisis and Conflict](#).

There are numerous reasons for private sector actors to engage in BELL - most notably the financial benefits of having a well-educated workforce for the firm and the economic benefits for a country, as noted by the Brookings Institution.¹⁷ Examples of collaboration efforts between the public and private sector in basic education can be found around the globe, as well as context and project set-up:

- Mozambique has established a 'Friends of Education' initiative targeting businesses. Through this initiative, companies work with the Ministry of Education in Mozambique to identify how they can support local education needs through corporate social responsibility (CSR). The initiative has supported mining companies, for example, to help align CSR funding with the needs of schools in rural areas where they operate. CSR support has been provided for classroom construction, materials provision, training and the funding of local NGOs (a similar model was also launched in Senegal).¹⁸ In this case, the national education strategy specifically foresees the involvement of the private sector.¹⁹
- In a multi-stakeholder approach, USAID and other donors, NGOs and private sector actors have joined forces to mobilize resources and actions to solve critical challenges in education. Examples of initiatives originating from such partnerships are [The Global Book Alliance](#), which aims to improve financing solutions and market efficiencies across the book supply chain to increase access to reading materials and reduce illiteracy, or [The Mobiles for Education \(mEducation\) Alliance](#), which promotes and explores opportunities for mobile technologies—from e-readers and tablet computers to flash memory and micro/"pico" projectors—to improve education in formal and non-formal settings across all levels.
- In a crisis affected context, learning is compromised by reduced instructional time, overcrowded classrooms and limited instructional and didactic learning materials. [Tuta Tuta](#), a platform that shares popular international children's books translated into the Egyptian Arabic dialect (a'amiya), aims to provide emotional and educational support to vulnerable children in Jordan impacted by the Syrian refugee crisis by giving parents and caregivers the tools to read to and with these children. Behind the project is [World Reader](#), a non-profit social enterprise that focuses on improving literacy by providing access to local-context, appropriate digital library and reading tools for students, teachers, and communities, who partnered with the Jordan Ministry of Education and the [Queen Rania Foundation](#) to build up a comprehensive digital library with kids books, as well as launching a reading awareness campaign.²⁰
- A few decades ago, [USAID](#) launched the Development Credit Authority (DCA), with the aim to mobilize local private capital through the establishment of real risk sharing relationships with private financial institutions in USAID countries.²¹ The donor agency showcased that such a mechanism can also be applied in the area of education: In Ghana, USAID's Office of Education issued a DCA guarantee to [allow banks to finance the construction and expansion of schools](#), a sector traditionally underserved by loans, in 48 districts across the country.²²

¹⁷ Ibid.

¹⁸ GPE (2019). [Private Sector Engagement Sector Strategy](#).

¹⁹ República de Moçambique Ministério da Educação do Desenvolvimento Humano (2015). [Plano Operacional 2015-2018](#).

²⁰ World Reader (2019). [WORLDREADER KIDS JORDAN – TUTA TUTA](#).

²¹ US Aid (2019). [DEVELOPMENT CREDIT AUTHORITY](#).

²² US Aid (2019) [Ghana, Education](#); US Aid (2019). [PRIVATE-SECTOR ENGAGEMENT POLICY](#).

On a side note, it becomes difficult to ignore the debate about private schools when speaking of the role of the private sector in BELL. According to the World Bank, the private sector currently accounts for approximately 14% of primary and 20% of secondary education provision in low-income countries, and these levels have grown rapidly since the 1990s²³. Academic findings and empirical evidence are mixed regarding the effectiveness and social endurability of private schools²⁴. Recent evidence (for example, from Liberia) underline these findings.²⁵ **However, as this study shows, there are multiple other ways in which the private sector can contribute to BELL. Therefore, private schools are out of the scope of this study.**

Box 2: Statement on the treatment of private schools for this study.

2.2.2. Insights from other donor agencies

While there is no comprehensive overview of public / private collaboration in the education sector within developing countries, in recent years more and more of such partnerships have been developed, perhaps due to an increased business focus on shared value creation as well as a growing understanding that quality education underpins global economic development. Examples include novel funding collaborations among donors (e.g. [Global Education Fund](#)), results-based financing models with donor and / or investor funding (e.g. [Educate Girls or the Education Outcomes Fund](#)), funding collaborations between donors and private corporations (e.g. [Education Cannot Wait](#)), new financing facilities (e.g. the forthcoming International Financing Facility for Education), associations to share best practices and technical expertise (e.g. the [M-Education Alliance](#)), and technical collaborations between the public sector and private players (e.g. the collaboration among the [Carlos Slim Foundation](#), [Prueba T](#), and certain public and private schools in different areas of Mexico).

As mentioned in the methodology section of this study, interviews with multiple representatives of public sector organizations (donor agencies, networks or others) were conducted. While the list of interviewees was non-exhaustive, it was made sure that the interview partners were carefully selected and allow for a cautious insight in current developments around private sector engagement in BELL. The following findings emerged as trends in the interviews:



General consensus prevails over the necessary and urgent involvement of the private sector to achieve SDG 4. However, different implementation philosophies can be observed: While some organizations like [DFID](#) dedicate most resources to promote access to free education and have a pragmatic approach of working together with the private sector, other organizations and networks like [USAID](#), the [ILO](#) or the [ICRC](#) foresee a more systematic way of collaborating with the private sector.

²³ World Bank (2018). [The World Development Report 2018 \(WDR 2018\)—LEARNING to Realize Education’s Promise.](#)

²⁴ See for example UNESCO (2015). [The Privatization of education in developing countries: evidence and policy implications.](#) or DFID (2014). [The role and impact of private schools in developing countries.](#)

²⁵ Quartz Africa (2019). [The results of Liberia’s experiment to outsource education are in.](#)



Most public sector organizations are interested in using innovative financing mechanisms to catalyze private sector capital to fund education programs or initiatives. Organizations like the ICRC (see above) or DFID have concrete plans in the pipeline, while UNICEF has been active for a while already with the UNICEF Venture Fund and UNICEF USA Bridge Fund. See [Error! Reference source not found.](#) for more information.



Public sector organizations and networks also want to increase their capabilities and expertise in gathering data related to private sector engagement in BELL. In 2019, the [Global Partnership for Education](#) (GPE) launched the data round table to bring all relevant actors together and create a common understanding of what data should be collected and how. It seems to be a general consensus that data management is crucial, not only for education in general but also when setting up innovative finance mechanisms to understand and measure the outcomes.



Networks to connect private sector actors and public sector organizations like the [Global Business Coalition for Education](#), report that businesses (specifically, multinationals and SMEs) are changing their approach towards creating impact. While it used to be a more philanthropic / CSR focus in the past, private enterprises more and more understand that their social engagement must be aligned with their core business, which is mutually important for employee retention, acquisition of new talent as well as opening of new markets.



While there has been substantial progress in public-private partnerships in basic education, there remain many challenges. One interview partner summarized the main challenge with “You can't ask businesses to stop being businesses just because they should do something good.” The private and public sectors often have a different pace of getting things done, different ways of communication and different priorities, despite a large overlap of goals. Thus, strategic alignment and expectations management is crucial for successful collaborations. Interviews indicated that the most productive public-private partnerships are those where the partners’ vision and values are aligned, there is well-established communication, as well as shared or complementary expertise on collaborating teams (e.g., there are educators both on the private-sector funding team and the public-sector implementation team), and power is distributed equally (i.e., no one partner is dictating all decisions, unless this arrangement is agreed upon in advance).

2.2.3. Different financing modalities

While the financing format and modalities of education interventions involving private sector actors could make up an independent report, this section has the aim to summarize selected examples of innovative financing mechanisms and provide a critical review. Additional financing modalities are also covered throughout the report, as they are often an integral part of the subject matter. Generally, these modalities can be organized into different categories:

- **Venture or venture-like investments funds:** These are investment funds that apply a venture capital like approach to financing enterprises (especially technology enterprises)

that focus on development challenges. An example of such a modality in education is the [UNICEF Venture Fund](#), a USD 17.9m investment fund capitalized by strategic donors, and makes USD 50–100k grants in early-stage technologies for children developed by UNICEF country offices or companies in UNICEF programme countries. By providing flexible grant funding to early-stage innovators, it allows UNICEF to quickly assess, fund and grow open-source technology solutions that show potential to positively impact the lives of vulnerable children. This venture capital-like approach is also often employed by foundations that make education sector investments, such as the Omidyar Network or ELMA Philanthropies.

- **Themed microfinance investment vehicles (MIVs):** Themed MIVs make loans and investments into microfinance institutions to allow these organizations to make financing available for specific sectors. [BlueOrchard’s Regional Finance Facility for Africa](#) (REFFA), a Switzerland-based microfinance fund, provides capital to microfinance institutions to on-lend to private schools (including kindergartens and TVET schools), families for education costs (including those associated with public-school attendance), and for the creation of education savings accounts. The fund is complemented by a grant-funded Technical Assistance facility.
- **Outcomes-based and results-based financing:** Simply put, outcomes-based funding models refers to financial mechanisms where donors make payments based on the success of a development project. These are also often referred to as Development Impact Bonds and Social Impact Bonds (i.e. DIBs and SIBs) when a financial investor provides the initial financing for the project. Examples like the Educate Girls’ Development Impact Bond (DIB) from the UBS Optimus Foundation (see Box 3) or the Education Outcomes Fund (see Box 1) show that there have been attempts to make use of innovative finance mechanisms (such as outcomes-based payments) to leverage financial resources from the private sector towards the improvement of learning outcomes.

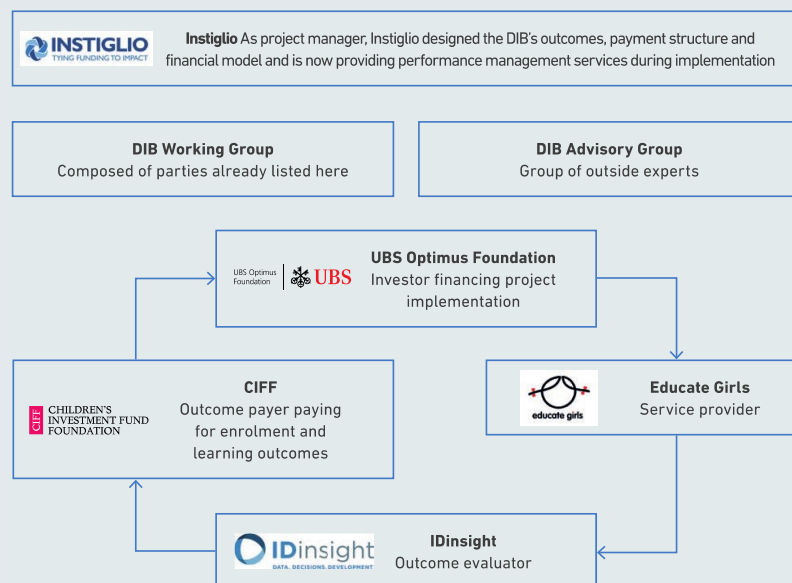
Each of these modalities have their own strengths, weaknesses, and risks.

| | Description | Strengths | Weaknesses | Risks |
|--|--|--|--|--|
| Venture or venture-like investments funds | These funds typically invest in a number of education companies (typically start-ups and social enterprises that leverage technologies) using equity or equity-like financial instruments. | The target enterprises are often highly innovative and could potentially have significant positive impacts on learning outcomes. | Education technology companies (depending on their model) have high failure rates and can take long (or longer) timeframes to become profitable. | From a financial perspective, these funds have a very risky investment strategy and thus are best employed using an impact-first approached. |

| | | | | |
|---|---|--|--|---|
| Themed MIVs | These vehicles invest in microfinance institutions that then provide financing to private education systems (including schools and learners). | Private schools and learners need sources of financing, and MIVs can also include additional tools and incentives to improve the quality of education. | The model only focuses on private schooling and borrowers, thus limiting its social impact to the current education ecosystem. | There is a rather low degree of financial risk, but certainly a risk of low(er) impact compared to other approaches. |
| Outcomes-based and results-based financing | These modalities can provide financing for both private sector enterprises and NGOs with effective education models. | They provide a source of funding for effective programs despite the type of organization (for-profit, non-profit, etc.). | These modalities are costly and difficult to set up, with only anecdotal proof (thus far) of overall success. | Given the relatively few examples of success with these approaches, there is a risk of investing resources (both time and money) into an approach that is ultimately difficult to successfully execute. |

Based on the above analysis, it is recommended that the SDC pursue the strategy that most aligns with the type of investees (i.e. innovative technology companies, private schools and families in need of education financing, or proven education models delivered by NGOs or social enterprises) it is interested in supporting.

Case Study: Innovate Finance Mechanisms in Education



The Educate Girls Development Impact Bond (DIB) is a commonly cited example of the application of innovative finance mechanisms in the education sector. In this case, a socially-motivated “private” investor – the [UBS Optimus Foundation](#) (UBSOF) – made a loan to [Educate Girls](#), a nonprofit organization based in Mumbai that delivers an educational program. Educate Girls provided a comprehensive community intervention to enroll girls into school. This intervention included identification of out-of-school girls through door-to-door surveys, explanation of the value of schooling to the parents and to the community, and multi-channel engagement with the household where a girl was out of school. The loan capital was disbursed in two phases, 40 percent in the first year, and remaining 60 percent in the second year, conditioned upon Educate Girls reaching certain performance milestones. The outcomes payer, in this case the [Children’s Investment Fund Foundation](#) (CIFF), paid back the UBSOF the original amount of the loan plus extra returns of up to 15 percent depending on the extent to which the agreed targets were met. The targets were focused on (i.) *increased enrolment* and (ii.) *the children’s progress in literacy and numeracy*, which were assessed regularly by an independent evaluator, IDinsight, over the course of the three-year programme. The DIB aimed to increase enrolment and improve learning

outcomes for 18,000 children, 9,000 of them girls, in 166 schools across Rajasthan, India. It achieved impressive results: 116% of the enrolment target and 160% of the learning target in its final year.

According to an external evaluation, agreeing on the evaluation design was one of the most difficult negotiation points. An evaluation was vital to the DIB because success payments hinged on its findings, but Educate Girls was concerned that the investors and evaluators were not considering the realities of program implementation when proposing complex evaluation methods. Whereas, the investors and evaluators were not interested in backing a DIB where the impact findings could be open to question.²⁶ In addition, transaction costs were three times the amount of money Educate Girls’ spent on implementation²⁷

Box 3: Case Study: Innovate Finance Mechanisms in Education

²⁶ Datla, A. (2019). [Paying to improve girls’ education: India’s first development impact bond](#).

²⁷ Starr, K. (2018). [Development Impact Bonds: There’s Still No Free Lunch](#).

2.2.4. The role of the private sector seen through education impact lenses



INCREASING AVAILABILITY OF FINANCE

- Emergency financing facility / donor coalitions for crisis situations
- Government-level financing (e.g. purchasing of government bonds that include use of proceeds for education)
- Innovative financial mechanisms for scaling impactful programs
- Grants or donations for education projects
- Financial investments (i.e. debt and equity) into education-related enterprises



IMPROVING ACCESS & INCLUSION

- Bridge programs (e.g. integrating out-of-school children and displaced learners)
- Digital infrastructure (e.g. for displaced learners, distance learning, and adult learners)
- Physical infrastructure (e.g. school structures and latrines)
- Income smoothing for families (e.g. microloans, savings accounts and insurance products)
- Meeting special needs (e.g. glasses)



IMPROVING EDUCATION QUALITY

- Education technologies (e.g. direct learning or teacher support, especially in crisis situations)
- Teacher training (e.g. subject-matter, pedagogy training, including remote teacher training in crisis situations)
- Textbooks and learning materials
- Curriculum development and enrichment
- Tutoring and test prep
- Home-based learning support for younger children



INCREASING THE STRENGTH OF EDUCATION SYSTEM

- Digital infrastructure (e.g. electricity and basic internet connections in schools, refugee camps, etc.)
- Nutrition services and school canteens (for both schools and refugee camps)
- School evaluation, monitoring and data collection (for both schools and refugee camps)
- Teacher incentives or teaching resources
- School leader/administrator capacity building and training
- Governance and budgeting at government level
- Support of local entrepreneurial ecosystems (through accelerators, etc.)

Figure 2: Education impact lenses for private sector engagement. Own figure.

The role of a given private sector partner in BELL might vary greatly, as discussed at length in the next section, and can be in support of a variety of different interventions which have multiple impacts. For the purpose of this study and based on our research, as well as exchanges with multiple education experts and organizations involved in engaging with the private sector in BELL, these impacts have been grouped into four education impact lenses – which center on increasing the availability of finance, improving access to education, improving the quality of education, and increasing the strength of the education system – to provide the reader with a


guide to the main value (or, in some cases, values) of a private sector partner. This framework is referenced throughout this report, especially in regard to partner identification and profiling, which categorizes potential partners as to their activity among and within the four education impact lenses, as well as what particular impact gaps the partner is attempting to solve.




While the education impact lenses can help appropriately identify the value and / or purported impact of different private sector actors can have on or within an education ecosystem, it does not include gender lens considerations due to the cross-cutting nature of issues surrounding gender equality. Instead, it is recommended that each potential private sector partner (and their education 'solutions') be evaluated on an individual basis using the same gender lens evaluation framework SDC uses for assessing other activities. It is also important to mention, that that most of the above applies to both development as well as humanitarian context

3. Categorizing & selection partner

3.1. Partner typology

Private sector engagement in BELL can take a myriad of forms, but for the purposes of this study and building up on the PSE partner framework introduced in Section 2 (with the exception of advocacy), we have organized the landscape into seven partner types based on their organizational mission. Specifically, these are:



| Contribution | Value to SDC | Partner Type |
|---|--|---|
|  Private sector as provider of capital | These partners could be engaged for mobilising private capital and / or resources into education initiatives supported by SDC through a variety of means. Some of these partners can contribute both financial resources and provide services. | 1. Foundation implementers ²⁸ 2. Technology / education-focused multinational corporations 3. Impact investors |
|  Private sector as provider of goods and services | These partners could be engaged to put to use their core business activities in education toward educational outcomes in developing countries in coherence with SDC's strategy. | 4. Education focused for-profit enterprises (SMEs, start-ups, social enterprises) 5. Education focused non-profit social enterprises |
|  Private sector as provider of ecosystem support | These partners have very diverse foci so any engagement would be based on their specific value to SDC in a particular geography or programmatic area. | 6. Business / donor coalitions 7. Other misc. ecosystem enablers (e.g. accelerators and incubators that support education start-ups, banks / Microfinance Institutions (MFIs) that provide access to finance for the private education system, etc.) |

An illustrative list of generic examples of potential private sector partners (as organized by partner type) and how SDC could engage with them is included here to provide some color as to the value of potential partnerships:

²⁸ "Foundation implementers" are foundations that support their own branded, empirically proven education models.

| Partner Type | Sample Description | Potential SDC Collaboration |
|---|--|---|
| 1 Foundation implementers | A private foundation with offices in Sub-Saharan Africa and Latin America that provides comprehensive teacher training, using face-to-face learning followed up with additional training provided over a satellite link powered by solar energy. | A single partner project to expand their teacher training service to teachers in refugee camps in Jordan. |
| 2 Education-focused multinational corporations | A corporate foundation for a telecom which provides education programs and services (such as generic digital teacher education and training materials). | A multi-stakeholder project with an education ministry to make locally relevant, ministry-approved teacher training materials available online to teachers for free. |
| 3 Impact investors | An impact investor that provides up-front financing for results-based payments for access interventions in the education sector that is then repaid by an outcomes funder. | Results-based funding model to expand the model to countries where SDC works with a very high rate of out-of-school children, such as Burkina Faso. |
| 4 Education focused for-profit enterprises | A social enterprise that has a locally relevant homework / quiz app for students. | A single partner project to develop generic education content that can be adapted to education level for children in remote refugee camps. |
| 5 Education focused non-profit social enterprises | A non-profit social enterprise that focuses on improving literacy by providing access to digital reading tools. | A multi-stakeholder partnership with other funders to expand its activities into public schools in one of SDC's priority countries. |
| 6 Business / donor coalitions | A digital platform for corporations to make financial or in-kind contributions (such as education technology tools) in support of education in emergency settings. | A formalized multi stakeholder partnership to help direct corporate resources towards education activities in crisis areas. |
| 7 Misc. ecosystem enablers | A microfinance fund which provides capital to microfinance institutions to on-lend to families for education costs (including hidden costs associated with public-school attendance) and for the creation of education savings accounts. | A financial guarantee that would support lending to agricultural-based livelihoods families for education savings accounts that would help cover hidden school fee costs. |

Table 1: illustrative list of generic examples of potential private sector partners and how SDC could engage with them.

3.2. Approaches for selecting partners

As SDC seeks out potential partners in the private sector, three options for starting points for partnership identification and the partnership-building process might be considered: **impact gap analysis, identification of like-minded partners, and identification of effective interventions.**



| Focus | Approach Description |
|---|---|
|  Impact Gap | One of the more rigorous starting points in the PSE process is a mapping of the current needs or impact gaps in the education ecosystem of particular geographies or contexts of SDC operations. This could be done in a three-step process - mapping impact gaps, identify partnership opportunities, and approach potential partners - as discussed in-depth in the box on pages 22 and 23. |
|  Like-minded Partners | Another starting point to PSE is identification of partners and collaborators whose vision and/or mission aligns with SDC. As can be seen from the numerous partner types discussed previously in this section, these can be providers of capital, services or resources. The identification process could be structured – i.e. a high-level Partner Database such as the one included in the Appendix to this study – or something that is done from a bottom-up approach on a country level or opportunistic basis as relationships are created. As one party approaches the other based on mutual interest or previous collaboration, there may be opportunities to build a partnership around a particular impact gap or promising solution. |
|  Effective Solutions | SDC may begin PSE building by identifying an effective solution and then searching for a partner(s) to implement it or support its implementation with financial and non-financial resources. It is often the case that successful interventions or models are made available in the global marketplace, and SDC may wish to utilize one to meet its targets. For instance, learner-facing literacy or numeracy practice software is often attributed to stronger practiced skills and/or higher examination scores. SDC may find such a solution attractive to meeting its goals and proceed seeking out partners that will either implement the software in a setting selected by SDC or provide additional funding or non-financial support to its current implementation. While the Partner Database attached in the Appendix does provide information on different learning and impact gaps focused on by different potential partners (such as literacy or attainment below grade level), it is likely that a more comprehensive mapping that focuses more on products and solutions (rather than partners) would need to be completed. |



Impact Gap Analysis and Private Sector Engagement

1) Mapping impact gaps

As multiple factors are related to learners' access to quality education and favorable learning outcomes, it may be productive to map out the status of each of these factors specific to the context, which present particular gaps that are inadequately addressed at the moment. This could be done using a variety of methods, such as a learner-centered ecosystem map with sample impact gaps in each layer of the education system, as shown in Figure 3.

It must be stated that any impact gap analysis needs to include a strong diagnostic component to identify the root cause of an impact gap to ensure that the selected intervention is appropriate, rather than treating a symptom of an undiagnosed need or problem.

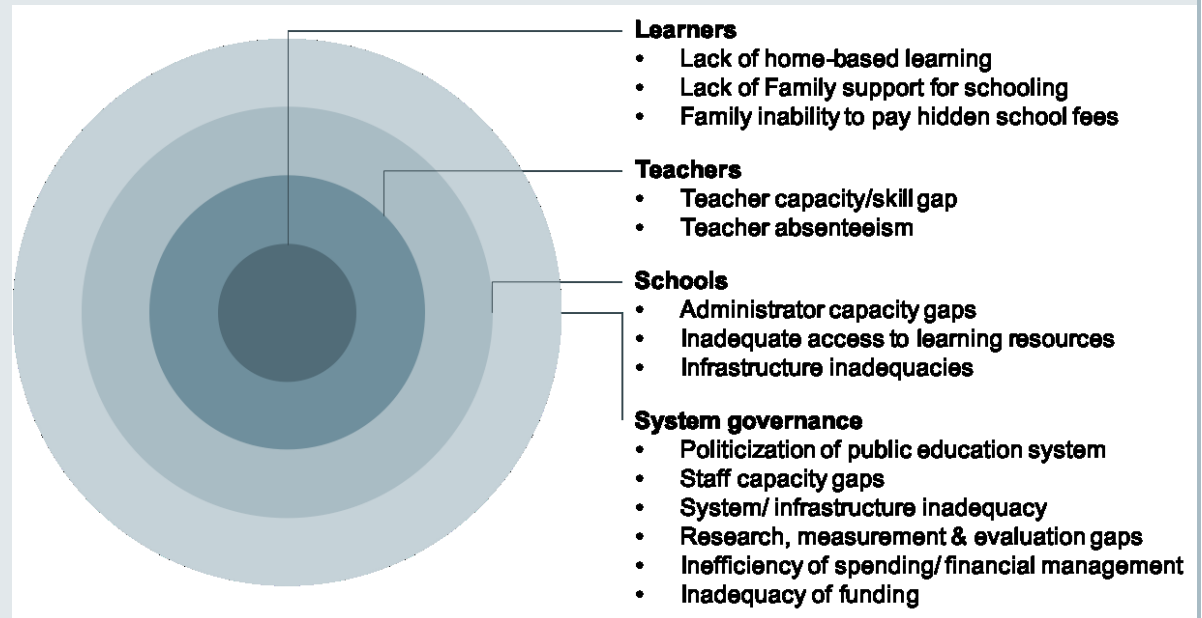


Figure 3: Education ecosystem map with sample impact gaps. Own figure

2) Identifying partnership opportunities

The next step would then be to identify how many of these impact gaps could be productively addressed through private-sector partnerships (noting that PSE may not be suitable for all). Table 2 provides illustrative examples of impact gaps with their associated potential partner, illustrative solution, and the potential SDC engagement modality.

| Impact Gap | Potential Partner | Illustrative Solution | SDC Engagement Modality |
|---|---|--|---|
| Staff skill gaps & infrastructure inadequacy at a systems level | Corporate foundations or CSR departments Example: Credit Suisse Foundation | Management training and support: e.g. recruitment, finance/ accounting, IT, project management, etc. | Multi-stakeholder partnership; Formalized multi-stakeholder partners |
| Teacher skill/ capacity gaps | Ed-tech social enterprises Example: Teacherly | Platforms for peer learning or guided software (e.g. lesson planning, grading) | Single partner project; Venture investment; SIINC |
| Inadequate access to learning resources within schools | Social enterprise NGOs Example: World Reader | Thousands of e-books uploaded onto tablets as part of school kits | Single partner project; SIINC |
| Family inability to pay hidden school fees | Financial institutions (e.g. local banks) Example: Access Bank (Liberia) | Financial services/ lending to families for education-related expenses (e.g. school uniforms, textbooks, supplies) | Guarantee; TA to financing facility |

Table 2: Impact gap, partner and intervention match

3) Approach potential partners: With a final list of potentially suitable partners for each impact gap, SDC could then approach potential partners to gauge their interest and ability to collaborate with SDC for a given project and / or partnership.

Box 4: Impact Gap Analysis and Private Sector Engagement.

3.3. Screening the suitability of partners

While iGravity provided an initial assessment of the “suitability” of fit for potential partners for SDC based on basic criteria, this is just the first step in terms of judging whether or not a counterparty organization may or may not be a suitable partner for SDC. **Questions and considerations that SDC can use to further screen potential partners can be applied to the role of the private sector in bridging the impact gap, specific aspects of the partner, and the suitability of the solution.** A non-exhaustive set of questions can be found in the annex D.

3.4. Partner Database

For this study, iGravity developed a non-exhaustive database of private sector partners - organized in the partner types and including additional information about the above examples - that are already actively engaged in the education sector. The Partner Database is attached as an Appendix to this document, and includes:

- An introductory tab (also included in Annex C) that provides a profile of each partner type and compares their technical capabilities, financial resources, and public sector track record.
- Separate tabs for each partner type which lists potential partners, with information across a variety of categories, including the education impact lens, geographic focus, source of capital, results to date, potential modes of SDC engagement (using the development-project-oriented and financial-market-oriented PSE formats), potential challenges, etc.
- Each tab is organized from highest to lowest “suitability” for a potential partnership with SDC. In the case of potential collaborations with SDC, there are multiple considerations when rating each intervention for “suitability”, including an empirical basis for intervention and /or evidence of impact, suitability to lowest-income contexts (e.g., no electricity, no computers / TVs, etc.), scalability to new markets / countries, and track record and interest in partnering with donors similar to SDC.

The Partner Database currently includes over 40 potential partners, of which slightly less than 50% have been marked as high potential suitability for SDC. Importantly, to reduce some of the “noise”, the Partner Database only includes organizations that have made a strong commitment to education through scaling their activities and thus can be considered as potential strategic (versus simply tactical) partners. To note, some partners may have multiple education-focused activities - which results in terminology soup between partners and their products / services / projects / interventions / activities / models - which, for simplicity's sake, will be referred to as “solutions”. In this paper, the overarching focus is on partners, although their respective solutions should not be overlooked. Finally, while the Partner Database was intended to fully cover both the basic education and life-long learning aspects of “BELL”, very few adult learning partners and / or solutions were identified during the development of the database, meaning that this sector may be in need of more innovation (in terms of developing solutions) or operate best with exclusively non-profit models / public sector models.

4. Short-list of potential partners interested in engagement with SDC

4.1. Short-list

In addition to the initial “suitability” rating provided in the Partner Database, iGravity has also developed a short-list of potentially high-value partners that it recommends SDC reach out to once it begins to actively engage with the private sector (see table 3). It should be noted that the short-list is suggestive only and reflects potential opportunities for engagement identified when holding interviews (or from previous interactions) with the listed organizations. As such, not all partner types have been selected for the short-list, which is more reflective of the Partner Database and the interviews completed for this report and not meant to insinuate that there could not be high-value partnerships with such partner types.

4.2. Private sector expectations

In terms of private sector expectations for SDC, given the plurality of different partner types, there will likely be no uniform expectations. That said, all of the potential partners listed on the short-list (and likely the majority in the Partner Database as well) work in the development sector and have had interactions with numerous types of stakeholders (government officials, private donors, public donors, private sector firms, etc.). As such, potential partners should have a strong understanding of the benefits of working with donors such as SDC, as well as some of the challenges that can arise, including (in some cases) more bureaucratic decision-making processes. Still, it should be clear that any private sector partner pursues commercial interests in the very first place. However, more and more the private sector own interests overlap with development objectives, for example when these companies work in a development context or are looking to open up a new market or need qualified and motivated workforces.

| Partner Type | Partner Name | Description | Potential SDC Collaboration | Potential Risks / Challenges |
|--|---------------------------------------|--|--|---|
| Foundation implementers | Varkey Foundation | The Varkey Foundation provides teacher / leader training (training of trainers model and improving leadership), teacher training schools, and distance-based teacher training models. Programs typically provide training first through face-to-face learning and then follow up with satellite link and solar power infrastructure, as well as classes taught directly to students in refugee camps. | Multi-stakeholder Project, Formalized Multi-stakeholder Project, or Support Programme Facility to expand Varkey's teacher training programme to refugee camps supported by SDC. | The satellite is expensive, but since they have an established broadcasting base, it is less expensive to expand the program to new areas. |
| | Legatum Foundation | Through its Luminos Fund , the foundation operates two main programs: -The Second Chance program employs an accelerated learning pedagogy—as well as supplemental programs in the community—to enable older children who have been kept out of school to receive an education -The Back to School program is an opportunity for refugees to catch up to grade level and prepare to assimilate into Lebanese classrooms | Multi-stakeholder Project, Formalized Multi-stakeholder Project, or Support Programme Facility to expand the Legatum Foundation's Back to School program to refugee camps supported by SDC or Second Chance program to countries with a high number of out-of-school students (e.g. Burkina Faso). | The implementation model is non-profit, so in this case SDC would likely want to ensure that other funders are also involved in the financing of the expansion. |
| Education-focused multinational corporations | Google.org | Google.org forms partnerships with a variety of non-profit organizations for the implementation of their models in multiple countries (see the Partnership Database for more examples). | Multi-stakeholder Project, Formalized Multi-stakeholder Project, or Support Programme Facility as part of a collaboration to expand operations of one of their current partners (or an SDC partner). | Google.org may not be open to co-funding opportunities, as it is unclear if they partner directly with the public sector. |
| Education focused for-profit enterprises | Little Thinking Minds | The company has developed an app that focus on literacy (specifically, it provides leveled, Arabic language books), test prep apps, and teacher pedagogy programs. It works both in private schools and public schools with support of the Jordanian ministry of education. | Single Partner Project, Multi-stakeholder Project, Formalized Multi-stakeholder Project, Venture Investment, or SIINC for expansion of Arabic language content or (depending on hardware availability) to refugee camps. | As the app requires hardware (i.e. either a smart-phone or a tablet), it is most easily deployed in a direct-to-consumer model. Use in schools (especially public schools) would likely require MoUs with the government. |

| Partner Type | Partner Name | Description | Potential SDC Collaboration | Potential Risks / Challenges |
|--|---|--|--|---|
| | Eneza Education | Eneza manages a virtual tutor made available via low-cost mobile phones. Students can access locally-aligned tutorials, tips, and assessments, as well as a leaderboard, Wikipedia text and live teacher chat through USSD/SMS, an online web app, an offline desktop app, and an Android app. | Single Partner Project, Multi-stakeholder Project, Formalized Multi-stakeholder Project, Venture Investment, or SIINC to expand use of the product to refugee camps (it is already used in one camp) or the addition of content for adult education. | The overall profitability of the company is not clear, so it may be difficult to develop collaborations that require the company to invest cash resources. |
| Education focused non-profit enterprises | World Reader | World Reader operates 4 technology (software and hardware-based) programs: 1. Pre-reading (parents reading with children); 2. School reading (teachers using for students in classroom); 3. Library reading (librarians working with community); 4. Lifelong reading (youth & adults access reading material). | Single Partner Project, Multi-stakeholder Project, Formalized Multi-stakeholder Project, or Impact Bond to bring World Reader to particular schools / SDC priority areas. | Given that it is a non-profit model, it may be difficult to develop collaborations that require the organizations to invest cash resources. In this case, SDC would likely want to ensure that other funders are also involved in the financing of the expansion. |
| | OneBillion | OneBillion operates an empirically based and RCT-supported literacy (reading and writing) and numeracy software (and/or hardware) in children's native language, with different models for schools or communities. | Single Partner Project, Multi-stakeholder Project, Formalized Multi-stakeholder Project, or Impact Bond to bring One Billion to particular schools / SDC's priority areas. | Given that it is a non-profit model, it may be difficult to develop collaborations that require the organizations to invest cash resources. In this case, SDC would likely want to ensure that other funders are also involved in the financing of the expansion. |
| Business / donor coalitions | Global Business Coalition for Education | A hub to channel corporate contributions in support of education in emergencies by building results-oriented partnerships between businesses, UN agencies, NGOs, national governments, and actors. It is currently composed of ~35 large multinational companies. | Multi-stakeholder Project or Formalized Multi-stakeholder Project to co-finance the provision of resources (such as free broadband internet) to SDC priority projects or support displaced learnings / learning for refugees. | Projects initiated to date seem bespoke, so it would be important to elevate conversations to a more strategic level with corporate counterparts. |

Table 3: Short-list of potential partners interested in engagement with SDC.

4.3. Common risks of private sector partnerships

Private sector engagement – both within development and specifically in the education space – creates both innovative opportunities for impact and new risks. These risks need to be identified, assessed, and managed, which could be done through SDC’s regular risk management frameworks or through an PSE-specific approach. As such, and in recognition that SDC has a long institutional history of managing risks, this section is limited to providing a non-exhaustive list of common risks for private sector partnerships in the development sector, as well as certain risks that are specific to education. This list is not meant to be inclusive of all risks, but instead to provide additional considerations to take into account when implementing SDC’s risk management frameworks for analyzing potential partnerships in the BELL space.

**Development
-specific risks
(per USAID²⁹
and EU³⁰
guidelines)**

- **Partner risk:** The risk that a partner may not be able to meet its obligations under an agreement with SDC, such as failure to mobilize promised investments
- **Spill-over risk:** The risk that a partnership had unintended and negative impacts
- **Reputation risk:** SDC could engage with a partner that could face public scrutiny over its business practices
- **Legal or fiduciary risk:** The risk that a partnership somehow contravenes a local law or regulation or financial activities that take place under the partnership could be subject to fraud or mismanagement
- **Market risk:** The risk that SDC’s partnerships / activities with different private sector actors could distort the market by reducing competition or “picking winners”³¹
- **Conflict risk:** In situations of conflict, risk that the partnership may undermine peacebuilding or state-building efforts

**Risks related
to results-
based
funding**

- **Exclusion of the most vulnerable risk:** The risk of excluding the most vulnerable due to difficulty in achieving outcomes and/or the need for higher cost interventions
- **Favoring large organizations risk:** The risk of favouring large organizations due to their ability to take on the risk associated with (some) results-based funding structures

**Education-
specific risks**

- **Dual system risk:** The risk of developing parallel systems (especially with technologies) in public schools that could compete with government-led programs or activities
 - **Private capture risk:** In crisis situations, the risk that weakened governments could be influenced by private sector actors to make education-related decisions that may not be in the long-term interests of the state
-

²⁹ USAID (2019). [Private Sector Engagement Strategy](#).

³⁰ The European Union (2014). [A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries](#).

³¹ The EU provides a general guidance in how to avoid market distortion in private sector engagement, with a focus on partnerships with measurable development impact, additionality, neutrality, shared interest and co-financing, demonstration effects, and adherence to social, environmental, and fiscal standards. The European Union (2014). [A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries](#).

5. Recommendations & final thoughts

5.1. From theory to practice: PSE in BELL

As covered in Section 2 of this paper, there are numerous types of private sector actors that are engaging – through providing finance, products or services, or supporting the ecosystem – in the education space. While these actors may be diverse, the impact of their activities in the education sector should typically fall into one of the education impact lenses – which center on increasing the availability of finance, improving access to education, improving the quality of education, and increasing the strength of the education system.

In Section 3, iGravity has divided potential private sector partners into seven types of private sector partners based on the organizational purpose. We have created a non-exhaustive Partner Database of over 40 potential partners across all partner typologies that includes categorical information about each potential partner as well as an initial “suitability” rating for SDC, based on certain parameters identified by iGravity.

In terms of how SDC itself should go about vetting these potential partners, we have provided three options in Section 3.3 – one bottom-up approach (i.e. focusing on impact gaps) or two top-down approaches focused on like-minded partner or effective solution identification. In Section 3.4, we then provided a set of criteria to assist SDC in determining which potential partners may be of higher suitability across a number of categories. Building on this, in Section 4 we have also developed a short-list of 8 potential partners that we recommend that SDC connect with as a first step in considering different partnerships. Finally, in Section 5, we provided additional guidance on how to develop monitoring and evaluation frameworks specifically for private sector engagement, noting the need for notable adjustments from the models used in traditional development aid.

Based on the totality of this work, we would like to make both high-level recommendations to SDC’s headquarters and country offices, offer more specific suggestions per each of SDC’s strategic orientations in education, as well as provide some general guidelines for SDC when drafting an PSE strategy in education.

5.1.1. Recommendations for SDC HQ

- A) Pursue multiple types of collaboration with multiple partners.** Best practices noted from interviews with other donor organizations were limited given how new structured (versus opportunistic) private sector engagement strategies are within the donor community, but the organizations seemingly generating the most benefits for the organization itself (as well as its beneficiaries) are those taking a multi-pronged approach to PSE. Thus, instead of focusing on either one partner type or one mode of engagement, consider creating a portfolio of PSE relationships that utilize all the tools available to SDC. This could be done using a pilot approach (i.e. begin with 1-2 markets/ 1-2 issues) to test PSE strategy and record lessons learned, and then implement the strategy more widely.
- B) Provide SDC country offices with detailed guides on PSE.** This can include a guidance on how to complete a **national private sector mapping** (e.g. mapping of private sector actors by industry, by type of potential engagement, by interest already expressed / strength of existing

connection, by alignment of mission / impact focus, etc.)³², how to do a sectoral impact gap analysis as well as **how to communicate and negotiate with the different private sector actors**. This could include articulating the value of working with SDC to private sector partners (e.g. educating the future work force, alignment to corporate social responsibility strategy, investment in employees' children's education, etc.).

- C) **Make use of the internal SDC staff expertise in business & corporate affairs, corporate relations and private sector engagement (such as fundraising and partnerships development) and internal tools to measure impact from these partnerships and track and share lessons learned by SDC offices.** Make both staff resources and tools available to SDC offices as they move through the PSE collaboration process.
- D) **Create and plan regular interactions with the private sector in order to develop a mutual trust base and understanding.** This could happen through formal regular convening in the office around specific topics or geographies, as well as informal meetings.
- E) **Reach out to other donors engaged with the private sector in BELL and share insights and lessons learnt.**

5.1.2. Recommendations for SDC country offices

- F) **Conduct a national private sector mapping in or around BELL** (e.g. mapping of private sector players by industry, by type of potential engagement, by interest already expressed / strength of existing connection, by alignment of mission / impact gap focus, etc.),³³ which includes matching local actors to local needs and international actors for larger-scale / more generalized resources needs.
- G) **Engage with national authorities / the ministry of education regarding the results of the mapping and develop a political dialogue around what are the national government's priorities and identify areas where SDC may be able to support the government's activities (if such priorities align with SDC's approach).** This includes potentially engaging bi-laterally with private sector actors included in the mapping, advocating for potentially beneficial collaborations, or discussing ways to bring new private sector actors to the table to address a specific impact gap or to pilot a new approach (for example, through innovative finance mechanisms).
- H) **Based on the outcomes of the mapping and discussions with national authorities, consider focusing on 1-2 strategic priorities – for example, displaced learning – and develop an PSE strategy for that particular issues.** SDC will likely need different strategies for different priorities, noting the different nature and size of needs of acute and systemic challenges to a given education system. SDC's country's offices should not be afraid to pick and choose from a variety of PSE options to tackle different impact gaps.
- I) **Create a short-list of potential private sector partners from the national private sector mapping that address the identified strategic priorities.** Key factors for narrowing down the list of potential partners include an assessment of motivations, alignment of values, resources, strengths, weaknesses, risks, and added value to achieving SDC's objectives.

³² See, for example UNICEF (2018). [UNICEF RWANDA PRIVATE SECTOR ENGAGEMENT STRATEGY](#) (pp. 42-67)

³³ Ibid.

- J) **Closely consider the alignment of the partners / proposed collaboration on the short-list with SDC global and national priorities, PSE policies, and – importantly – the priorities of national authorities and / or ministries of education.** This can include its consistency with national priorities, policies, and education sector plans, as well as consideration if whether the partner or potential collaboration may compete or create parallel tools that undermine public sector activities.
- K) **For potential partners that align with all of the above, reach out to counterparts at those organizations regarding their interest and ability to engage in a collaboration.** These discussions should focus on sketching out the parameters of a collaboration, including the alignment of stakeholder and collaboration priorities, as well as identification of the technical and financial contributions from both SDC and the private sector partner. These discussions should lead to a draft MoU that has been formally or informally approved by the leadership of both organizations.
- L) **Share the MoU with government counterparts** (as needed, but certainly necessary if there are any public sector education implications) to get the authorities' formal or informal approval of the collaboration (or direct inclusion of authorities in the collaboration, as the case may be).
- M) **Finalize the details of the collaboration with the partner,** including the key elements of a budget (including contributions from each side), workplan, a framework for measuring the social impact, and communications plan, per SDC's internal guidelines.

5.1.3. Recommendations per SDC's strategic orientations in education

In consideration of SDC's strategic orientations in education as shown in Figure 4 to the right, noting some orientations have more touch points with the private sector than others, there are many opportunities to pursue PSE in BELL.

Overview of the SDC's strategic orientations in education

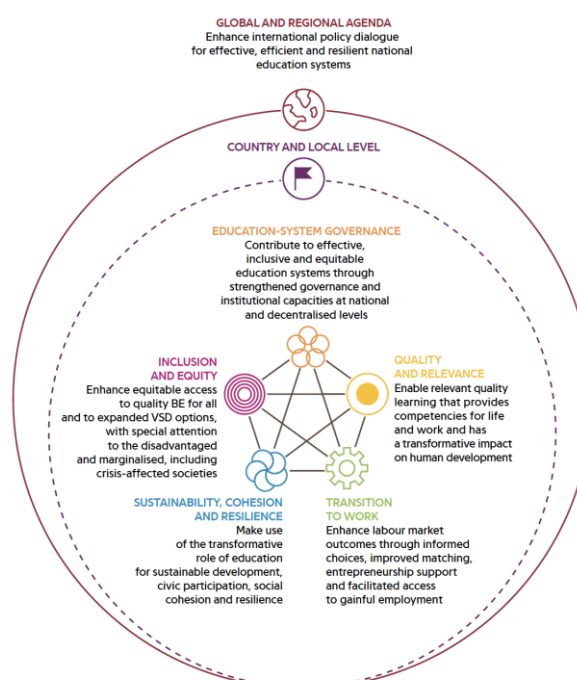







Figure 4: SDC's strategic orientations in education.
Source: SDC.

| Strategic orientation | Partner identification | Engagement Formats | Examples |
|---|--|---|---|
|  Education-System Governance | Identify and vet potential partners of all types (most likely business / donor coalitions or foundation implementers) that focus on the education ecosystem support impact lens with shared values or objectives with SDC in specific priority countries | Engage in a political discourse alliance or formalized multi stakeholder project with these partners around specific policy objectives in regard to a particular (i.e. country-level) education system | For example, in countries with high levels of out-of-school children, SDC could engage with a business / donor coalition to create a dialogue with a country's education ministry around how the private sector can best support student reintegration into the public-school system |
|  Quality and Relevance | Identify and vet service providers of all types (education-focused for-profit enterprises and non-profit enterprises and foundation implementers) with empirically proven solutions that focus on the quality education impact lens for nationally / regionally relevant impact gaps in specific priority countries | Engage with potential partners with development project-oriented or financial market-oriented engagement models (depending on the partner type and collaboration objectives) or with the impact investors that have invested in these organizations to expand their operations | For example, in countries where teachers may not be at an appropriate skill level for certain subjects, such as English, SDC could partner with a service provider with a teacher up-skilling model to expand its operations into public schools |
|  Inclusion and Equity | Identify and vet service providers of all types (education focused for-profit enterprises and non-profit enterprises and foundation implementers) with empirically proven solutions that focus on the access impact lens in specific priority countries | Engage with potential partners with development project-oriented or financial market-oriented engagement models (depending on the partner type and collaboration objectives) or with the impact investors that have invested in these organizations to expand their operations | For example, in regions with a high number of school age refugees, SDC could support a local service provider with a proven tablet-based, in-school learning platform to expand access to its activities to refugee camps |

| Strategic orientation | Partner identification | Engagement Formats | Examples |
|---|---|--|--|
|  | <p>Transition to Work</p> <p>Noting there is a limited number of actors in this space (or, more specifically, a lack of service providers), identify and vet misc. ecosystem enablers or other types of service providers that do (or could) focus on the education ecosystem support impact lens on a regional or global basis</p> | <p>Engage with potential partners with a single partner model that focuses on research and development of new learning models or financial products that increase access for adult learners</p> | <p>For example, SDC could inject innovation into the system by collaborating with accelerators to create adult education-focused solutions</p> |
|  | <p>Sustainability , Cohesion, and Resilience</p> <p>Identify and vet potential partners of all types (most likely business / donor coalitions or education-focused multinational corporations) that focus on the education ecosystem support impact lens with shared values or objectives with SDC on a regional or global basis</p> | <p>Engage in a political discourse alliance or formalized multi stakeholder project with these partners on sustainability objectives</p> | <p>For example, SDC could partner with a prominent business coalition to better identify and align resources (including capital, technology, and in-kind resources) to improve the sustainability and strategic support of the private sector support to different facets of the education sector</p> |

5.2. Recommendations on policy formulation

As SDC formulates its PSE policy position, it may consider private sector engagement strategies by other donors and international NGOs who are likewise exploring this area. Indeed, a trend is emerging for such organizations to go beyond reliance on one-off CSR grants from corporate players and instead formulate comprehensive PSE strategies. While not all public sector organizations have yet to take this step themselves, some international donors are developing policies that focus on a few specific facets of PSE in their strategies, such as harnessing the private sector's financial support, technical resources, and its advocacy power (see, for example, GPE and UNICEF strategy focus areas in Table 4)

| GPE ³⁴ | UNICEF ³⁵ |
|--|---|
| <ul style="list-style-type: none"> (1) PS expertise on solutions to education bottlenecks; (2) PS financing at global & national levels; (3) PS engagement in provision of improved education goods & services on system-level; (4) PS voice and advocacy for education. | <ul style="list-style-type: none"> (1) Corporate fundraising: local and international (through CSR, corporate volunteerism, contributing assets in-kind); (2) Promoting child rights and child-friendly practices in local businesses; (3) Creating shared-value partnerships; (4) Advocacy for and with private sector to advance children's rights. |

Table 4: Sample PSE strategy focus areas among international organisations.

Effective PSE policy statements reviewed for this study tend to include the following components (whether in separate sections or holistically):

- **Purpose** of PSE strategy in the organization
- A consistent **typology** of private sector stakeholders and engagement models to be adopted by headquarters and country offices (e.g. see typology in Section 3.1)
- **Objectives** of the PSE strategy (i.e. the measurable goals or accomplishments sought as a result of the strategy)
- **Guidelines/ principles** of PSE engagement on global and national levels, as well as any “red lines” (i.e. type of private sector actors with whom SDC will not engage due to misalignment of vision, history of ethical or legal misconduct, brand threat, etc.)
- **Additional or unique guidelines** for PSE engagement by geography or type of prevalent issue in an area (for example, in the education sector, this could include specific guidelines regarding refugee/ displaced populations or how to work with a ministry of education, etc.).

Noting that these recommendations for policy formulation are very general, it is hoped that these components can help serve as a foundation for SDC Education Section's developments of its own internal policy position on Private sector engagement.

³⁴ GPE (2019). [PRIVATE SECTOR ENGAGEMENT STRATEGY PAPER \(2019 – 2022\)](#).

³⁵ UNICEF Rwanda (2018). [UNICEF Rwanda Private Sector Engagement Strategy 2018-2023](#).

5.3. Final thoughts

As cited in this study, SDC's engagement with private sector in BELL has a wide range of opportunities that extend well beyond private schooling, with different private sector players bringing a variety of skills and resources, fit to address capacity and impact gaps in education on national and global levels. It is hoped that the content and frameworks presented in this study are helpful in supporting SDC with the development of its PSE activities as it enters this exciting new stage.

6. About the authors

This report was edited by iGravity between October 2019 and February 2020. iGravity is an advisory firm specialized in impact investment and innovative finance solutions established in March 2017 with the mission of connecting disruptive ideas, visionary people, institutions and capital to address some of the most pressing social issues. The firm is specialized in Research & Advisory Services, Investment Solutions and Impact Ventures and has worked with family offices, NGOs, international organizations, asset managers, foundations and governments. Most of iGravity's Research & Advisory Services center around the design and development of financing structures and partnerships that mobilize resources to achieve the SDGs. The present study was authored by the following persons:

Elizabeth West, Senior Investment Manager at iGravity, is an investment specialist with a strong background in private debt and private equity across multiple sectors. Further, she has helped create and manage the impact investment activities at multiple legacy foundations and has a strong understanding of how foundations and NGOs can engage in the innovative finance sector. She brings a deep understanding on Sub-Saharan Africa and direct investment opportunities in emerging markets.

Lucas Tschan, Senior Impact Manager at iGravity, has over 10 years of experience in finance and impact investments. At iGravity, Lucas has been collaborating closely with the SDC on a range of topics, including private sector engagement, different private sector formats, and thematic research studies focused on entrepreneurship/social enterprises.

Anne Katrine Buch Vedstesen, Impact Analyst at iGravity, is an impact investment analyst with experience in designing and implementing impact-based business models in close collaboration with public and private partners. She brings hands-on experience in identifying and assessing social enterprises, including their financial and non-financial needs.

Patrick Elmer, Founder and CEO at iGravity, brings extensive experience in the intersection between finance and global development, having created novel partnerships and investment products in areas like microfinance, education, agriculture and conservation finance. Patrick brings hands-on experience in conducting feasibility studies, designing impact investment products and engaging the private sector in the form of collaborators, competence partners and investors.

The iGravity authoring team was supported by **Dr. Anna Ermakova**, a teaching and learning expert who has managed, designed, evaluated, advised on and implemented education provision for both the private and the public sector. As a consultant with UNICEF Europe and Central Asia, she has produced multiple national policy reviews and briefs, as well as a region-wide strategy for carrying out national studies of evaluation and self-assessment policy and practice at every level of the education system: student, teacher, school & school management, and regional/national leadership.

7. Annex I: Figures, tables and other supporting material

7.1. Annex A: Figures

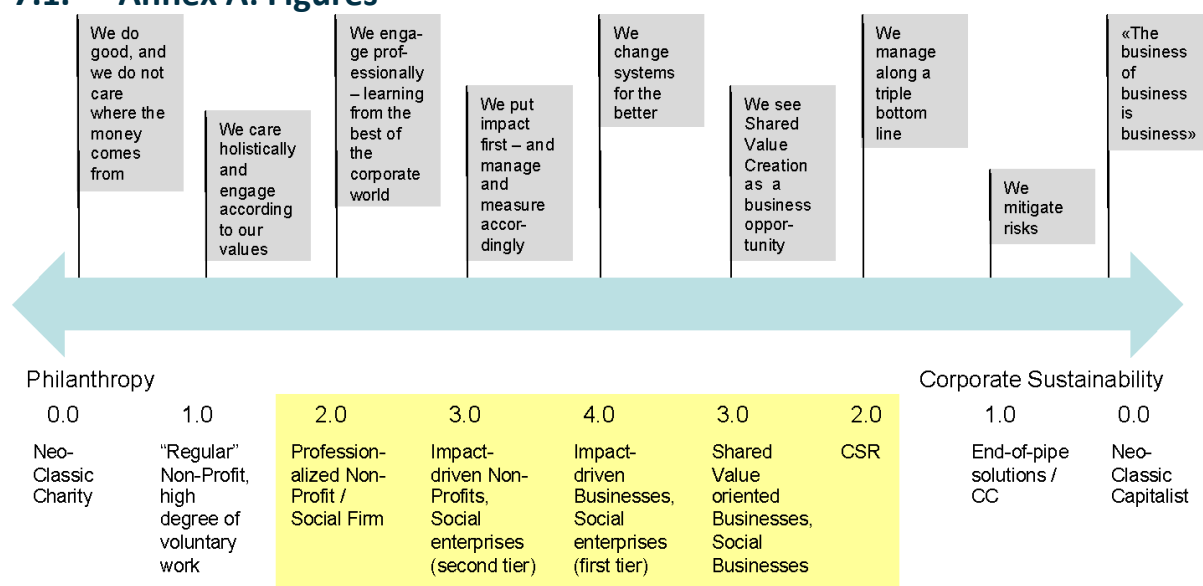
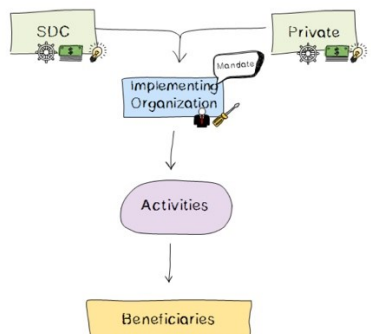
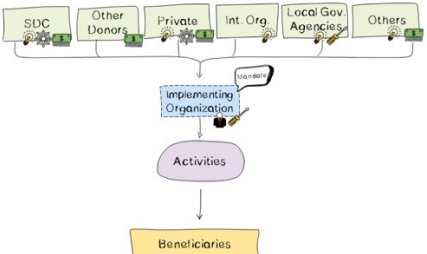
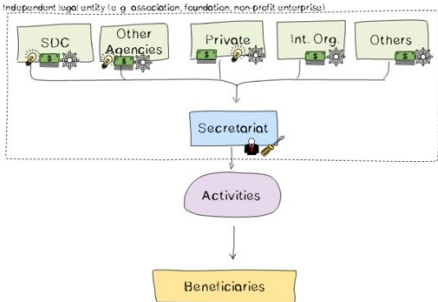
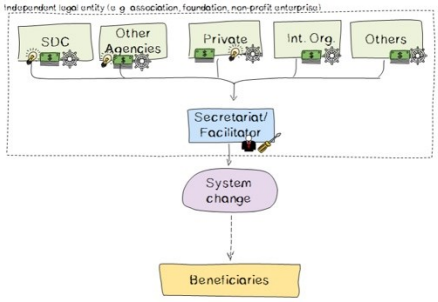
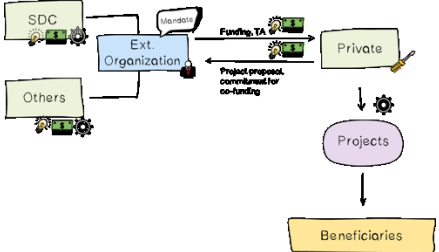
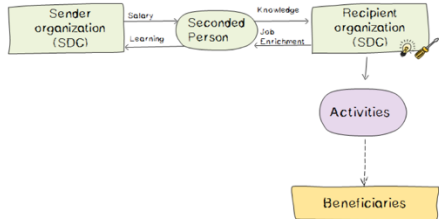


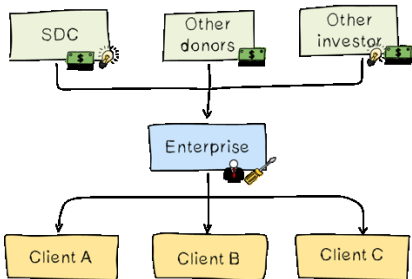
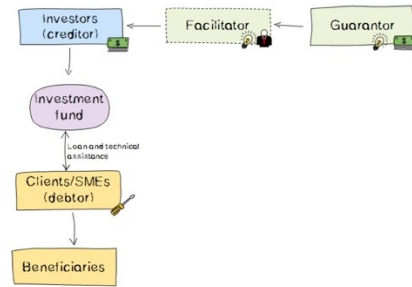
Figure 5: Classification of private sector actors according to SDC. Source: SDC Strategic Guidelines (2019).

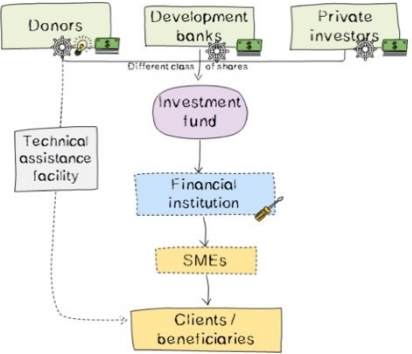
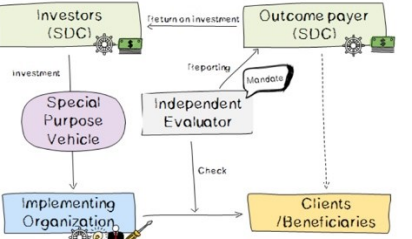
7.2. Annex B: Tables

| Format | Description | Scope | Advantages & disadvantages |
|---|--|---|--|
| Single Private Partner Format  <pre> graph TD SDC[SDC] --> IO[Implementing Organization] Private[Private] -- Mandate --> IO IO --> Activities([Activities]) Activities --> Beneficiaries[Beneficiaries] </pre> | <p>SDC and one private actor are the main partners of the project. Typically also a local government agency is involved in the project in order to guarantee local impact and ownership. Both partners contribute equally to the project (in general 50:50) with financial and non-financial resources. The costs are shared and both partners are part of the steering committee. The project is being implemented by an external organization, through a mandate, often a NGO.</p> | <p>This format is suited for innovation, prototyping and can be used for all kinds of development objectives (with limitations regarding scalability, replicability and competition neutrality)</p> <p>The format is ideal for establishing a relationship with a new private sector partner to test the partnership on a small scale</p> | <p>Advantages</p> <ul style="list-style-type: none"> • A clear project structure and short decision ways allow for a fast and efficient implementation <p>Disadvantages</p> <ul style="list-style-type: none"> • There are limitations regarding scalability and replicability of the project. • There is also less leverage, because only two partners are involved. |
| Multistakeholder format  <pre> graph TD SDC[SDC] --> IO[Implementing Organization] OD[Other Donors] --> IO Private[Private] --> IO IO[Int. Org] --> IO LG[Local Gov. Agencies] --> IO Others[Others] --> IO IO -- Mandate --> IO IO --> Activities([Activities]) Activities --> Beneficiaries[Beneficiaries] </pre> | <p>A multitude of partners is involved, e.g. donors, international organizations, governmental organizations, NGOs and at least one private sector actor. All partners contribute more or less equally to the project with financial and non-financial resources. All partners are part of the steering committee. The project is implemented by one of the involved partners or a mandated external provider</p> | <p>This format is suited for scaling-up; intervention in complex eco-/socio-systems, improvement of value chains, sector initiatives and can be used for all kinds of development objectives.</p> | <p>Advantages</p> <ul style="list-style-type: none"> • Potentially high leverage, because many partners with different competencies are involved. <p>Disadvantages</p> <ul style="list-style-type: none"> • Complexity and high coordination efforts, because a variety of partners are involved. |

| Format | Description | Scope | Advantages & disadvantages |
|---|---|---|--|
| <p>Formalized Multistakeholder format</p> <p><small>Independent legal entity (e.g. association, foundation, non-profit enterprise)</small></p>  | <p>A multitude of partners, e.g. donors, international organizations, governmental organizations, NGOs and at least one private sector actor are part of an independent entity. All partners contribute more or less equally to the project with financial and non-financial (expertise / know-how) resources. All partners are part of the assembly. Some partners are also part of the board of directors. A secretariat is responsible for the implementation and management of the project.</p> | <p>This format is typically used for product development partnerships in health. The format is suited for scaling-up, interventions in complex eco-/socio-systems, improvement of value chains and can be used for all kinds of development objectives.</p> | <p>Advantages</p> <ul style="list-style-type: none"> • Project management and coordination is formalized. • Visibility and own identity of the project as a result of the independent entity. • High liability of the partners. <p>Disadvantages</p> <ul style="list-style-type: none"> • Partners have a (lower) level of influence on the project. It is more difficult to quickly make changes. |
| <p>Political Dialogue Alliance</p> <p><small>Independent legal entity (e.g. association, foundation, non-profit enterprise)</small></p>  | <p>A multitude of partners, e.g. donors, international organizations, governmental organizations, NGOs and at least one private sector actor are involved and form an alliance. All partners contribute more or less equally to the project with financial and non-financial (expertise / know-how) resources. A secretariat (hired by the partners) is responsible for the implementation and management of the project.</p> | <p>This format is suited for projects that have the objective to sustainably change a system and where the involving of political actors is necessary (i.e. political reforms, adaptations in legislation). The focus is on exchange, network and political advocacy.</p> | <p>Advantages</p> <ul style="list-style-type: none"> • Project management and coordination is formalized. • Visibility and own identity of the project as a result of the independent entity. • High liability of the partners. <p>Disadvantages</p> <ul style="list-style-type: none"> • Partners have a (lower) level of influence on the project. It is more difficult to quickly make changes. |

| Format | Description | Scope | Advantages & disadvantages |
|--|---|--|--|
| <p>Support / Facility (Matching grant / Challenge Fund)</p>  <pre> graph TD SDC[SDC] --> Ext[Ext. Organization] Others[Others] --> Ext Ext -- "Mandate" --> Private[Private] Private -- "Funding, TA" --> Ext Ext -- "Project proposal, co-financed for co-funding" --> Private Private --> Projects((Projects)) Projects --> Beneficiaries[Beneficiaries] </pre> | <p>The funding partners (SDC and others e.g. donors, private companies) support impact driven projects and activities of entrepreneurial organizations e.g. social enterprises, start-ups, with funding and technical assistance. All partners contribute to the project with financial and/or non-financial resources. The supported entrepreneur receives a matching grant/challenge fund from the funding partner, as well as technical assistance. The supported entrepreneurs co-finance the project. The project is either managed by a partner or by an external organization (mandate).</p> | <p>This format is suited for innovation, promotion of new business models, product and service development, efficiency and gives an incentive for entrepreneurial organizations. It is typically based on a selection-process, where entrepreneurs submit a project proposal and the funding partners select the most promising projects and activities. It is often used for the promotion of social entrepreneurs or innovative solutions in a thematic area e.g. renewable energy, water.</p> | <p>Advantages</p> <ul style="list-style-type: none"> • Several innovative project ideas and entrepreneurial organizations are supported. • Less responsibility and risks, competition neutrality <p>Disadvantages</p> <ul style="list-style-type: none"> • The funding partners have a (lower) level of influence on the projects. • Direct subsidies to private sector partners |
| <p>Secondment</p>  <pre> graph TD Sender[Sender organization (SDC)] -- "Salary" --> Seconded((Seconded Person)) Seconded -- "Learning" --> Sender Seconded -- "Knowledge" --> Recipient[Recipient organization (SDC)] Recipient -- "Job Commitment" --> Seconded Recipient --> Activities((Activities)) Activities --> Beneficiaries[Beneficiaries] </pre> | <p>The sender (e.g. private actor, donor etc.) arranges a secondment to the recipient organization (e.g. private actor, NGO, governmental organization etc.). The seconded employee works for the recipient organization for a certain period of time. The sender pays the salary of its seconded employee while the recipient provides a workplace and trains the employee.</p> | <p>This format is suited for innovation transfer, bridging of rationalities, cultural exchange and if specific knowledge and skills are needed.</p> | <p>Advantages</p> <ul style="list-style-type: none"> • Knowledge transfer. • Growth of common understanding and cultural difference <p>Disadvantages</p> <ul style="list-style-type: none"> • “Irritation” of recipient’s organization • Exertion of influence of the seconded employee • Sustainability (knowledge transfer only to single person) |

| Format | Description | Scope | Advantages & disadvantages |
|---|--|--|--|
| Venture Investment  <pre> graph TD SDC[SDC] --> Enterprise[Enterprise] Donors[Other donors] --> Enterprise Investor[Other investor] --> Enterprise Enterprise --> ClientA[Client A] Enterprise --> ClientB[Client B] Enterprise --> ClientC[Client C] </pre> | <p>Main partner of the project is SDC and other investors, e.g. donors, private companies. All involved partners invest in an entrepreneurial organization, e.g start-up. There is a high involvement of the partners. All partners contribute to the project with financial and non-financial resources. The type of resource might differ.</p> | <p>This format is suited for innovation, support of for-profit impact-driven activities with the aim of capturing possible positive financial returns, leverage (mobilize private capital with proof of concept / trust building). Typically the format is used for product development, e.g. microinsurance services.</p> | <p>Advantages</p> <ul style="list-style-type: none"> • Sustainable setup • In case of success: capital profit <p>Disadvantages</p> <ul style="list-style-type: none"> • High risks, high responsibility and involvement, • Limited exit options, managerial oversight / long-term investment management very demanding, • Conflicting with rotation principle |
| Guarantee  <pre> graph TD Investors[Investors (creditor)] --> Fund[Investment fund] Fund -- "Loans and technical assistance" --> Clients[Clients/SMEs (debtor)] Clients --> Beneficiaries[Beneficiaries] Facilitator[Facilitator] --> Investors Guarantor[Guarantor] --> Investors </pre> | <p>The involved partners are a guarantor, facilitator, various investors, and manager of investment fund. The investors invest money into a investment fund (loan), while the investment fund gives loans to its clients as well as technical assistance. The Guarantor provides a deficiency guarantee to the investors (creditors). The Facilitator contributes non-financial resources (project management, marketing, product management, network) and acquires investors through his network.</p> | <p>The format is usually applied to mobilize private capital and for risk mitigation.</p> | <p>Advantages</p> <ul style="list-style-type: none"> • Mobilization of private capital and risk mitigation. • Reduce risk by promising repayment <p>Disadvantages</p> <ul style="list-style-type: none"> • Relatively high risk • Low oversight |

| Format | Description | Scope | Advantages & disadvantages |
|---|--|--|--|
| <p>Structured fund</p>  <pre> graph TD Donors[Donors] -- "Different class of shares" --> IF[Investment fund] DB[Development banks] -- "Different class of shares" --> IF PI[Private investors] -- "Different class of shares" --> IF IF --> FI[Financial institution] FI --> SMEs[SMEs] TAF[Technical assistance facility] -.-> SMEs SMEs --> CB[Clients / beneficiaries] </pre> | <p>The involved partners are donors, private investors and development banks, possibly also financial institutions. Donors, development banks as well as private investors provide financial contribution and act as shareholders. The financial institution manages the fund and provides development finance to the beneficiaries. Donors might also provide training and technical assistance to the beneficiaries.</p> | <p>This format is suited for supporting local micro and small- medium sized enterprises and promoting innovation as well as new business models. With the structured fund format private capital can be mobilized and risks can be reduced.</p> | <p>Advantages</p> <ul style="list-style-type: none"> Financial risks can be reduced and private capital can be mobilized. <p>Disadvantages</p> <ul style="list-style-type: none"> Direct or indirect subsidies to private investors Additionality difficult to judge Risk of (financial) market distortions |
| <p>Impact bond</p>  <pre> graph TD I[Investors SDC] -- "Investment" --> SPV[Special Purpose Vehicle] SPV -- "Investment" --> IO[Implementing Organization] IO --> CB[Clients / Beneficiaries] IE[Independent Evaluator] -- "Check" --> IO IE -- "Reporting" --> OP[Outcome payer SDC] OP -- "Return on investment" --> I </pre> | <p>The involved partners are outcome payers (typically donors), investors (typically private actors) and an implementing organization (typically NGO / Social Enterprise). All partners contribute to the project with financial and/or non-financial resources. The outcome payers pay a return on investment to the investors in case of success of the project. The social investors pre-finance the project and bear (part of) the risk. The implementing partner is responsible for the implementation and management of the project.</p> | <p>Impact bonds can mobilize private capital for pre-financing of high risk projects. This format is suited for bridging rationalities, aligning systems' logic, change practices of investors, donors and implementers. It is not applicable for leverage however Impact bonds pave the way for blended finance, SIINC and other impact investment mechanism (indirect mobilization of private capital)</p> | <p>Advantages</p> <ul style="list-style-type: none"> Outcome payers (donors) only have to pay if the project is a success (minimize the risk), while social investors bear part of the risk. By being paid on results, partners are encouraged to drive up performance standards, management and measurement <p>Disadvantages</p> <ul style="list-style-type: none"> Outcome payers pay return on investment to private companies Complex contracting and governance structure |

| Format | Description | Scope | Advantages & disadvantages |
|--|---|---|---|
| <p>Social Impact Incentive (SIINC)</p> <pre> graph TD Investor[Investor] -- "Investment / Platform on Investment" --> ImpactEnterprise[Impact Enterprise] OutcomePayer[Outcome payer] -- "Pay for Impact" --> ImpactEnterprise ImpactEnterprise --> Client[Client] IndependentEvaluator[Independent evaluator] --> ImpactEnterprise IndependentEvaluator --> OutcomePayer </pre> | <p>Involved partners are outcome funders (typically donors), investors (typically private companies), other partners (typically responsible for project management, outcome auditing, regular outcome payments etc.) and implementing entrepreneurs. Implementing entrepreneurs receive support and financial investment from investors, outcome funders and other partners. The outcome funder makes a payment to the implementing entrepreneurs based on the impact generated by their operations (the greater the impact the greater the payment). Payments are structured and linked to impact, while independent verification of the results has to be provided. Investors make an investment to the implementer to provide capital for investments and the necessary working capital to finance growth. Investors and implementer bear all business risks; risk of business-case failure and/or mission drift is mitigated by outcome payments.</p> | <p>This format is suited for the promotion of social enterprises, product/service development, innovation, new business models</p> <p>It can mobilize private capital with high leverage. With this format impact is incentivized with the performance of the enterprise being directly linked with its level of profitability and thus its attractiveness for investors.</p> | <p>Advantages</p> <ul style="list-style-type: none"> • Pay for impact: impact is incentivized • Payment is structured and linked to impact. • Social investors bear large parts of the risk Donors utilize new means for leveraging capital. • This Intervention will leverage entrepreneurial efforts, impact investors' capital and local government funds. <p>Disadvantages</p> <ul style="list-style-type: none"> • Complexity of the format. • Risk for market distortion (competition neutrality to be considered when selecting entrepreneurs) |

Table 5: Overview of SDC PSE formats.

| Reasons for engaging with the Private Sector – <i>Perspective of SDC</i> | Reasons for engaging with SDC – <i>Perspective of the Private Sector</i> |
|--|---|
| <ul style="list-style-type: none"> • The private sector disposes of a broad set of resources: technology and infrastructure, specialized expertise and organizational capacities as well as financial resources, which allows for a greater outreach and higher impact • Achieving the SDGs will require transformative and disruptive innovations in production and consumption patterns. The private sector is a key source of innovations such as new technologies, new products, entrepreneurial and financial models. • Private sector solutions for development challenges have to be commercially viable in order to survive on the market while at the same time meeting social and ecological requirements. Therefore, the approaches developed by private sector actors, if successful, will provide long-lasting solutions, in economic, social and ecological terms to development challenges. | <ul style="list-style-type: none"> • SDC disposes local presence in and long-term commitment to different geographical regions, which can be an added value for private-sector partners that want to develop or introduce sustainable solutions geared towards the requirements of these regions, which often comprise challenging markets. • SDC’s long track record and extensive network also leads to trustful access to decision makers on the policy level - something which can be valuable to the private sector. • SDC’s credibility as an honest broker between the private and public sector, as well as a professional development organization makes it a strong partner for private sector actors that want to engage in a cooperation arrangement with the public sector. • SDC’s financial engagements can reduce investment risks for the private sector partners, enabling them to access new clients and markets |

Table 6: Reasons for engaging in an PSE project for SDC and the private sector. Source: SDC PSE Strategic Guidelines.

7.3. Annex C: Partner Type Examples

| | |
|--|---|
| Capital / Resource Provider: Foundation implementer | <ul style="list-style-type: none"> • Focus: Financing education interventions for their target beneficiaries, which are in many cases: students that have been excluded from the public school system, students which have low learning outcomes despite public schooling, or teachers in need of supplementary training, access to new pedagogical methods or innovative curriculums, etc. These organizations most often finance education interventions they have developed in-house or in close collaboration with partners. While the direct beneficiaries are often students and teachers, strengthening education systems and government ministries (especially ministries of education) can sometimes be direct and / or indirect impacts of these approaches. • Technical Capabilities: Often focused on providing solutions that address the specific learning/ capacity gaps of their target beneficiaries. Given that these organizations have their own capital base, they are more likely to have empirical data supporting the impact of their intervention and have probably scaled it to more than one market. • Funding Resources: Varying depending on the age and structure of the foundation, but many have significant resources that are dispersed across a variety of social sectors. |
|--|---|

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- **Public sector track record:** Varying, but as many implement programs in multiple developing countries, they typically have some experience with engaging with local governments as well as major donors, although these interactions may not have risen to the level of official collaboration.
 - **Value to SDC:** The branded education interventions could be deployed in SDC's geographies of interest (especially those focused on integrating out-of-school children or training teachers) or they could be approached for a political discourse alliance in specific countries when engaging with public education reform.
 - **Interest in SDC Collaboration:** High, as motivated foundations are often looking for ways to leverage their capital through co-financing and other types of collaboration, such as research and / or testing different interventions for different target populations.
 - **Risks / challenges:** SDC may be approached for co-financing projects that are being sponsored by different foundations - in these cases, SDC should carefully consider how its capital is specifically catalytic to achieving SDC's goals (over just adding to the capital available for the foundation).
 - **Example:** [Varkey Foundation](#), a UAE-based foundation with offices in Sub-Saharan Africa and Latin America, that provides comprehensive teacher training, using face-to-face learning followed up with additional training provided over a satellite link powered by solar energy.
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**Capital /
Resource
Provider:**
Impact investors
(including
private
foundations,
family offices,
etc.)

- **Focus:** Making impact investments with the expectation of financial return (or other structures, including results-based payments, with an expectation of social impact in lieu of or in addition to a financial return) in promising social enterprises that have education interventions with (varying degrees of) evidence of education impact.
 - **Technical Capabilities:** Varying, depending on the size and staff expertise of the organization. Some organizations have education experts on staff, which can result in more impactful investments from an education-outcomes perspective. Additional expertise includes enterprise development, business acumen, and market-based solutions.
 - **Financial Resources:** Varying, but many have portfolios ranging from USD 2.5-10M in education investments.
 - **Public sector track record:** Limited examples of direct collaboration with the public sector outside of investment funds.
 - **Value to SDC:** Potential opportunities to incorporate investee companies' solutions into SDC projects (for example, new technologies) or they could be approached for a political discourse alliance in specific countries when engaging to discuss increasing / scaling proven education interventions across the public system.
 - **Interest in SDC Collaboration:** Varying, those involved in an investment fund (i.e. an education fund) may be interested in public-sector financing (especially first-loss or other risk mitigation-focused financing), while impact investors with an active portfolio may be more interested in engaging over a single company.
 - **Risks / challenges:** SDC may be approached for financing opportunities for individual companies or funds from different impact investors - in these cases, SDC should carefully consider how its capital is specifically catalytic to achieving SDC's goals (over just adding to the capital available for investment).
-

| | |
|--|---|
| | <ul style="list-style-type: none"> ● Example: UBS Optimus Foundation, a Switzerland-based foundation that provides up-front financing for results-based payments for interventions in the education sector (i.e. Educate Girls) that is then repaid by an outcomes funder. |
| Capital / Resource Provider: Education or technology-focused multinational corporations | <ul style="list-style-type: none"> ● Focus: Providing core business support with its own solutions for education projects or corporate responsibility / philanthropic support to target populations that are likely to go on to use its solutions. These corporations may vary in size, and often provide direct education products (such as textbooks), digital learning products (including hardware and software), and telecommunications services. ● Technical Capabilities: Varying, depending on the type of corporation, but likely includes hardware, software, or content expertise in education. ● Financial Resources: Varying, depending on the type of corporation and level of commitment from leadership. ● Public sector track record: Limited examples of direct collaborations with the public sector, more often collaboration comes in the form of co-financing, but these organizations are more likely to engage directly with an implementer or a co-implementer (i.e. a non-profit) for a specific education project. ● Value to SDC: Ability to provide enabling infrastructure for technology-dependent SDC projects (more likely in the area of displaced learning or teacher training). ● Interest in SDC Collaboration: Varying, depending on the leadership of the corporation and its ultimate goals for its education-focused activities. ● Risks / challenges: The level of commitment and resources could vary over time with leadership changes. SDC should also carefully consider how a collaboration with a large corporation could impact any decisions made by a given Ministry of Education in terms of future service providers. ● Example: Vodafone Foundation, a network of individual foundations set-up by the large telecom Vodafone in each country of operation, which provides education programs and services (such as digital teacher education and training materials) available for free on the internet. |
| Service Provider: Education focused for-profit enterprises (SMEs, start-ups, social enterprises) | <ul style="list-style-type: none"> ● Focus: Providing education solutions to their target beneficiaries (in most cases, students) through (paying) customers (such as parents, teachers, and schools (both public and private)). ● Technical Capabilities: Often focused on providing solutions that address the specific needs (e.g. learning or capacity gaps) of their target beneficiaries, with significant strength in terms of digital technologies and innovative learning acquisition channels. Depending on the size and level of professionalism of the company, they may or may not have education experts on staff or empirical data proving the impact of their intervention, and may or may not have scaled to more than one market. ● Financial Resources: Financial resources are often limited, with revenues being a mix of customer payments, grants, and impact investments until the company reaches profitability/ financial self-sufficiency via customer payments. However, profitability is often very difficult to reach due to complications in monetizing education interventions and the complexity of developing country markets. ● Public sector track record: Variable depending on intervention technology and context. |

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- **Value to SDC:** Education-focused social enterprises and SMEs can provide innovative education tools (mostly commonly technologies, but also other resources and approaches) that can be incorporated into SDC projects taking place within public schools or with displaced learners.
 - **Interest in SDC Collaboration:** Likely high, but would depend on the level of financial and non-financial resources the company would have to provide. Additionally, there may be some concern that working with a donor agency such as SDC may result in “mission drift” away from its core activities.
 - **Risks / challenges:** As with working with any individual organization, there can be significant execution risk - proper due diligence should be done on any of these partners, including the reliability of the other funding sources that would compliment SDC financing. Further, SDC should be aware of how a collaboration could potentially benefit the partner over the long-term and ensure that costs, risks, and benefits are split in an equal manner.
 - **Example:** [Eneza Education](#), a Kenyan social enterprise, which has an online / offline mobile (i.e. feature phone) based learning application for primary/secondary school students, linked to the national curriculum. The platform is used to reinforce students’ school-based learning and prepare them for national examinations. It is also used in refugee camps to provide education access to displaced children/ youth who are unable to attend school.
-

Service Provider:
Education focused non-profit social enterprises

- **Focus:** Providing education interventions for target beneficiaries, who are often under-privileged or under-resourced, such as: students that have been excluded from the formal school system, students that have low learning outcomes despite schooling, underqualified public-sector teachers in need of training, etc.
 - **Technical Capabilities:** Often focused on providing products and / or services that address the specific learning / capacity gaps of their target beneficiaries. Depending on the size and level of professionalism of the organization, they may or may not have empirical data proving the impact of their intervention and may have scaled to other markets.
 - **Financial Resources:** Financial resources are often limited, with grant-financed programs not always covering overhead costs. Fees for services are sometimes part of the revenue-generation model.
 - **Public sector track record:** Vast, as grants from donors (both public sector and private donors) are their main source of revenues.
 - **Value to SDC:** These organizations could serve as potential partners when working with public schools / public education systems, especially when the goal is to introduce new technologies into the classroom or train teachers on new pedagogical approaches.
 - **Interest in SDC Collaboration:** High, as grants from donors (both public sector and private donors) are their main source of revenues. However, these organizations would have a low ability to self co-finance, which may limit their suitability to arrangements where another donor can be found to co-fund a multi-stakeholder project.
 - **Risks / challenges:** As with working with any individual organization, there can be significant execution risk - proper due diligence should be done on any of these partners, including the reliability of the other funding sources that would compliment SDC financing.
 - **Example:** [World Reader](#), a non-profit social enterprise that focuses on improving literacy by providing access to local-context, appropriate digital library and reading tools for students, teachers, and communities.
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| | |
|--|--|
| Ecosystem Enablers: Business and donor coalitions | <ul style="list-style-type: none"> ● Focus: Providing financing or in-kind resource to fund education projects (for financing coalitions) or sharing best-practice interventions for potential expansion to new geographies or target populations (for associations). ● Technical Capabilities: Varying, depending on number of members and size / nature of the commitments. ● Financial Resources: Varying, depending on number of members and size / nature of the commitments. ● Public sector track record: Likely high, as these organizations typically contain a substantial number of donor agencies / public sector entities. ● Value to SDC: Provider of best practices in a variety of education sub-sectors as well as potential political discourse alliance partners in specific countries. ● Interest in SDC Collaboration: Likely high, given interest in increasing the volume of resources / experts in the coalition. ● Risks / challenges: There could be considerable challenges in terms of developing long-term collaborations that focus on systemic education challenges (versus immediate, short-term needs). Additionally, the level of commitment and resources from business coalitions could vary over time with leadership changes. ● Example: Business Coalition for Education's REACT Platform, which provides a digital platform for corporations to make financial or in-kind contributions (such as high-speed internet or education technology tools) in support of education in emergency settings. |
| Ecosystem Enablers: Actors of diverse structures and purposes | <ul style="list-style-type: none"> ● Focus: Various, but could include providing financing to ecosystem actors (such as microfinance funds) or encouraging education-related entrepreneurship (such as incubators, accelerators, etc.). ● Technical Capabilities: Varying, often depending if the organization is local or multinational. ● Financial Resources: Varying, often depending if the organization is local or multinational. ● Public sector track record: Varying, but likely limited as its connection with the public education system is often indirect. ● Value to SDC: Varying, but likely limited as its connection with the public education system is often indirect. ● Interest in SDC Collaboration: Varying, but likely limited as its connection with the public education system is often indirect. ● Risks / challenges: Varying upon the type of organization, but given that these actors are typically not fully engaged in the education sector, there could be challenges in terms of identifying areas of shared value and sharing costs and risks in an equal manner. ● Example: BlueOrchard's Regional Finance Facility for Africa (REFFA), a Switzerland-based microfinance fund, which provides capital to microfinance institutions to on-lend to private schools (including kindergartens and TVET schools), families for education costs (including those associated with public-school attendance), and for the creation of education savings accounts. The fund is complemented by a grant-funded Technical Assistance facility. |

Table 7: Typologies of private sector partners

7.4. Annex D: Set of questions to screen the suitability of partners




| Focus | Questions and considerations |
|--|--|
|  Impact Gap | <ul style="list-style-type: none"> ● Could the private sector address this problem itself? Is there a market-based approach to the problem? (Alternatively, could the public sector address the problem itself? Are there any existing public-sector interventions that have shown to be effective in a similar context?) ● Is the private sector an appropriate partner for collaborating to address this education challenge? If yes, why? ● What expertise or support can it provide (other than capital) that is not capable of being provided by public sector actors? Is there a local capacity gap that the private sector can address? ● Would a partnership significantly advance SDC's programmatic priorities? ● Would this partnership be compatible with the interests or priorities of the national/ local education authorities? ● Are there specific impact criteria that a collaboration would attempt to achieve? |
|  Partner | <ul style="list-style-type: none"> ● What is the unique reason for working with this partner? Would a partnership with SDC be strategic? Or a one-off engagement for a particular project? ● What are the shared values between SDC and the partner? ● What are the interests of the partner and what are the constraints? What is their motive for collaborating with SDC on a particular project (i.e. core business, social responsibility, corporate philanthropy, etc.)? ● What would be the role of SDC in collaborating with the partner? What would be the partner's role? ● What is their track record and / or engagement in the education space? ● What are the financial / non-financial resources that the partner is planning to provide? How secure are these resources? Who will manage the project from the private sector's side? Is there enough engagement and commitment to the project from both leadership and on-the-ground staff? ● What are the major risks of the partnership in relation to the counterparty actor? How can these be mitigated? |
|  Solution | <ul style="list-style-type: none"> ● Does the solution meet the most pressing needs, gaps or priorities in the given geography? ● How locally relevant (i.e. does it address a local learning gap) is it or what is its degree of context adaptability (including suitability to low-income or crisis contexts)? Or could it be adapted to be so? ● Does the use case (i.e. in school versus out-of-school, etc.) align with SDC's purposes / needs? ● Is there empirical evidence of intervention impact? To what degree has the evidence been evaluated? ● Are all the costs clear and measured? If so, is it provided on a cost efficient basis? ● Is it potentially scalable to new markets / countries? How would it be scaled if not already available in the geography of interest? ● How does it interact with the broader education ecosystem (e.g. not only individual learners, but schools/ teachers/ systems, etc.) for a sustainable impact? Does it create a parallel system that competes with public sector resources? |

Table 8: Set of questions to screen the suitability of partners.

7.5. Annex E: Descriptions of private sector actors

| Term | Definition |
|--|---|
| Impact investors | Individuals or institutions making investments into companies, organizations, and funds with the intention to generate a measurable, positive social or environmental impact alongside a financial return ³⁶ . Engaging with impact investors allows for catalyzing substantial development-oriented investments with relatively limited SDC resources. In addition, the rapidly growing niche of impact investment has a potentially long-term transformative effect on the financial sector, promoting practices of sustainable and inclusive finance |
| Large companies and multinationals | These companies are for-profit and are usually located in many countries (and thus not limited to higher income regions). Given their size and outreach, they bring in considerable impact potential. Good practices which have been developed within a cooperation with SDC can be widely replicated through the company's network. In addition, this category of private sector partner may become a key player, a promoter and an ally in sectoral initiatives (e.g. to develop new medicines against malaria) or in the development and implementation of new standards aimed at improving the environmental, social and governance (ESG) performance of the private sector |
| Philanthropic (grant-making) foundations | These foundations are usually created by large companies (i.e. corporate foundations) or wealthy entrepreneurs (i.e. private foundations) and are therefore included into the universe of SDC's private sector partners. They can be important partners in providing financial support to certain solutions, in particular in areas where other organizations are not willing to provide financing due to high risks, high transaction costs, etc. |
| Small to medium sized enterprises (SMEs) | These companies share similar characteristics with large companies (such as for-profit, business model set-up or incentives), but given their smaller size their outreach is more limited. At the same time, they are more agile and have faster decision processes. Especially in lower and lower-middle income countries, SMEs are crucial for economic development, as they provide a significant share of job opportunities and tax revenues |
| Social enterprises | Organisations which have social or environmental objectives as their primary purpose. They might be for-profit, non-for-profit or use a hybrid model. Profits of social enterprises are usually reinvested in order to maximise benefits for the society |
| Start-ups | Companies or projects initiated by an entrepreneur to seek, effectively develop and validate a scalable business model. Technically, a start-up has to do with the stage of company growth rather than "type", and could fall under one of the above categories. Start-ups face high uncertainty and do have high rates of failure, but the minority that go on to be successful companies have the potential to become large and influential |

Table 9: Description of private sector actors according to SDC.

³⁶ The GIIN (2019). [Impact Investing](#).

8. Annex II: Country Deep Dives

8.1. Country Deep Dive: Lebanon

8.1.1. Country overview & context

Even before the Syrian refugee crisis, Lebanon's education system was considered weak, which has only been further exacerbated by the combination of two refugee crisis: the protracted situation of the 200'000 Palestinians living in Lebanon, and the 1.2 million Syrians that have been arriving over the past 8 years. Particularly, the education sector has been noted to provide a low quality of education and lack of leadership and coordination from the Ministry for Education and Higher Education (MEHE), noting that a centralized vision for public education did not exist, with the refugee response plan Reach all Children with Education (RACE and then RACE II) essentially serving as the national education sector plan (although this is reportedly beginning to change). Per SDC's own documentation, the role of donors is perceived as being expected to align with and support national strategies and nationally-endorsed programs.



In contrast to Jordan's education sector, the private sector plays a much more prominent role in the provision of basic and secondary education. Approximately 70% of Lebanese students are enrolled in private schools (some of which are "free" or subsidized so families do not bear full tuition costs), versus the public school system which is typically only utilized by families which cannot afford private school. MEHE itself notes that private schools perform better than public schools, per International Mathematics and Science Study (TIMSS) scores and its own studies. While the MEHE adopted an early policy of integrating refugees into the public education system, 58% of Syrian refugees remain out of formal education (with those in formal education mostly in public schools) due to factors of supply and demand. Furthermore, those that do attend public schools are more commonly separated from the Lebanese students due to the use of a "double shift" system, potentially resulting in a long-term impact of social segregation. Palestinian refugees, on the other hand, are often provided with primary and secondary education via the United Nations Relief and Works Agency (UNRWA).³⁷

³⁷ FDFA (2020). Education context: Lebanon; Flanagan, S. (2020). Pre-Study: Elaboration of Concept Note for Education Engagement in Jordan and Lebanon; Global Compact Network Lebanon (2020). [Zooming on SDG Trends in Lebanon](#).

Currently SDC is not supporting a large number of projects in Lebanon (per its public database, its only active project is a contribution to UNRWA's budget)³⁸. Conversations with Lebanon-based SDC staff spoke of an access-focused strategy, with projects (at various stages) including rehabilitating 52 schools in North Lebanon, trying to strengthen linkages between formal and informal education services, and promoting income generating activities in TVET.

8.1.2. Private sector actors in BELL landscape

Other than references to private schools, RACE makes no other mention (nor provides policy standards or guidelines) regarding the role of the private sector in education provision in Lebanon. That said, there seems to be a fair amount of private sector support for the education sector from different partner types (especially start-ups), as well as multinational and local corporations through CSR activities. Some private sector actors in the education space include:

| Partner Type | Organizations Identified |
|--|--|
| Foundation implementers | <ul style="list-style-type: none"> • Breteau Foundation – Provides fully loaded education tablets to non-profits and schools • Legatum Foundation (via the Luminos Fund) – Operates the Second Chance program to reintegrate out-of-school children into the formal school system |
| Impact investors | <ul style="list-style-type: none"> • UBS Optimus Foundation – Provides support to Legatum Foundation's Second Chance program |
| Education focused for-profit enterprises | <ul style="list-style-type: none"> • Tabshoura / Lebanese Alternative Learning – Provides a free multilingual e-platform that offers digital support for academic programs in Arabic, English, French • Kamkalima – Provides digital content in Arabic that is aligned with national and international curricula • Cherpa – Provides an online platform for K-12 tech classes • The Litte Engineer – Provides curriculum development and enrichment focused on engineering • Synkers – App to find qualified private tutors |
| Education focused non-profit enterprises | <ul style="list-style-type: none"> • Thaki – Pre-loaded educational content on tablets to provide informal learning opportunities to under-resourced refugees of school age |
| Business / donor coalitions | <ul style="list-style-type: none"> • Global Business Coalition for Education – Has business partnerships under its umbrella that focus on education |

Table 10: Selected private sector actors in BELL in Lebanon.

Additionally, noting the traditional role of CSR in funding education projects within the local Lebanese context, there are a certain number of non-education focused multinational and local corporations that are providing project support in the education sector.

³⁸ SDC (2020). [Project Database](#).

| Partner Type | Organizations Identified |
|--|---|
| Non-education focused multinational / local corporations | <ul style="list-style-type: none"> • Nestle – Supports a nutrition education program with MEHE • Blom Bank – Rooting support for education in its sustainability strategy, Blom supports a variety of K-12 and higher education projects • eEco-Solutions – Supports education through its Green Schools Certification process |

Table 11: Non-education focused multinational and local corporations in Lebanon that are providing project support in the education sector.

8.1.3. Recommendations / ideas for PSE projects

As in all cases, there are multiple entry points for PSE in a given country or education system. Starting with an impact gap analysis per Section 3.3, it is noteworthy that in the Lebanese context there is a large out-of-school population for Syrian refugees and (per the SDC Education Domain Concept Note dated February 2019) there is only one MEHE / RACE-regulated Accelerated Learning Program (ALP) in Lebanon (currently being implemented by UNICEF)³⁹. Cross-referencing this impact gap with the Partner Database, we find multiple potential partners that address out-of-school children, including those that focus on providing informal education (e.g. [Eneza Education](#), among others) as well as those that implement “bridging classes” or “speed schools” (e.g. [Legatum Foundation](#)’s Luminos Fund, among others).

Once SDC has completed a short-list of potential partners that focus on this impact gap, it can consider the value of the private sector in this context (for example, a more efficient delivery of services) and how it would like to engage with a given partner. Multiple partnership formats are available; for example, SDC may want to use a multi-stakeholder partnership or SIINC to finance the expansion of a model that is already operating successfully on the ground or engage in a single partner model to adjust an organization’s education solution to best fit the local context. Depending on the type of partnership created, SDC’s value may be in making introductions to regulatory authorities for ALP certification or by identifying regions or population segments with the highest out-of-school populations.

There could be numerous risks and challenges for such partnerships, and SDC should expect that developing a partnership that is financially and operationally sustainable will require a significant commitment from all parties, as well as (potentially) financial commitments from other interested parties (donors, invested, outcomes payers, etc.).

³⁹ MEHE (2014). [Reach all Children with Education](#).

8.2. Country Deep Dive: Jordan

8.2.1. Country overview & context

Jordan has achieved nearly universal access to primary education for its 1.3 million students of primary school age, at near gender parity. These enrollment figures drop significantly for secondary school, however, with the 2017 gross enrollment ratio of 60%. Furthermore, learning outcomes remain low for both basic and secondary education, with 70% of students in Grades 2 and 3 failing tests of reading comprehension and the country's generally poor performance in international mathematics and science tests. 41% of schools are operated by private providers, indicating a significant



role of the private sector in education provision. Similar to Lebanon, the refugee crisis has exacerbated structural challenges of the Jordanian education system. Also, like Lebanon, the Jordanian government welcomed school-aged Syrian refugees into the public education system, but also ultimately had to institute double-shifts, which has resulted in over-crowding and increased pressure on the education infrastructure that has negatively impacted education quality. Specifically, there were 233'000 school-aged refugees in the last academic year, of which 134'000 were enrolled in public school, 29'300 participated in certified non-formal education, and 73'000 children presumably received no formal or non-formal education support.⁴⁰

In its own words, the Jordanian response plan to the Syrian crisis in regards to the education sector (which, per SDC, is still in draft form⁴¹) notes that the taxed education system is in the process of transition from humanitarian refugee response to longer-term support, which it is doing through the accelerated operationalization of the [Education Strategic Plan for 2018-2022](#) with the support of the donor community. Despite some recent achievements, the plan references specific vulnerabilities in areas with higher refugee populations (Amman, Irbid, Mafrqa, and Zarqa) and that refugees (both those living in camps and outside of camps) perform below the national average. Furthermore, systemic issues that impact refugees and Jordanian students alike include an insufficient number and poorly trained teachers, an outdated curriculum and pedagogy, and poor learning environments. All of this compounds into negative

⁴⁰. UNICEF (2020). [Education in Jordan. The Challenge](#). Government of Jordan (2016). [EDUCATION FOR PROSPERITY: DELIVERING RESULTS. A National Strategy for Human Resource Development. 2016 – 2025](#); World Bank (2016). [Hashemite Kingdom of Jordan Education Sector Public Expenditure Review](#).

⁴¹ Government of Jordan (2019). Jordan Response Plan for the Syrian Crisis.

impacts for refugees, such as lower passing rates (when compared to Jordanian counter-parts) and increased out of pocket education expenses for refugee families.

Both the [Education Strategic Plan for 2018-2022](#) and [National Strategy for Human Resource Development 2016-2025](#) mention the potential role of the private sector in partnerships for the construction of kindergartens and the development of different technologies - specifically an e-learning management system, digital content, and digital infrastructure.

For its part, SDC's work in the country has focused on strengthening the local school development process, in particular on issues linked to extra-curricular activities and a safe and inclusive learning environment, increasing the capacity of the education ministry to manage decentralization, and engaging in advocacy and policy dialogue to inform evidence-based policy and the ownership of the Ministry of Education toward the decentralization process. Additional active projects (per SDC's online database) include support to Relief International in remedial education and for a certified drop-out programme for out-of-school children and (as with Lebanon) support for UNRWA.

8.2.2. Private sector actors in BELL landscape

More than in other markets, Jordan's private sector engagement in education seems to be marked by public-private-partnerships (PPPs) most notably in ICT in education, for both the public education system as well as within the context of the refugee crisis.

| Partner Type | Organizations Identified |
|--|--|
| Foundation implementers | <ul style="list-style-type: none"> • Queen Rania Teacher Academy – Provides professional development for teachers, combining online and face-to-face training |
| Education or technology-focused multinational corporations | <ul style="list-style-type: none"> • Google.org – Is a member of a PPP with UNHCR, JOHAD, Care, Learning Equality, and others for the Connected Learning Hub which are learning centers that provide offline educational platforms for different educational levels |
| Education focused for-profit enterprises | <ul style="list-style-type: none"> • Little Thinking Minds – Provides apps that focus on literacy (leveled, Arabic language books), test prep apps, and teacher pedagogy programs • Tabshoura / Lebanese Alternative Learning – Provides a free multilingual e-platform that offers digital support for academic programs in Arabic, English, and French • Kamkalima – Provides digital content in Arabic that is aligned with national and international curricula • Lamsa – Subscription-based learning and entertainment platform for kids 2-8 years • Edraak – A massive open online course platform offering original Arabic online courses to further enrich Arab education |

| | |
|--|--|
| Education focused non-profit enterprises | <ul style="list-style-type: none"> • Barefoot College – Community-based models for children out of school, or transitioning back to school (usually involved in agricultural/ other family responsibilities) • World Reader – Provides digital reading materials (hardware and software) that focus on literacy across different life stages |
|--|--|

Table 12: Selected private sector actors in BELL in Jordan.

Per conversations with SDC, local corporations that are involved in either PPPs or CSR support to education projects, these are included (by sector) in the table below:

| Partner Type | Organizations Identified |
|--|---|
| Non-education focused multinational / local corporations | <ul style="list-style-type: none"> • Banks: Etihad, Ahli, Arab, Housing, Bank of Jordan, ABC, Societe Generale, Bank de Jordanie, Capital, CITI • Insurance companies: Nat Health, GIG • Telecommunications: Zain, Orange, • Pharmaceutical: Hikma, Pharmacy One • Industrial: Manaseer Group, Potash, Bromine • Consumer Goods: Nestle |

Table 13: Non-education focused multinational and local corporations in Jordan that are providing project support in the education sector.

Finally, there are a high number of PPPs in the TVET sector – while TVET is not a focus of this report, some of these organizations include Injaz, a non-profit that tries to close the skills gap between the education and the labor market, and Luminus Education, the largest provider of TVET education in Jordan, including to refugees.

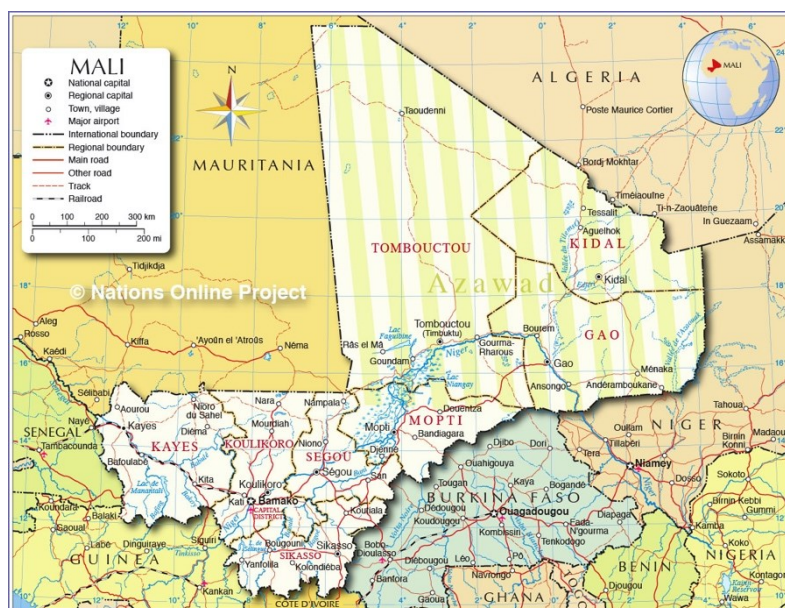
8.2.3. Recommendations / ideas for PSE projects

Given the similar challenges and impact gaps between the Lebanese and Jordanian education systems, it is recommended that SDC follow the recommendations provided for Lebanon, to the degree that those align with its country strategy. In addition, noting the commentary regarding increased out-of-pocket costs for education for refugee families, SDC may wish to explore potential collaborations using an ecosystem approach, which could include microfinance banks (or other organizations that provide financial support to refugee families) via a single partner project to develop education-focused financial services.

8.3. Country Deep Dive: Mali

8.3.1. Country overview & context

Like many other developing countries, in the early 2000s, Mali undertook to achieve the Millennium Development Goal 2: Achieving Universal Primary Education by 2015. As such, the country achieved very impressive gains in enrollment, including an increase from 57% in 2000 to 77% in 2016 for primary education, from 21.5% to 54.2% for lower secondary, and from 7.4% to 17.7% in upper secondary (noting that girls have



lower access rates than boys at all stages but pre-primary school).⁴² At the same time, also similar to other countries that made real gains in enrollment numbers, Mali also saw a decline in education performance as classrooms became over-crowded and resources were diverted from teacher training towards infrastructure. Among children that do attend school, the absence of qualified teachers, lack of textbooks, and low-quality school environment all adversely affect learning outcomes resulting in the fact that the vast majority of students in fifth grade in Mali are not able to master basic mathematics and reading skills⁴³. For example, per the country's 2015 national assessment, only 41% and 38% of second grade students showed satisfactory comprehension in reading and math, respectively, and only 48% and 31% of six graders showing comprehension in French and math, respectively⁴⁴.

Reasons for this poor performance are variable, but include the continual political and security crisis, a large number of school-aged children (and a continuing demographic bulge of school-aged children), and constrained government resources. The Malian government – per its part – has made education one of its top priorities, spending approximately USD 504 million in 2017 and an average of 4.8% of its GDP since 2010. Additionally, it has crafted a 10 year plan for 2019-2028 (the Programme Decennal de Développement de l'Éducation Deuxième Génération (PRODEC II)) which focuses on education sector reform and improving quality. The level of funding required is higher than the Malian government's resources, but this plan has seemed to gain support from the donor community. Despite this progress, Mali remains as the country with the lowest education indicators in the region, punctuated particularly by low levels of access (especially for girls and marginalized populations), insufficient level of teachers and poor teacher

⁴² To note, there is a substantial number of students that do attend private schools (although public school is free), with 35% of primary school students attending a private school.

⁴³ UNICEF (2020). [Education in Mali. The Challenge](#);

⁴⁴ BSI Economics (2015). [Education privée, l'avenir pour les pays en développement?](#)

training, low literacy and numeracy outcomes (exacerbated by poor French literacy which spillover into difficulties in learning other subjects), and overall weak governance.

In response to this, many donors support large-scale projects that focus on increasing access to quality basic education, improving early-grade reading outcomes, strengthening the technical and pedagogical capacity of the education system, increasing resources for teacher training (including peer to peer models), strengthening administrative capacity of the education ministries, and supporting the capacity of school management committees, among other activities⁴⁵. SDC for its part has supported a variety of different activities historically, and is currently providing support for the decentralization of the education system in Mopti, Tombouctou, and Sikasso⁴⁶.

8.3.2. Private sector actors in BELL landscape

Unfortunately, but similar to other parts of Francophone West Africa without strong entrepreneurial ecosystems, there seems to be limited interaction between the private sector and the education sector. Per conversations with SDC (and expectedly so) local companies do play a role in providing products and services to the education ministry (for examples, textbooks and workbooks) as well as could bid to provide services for future projects (such as a tech-based teacher training program that is currently under consideration). Additionally, there are some NGOs that provide “bridge” and “speed” schools (in addition to communities that provide “mobile” school for pastoral communities). Finally, in the adult literacy sector, it seems that services are provided by the government, local NGOs, and – in certain cases – local companies (with the pedagogy being provided by the government). However, given the relatively small size of these companies, they are difficult to identify via desk research and thus it is suggested that a more thorough country-specific mapping is completed via the recommendations in Section 6.

Interestingly, per conversations with SDC, the Malian government has been having ongoing conversations with the private sector regarding the re-instatement of a business tax to support education. While such a tax would only focus on the “Finance” lens of the education impact lenses, it could go a long way in developing a concrete business case for corporate support of education.

| Partner Type | Organizations Identified |
|--|---|
| Education or technology-focused multinational corporations | <ul style="list-style-type: none"> • Foundation Orange – Provides digital “kits” for 50 schools under its Ecole Numerique program (with support of the education ministry) |
| Business / donor coalitions | <ul style="list-style-type: none"> • All Children Reading – Within Mali, this program focuses on providing training to teachers in order to improve reading instruction |

Table 14: Selected private sector actors in BELL in Mali.

⁴⁵ See for example Global Partnership for Education (2020). [Where We Work](#); USAID Mali (2019). [Education Program Overview](#) or World Bank (2019). [Mali Education Quality for Improved Learning Project](#).

⁴⁶ SDC (2020). [Project Database](#).

In addition, some large national companies (such as a local mining company) provide CSR donations to schools, most often in support of infrastructure support (for example, assistance with water or sanitation issues).

| Partner Type | Organizations Identified |
|--|--|
| Non-education focused multinational / local corporations | <ul style="list-style-type: none"> • Robex - While the details are vague, it seems that the company's CSR program focuses on a community development plan that includes healthcare and education (including adult literacy) |

Table 15: Non-education focused local company in Mali that are providing project support in the education sector.

8.3.3. Recommendations / ideas for PSE projects

Noting the obvious impact gap of low rates of literacy and numeracy and poor levels of teacher training and the fairly low level of private sector actors operating on the ground, SDC may want to consider both supporting actors already on the ground that focus on this impact gap (i.e. All Children Learning) and working with other partners with effective solutions to introduce their programs into the Malian context. Taking teacher training as a single example, potential partners (across a variety of partner types) included in the Partner Database that focus on teacher training include the [Google.org](#), [Varkey Foundation](#), [Barefoot College](#), [Guru G](#), and [Chipper Sage](#), among others. That said, some partner types are more fit to the Malian context than others (most notably the likely difficulty that smaller for-profit social enterprises such as Guru G and Chipper Sage may have in entering a new market without significant support. Thus – when focusing on partners such as Google.org, Varkey Foundation, and Barefoot College – SDC may want to consider single or multi-stakeholder projects that could include a consortium of different other funders. Similar to solutions in the refugee context, these partners will also need to adapt their curriculum and operations for a Francophone Sub-Saharan environment, which could be one phase of a collaboration that goes on to focus on scale-up in later years.

Finally, the fairly low level of private sector engagement may indicate the need for an ecosystem approach, which could include supporting international / local accelerators via a single partner project to incubate education-focused enterprises or work with more established actors in the Malian private sector (i.e. large employers like Robex) in a political discourse alliance with the ministry of education regarding long-term reforms that can help improve the level of education of Mali's future workforce.

All of these potential projects would have risks and challenges (especially those that require adoption of a model) and thus SDC should place a special emphasis on vetting any partner's commitment to the project and ultimate reason for wanting to work in Mali (outside of SDC support) when considering collaborations.

9. Appendix III: Partner Database

10. Glossary

| Term | Definition |
|---|--|
| Basic education | Primary and secondary-level formal education as well as non-formal and alternative education programmes designed to respond to the particular learning needs of people of all ages |
| Financing facility | A structure that has been set up to provide financing for a specific purpose |
| Guarantee | A promise to take responsibility for another organization's financial obligation if that organization cannot meet its payment obligation |
| Impact bond (also known as social and development impact bonds) | Impact bonds are a tool included under the umbrella terms of results-based financing, which focuses on paying organizations for the measured achievement of social outcomes (versus completing activities) |
| Impact investment fund | A structure that has been set up to make impact investments |
| Investment fund | A structure that has been set up to make investments in for-profit companies |
| Microfinance fund | A structure that has been set up to increase the amount of funding available to microfinance institutions |
| Microfinance institution | An organization that provides financial services to low income people, micro-entrepreneurs, and SMEs |
| Outcomes funder | In results-based financing, the outcomes funder helps to define the outcomes (i.e. impact) and ultimately pays for them if the outcomes are achieved |
| Results-based finance (also known as results-based payments) | Contracts that focus on paying organizations for the measured achievement of social outcomes (versus completing activities) |
| Technical assistance (TA) | Technical assistance is non-financial assistance provided by experts, and can be provided in the form of information and expertise, instruction, skills training, and consulting services |