

PRIVATE SECTOR PEER LEARNING: MECHANISM PROFILES

Private Sector Collaboration “Sector Approach”, Swedish International Development Cooperation Agency

Description: The Swedish International Development Cooperation Agency’s private sector collaboration “sector approach” refers to a strategy involving the combination of different private sector collaboration modalities, the use of which have been decentralised to regional departments and embassies, to create strong synergies that support a specific sector in a developing country. The Swedish International Development Cooperation Agency has applied the approach to advance entrepreneurship and productive employment in Zambia by funding a portfolio of seven projects, including: three public-private development partnerships, two Making Markets Work for the Poor (M4P) initiatives, a guarantee instrument, and a drivers of change project. The strategy was initiated by the Embassy of Sweden in Lusaka to achieve the goals outlined in the “Results strategy for Sweden’s international development cooperation in Zambia 2013 – 2017”.

Development Assistance Committee member: Sweden

Duration: Ongoing since 2013

Budget: SEK 1 020 million
(approximately USD 120 million)

Geographic focus: Zambia

Sectoral focus: Entrepreneurship and employment

Offered: Mix of private sector engagement modalities

Objectives: The objective of the sector approach is the development of entrepreneurship and productive employment in Zambia through the combination of projects with different private sector collaboration modalities.

Partners: The **Agri Guarantee** aims to improve access to affordable credit for small and medium-sized enterprises in the agricultural sector through a guarantee implemented by the United States Agency for International Development and Zambia National Commercial Bank, commonly known as Zanaco, to reduce the perceived risks associated with lending to this target group and encourage the testing of new business models.

Decent Jobs for Youth and Improved Food Security is a M4P programme that aims to create decent work for youth through the support for rural micro, small and medium-sized enterprises. Implemented by the International Labour Organization in partnership with the Food and Agriculture Organisation, the project aims to improve the financial performance of 5 000 rural and peri urban enterprises and boost soybean production.

Musika’s Making Agricultural Markets Work for Zambia programme is a M4P programme that aims to reduce rural poverty by integrating smallholder farmers into better functioning markets and thereby improving their incomes and creating productive employment. Musika, a non-profit Zambian company that supports private investment in smallholder agriculture, works with a market systems approach and its objective is to realise increased incomes for 270 000 smallholder farmers by 2017. To date, it has collaborated with 40 agricultural companies in Zambia. Musika is affiliated with the Zambia National Farmers Union.

The **Scaling Up Farm Business Advisers in Zambia** project, implemented by iDE, a non-governmental organisation that works on creating income and livelihood opportunities for poor rural households, aims to improve the commercial capacities of smallholder farmers by building on and expanding the iDE Farm Business Adviser model in Zambia. The Farm Business Adviser model is an initiative based on a network of independent micro-entrepreneurs – small farm business advisers – who provide agricultural support services to develop input supply chains for smallholders, improve linkages to credit markets for farmers, create diversification opportunities for smallholder farmers and create linkages between smallholder farmers and sustainable output markets. Partners include IDinsight, a private consultancy.

Vocational training for truck mechanics is a public-private development partnership that aims to increase job opportunities and improve the general level of education for heavy equipment mechanics and technicians through the development of a maintenance training programme delivered by the local Northern Technical College. The programme aims to train 140 students every year. Partners include the United Nations Development Programme and Volvo, a private company.

The **Zambia Business in Development Facility** is a public-private development partnerships that aims to systematically support, catalyse and scale cross-sector partnerships in order to channel private sector resources to contribute to the achievement of development goals in addition to business benefits. It includes the Partnering Initiative as a partner.

The **Zambia Pilot School Milk Programme**, a completed public-private development partnership, aimed to test a model for school milk delivery that could be used by the Zambian government on a national scale to improve school enrolment and results, child nutrition, and the productivity of dairy farmers. Partners included five ministries (e.g. the Zambian Ministry of Agriculture and Livestock), the United Nations World Food Programme and Tetra Pak, a private company.

Monitoring and evaluation: Each project appears to be monitored and evaluated on its own.

Results:

- The Agri Guarantee has been in place for three years. The Swedish International Development Cooperation Agency observed that Zanaco has used the guarantee to provide loans to intermediaries that can reach out to smallholder farmers and small agricultural businesses. Hence, Zanaco does not take on all risks itself.
- It is also too early to assess the results of the Decent Jobs through Youth and Improved Food Security, Zambia Business in Development Facility and vocational training for mechanics.
- Musika's programme is estimated to contribute 270 000 productive jobs in the agricultural sector through co-operation with 42 private companies.
- The iDE Scaling Up Farm Business Advisers in Zambia project reached 11 800 farm enterprises – out of an annual target of 16 000 – through farm business advisers during its first year. Progress on building commercial relations between advisers and smallholder farmers has been slower than hoped. It is too early to assess the increased commercial capacity (increased incomes) of farmers.
- An evaluation of the Zambia Pilot School Milk Programme highlighted its positive impact on school enrolment, the number of students staying in school, school results, the incomes and productivity of dairy farmers, and collaboration between key partners. It also highlighted important shortcomings, such as in milk production and storage and the lack of a legal framework for the programme, as well as sustainability and ownership issues.

Insights: Two elements of innovation are the use and mix (i.e. hybridisation) of different modalities of private sector engagement to create synergies and reinforce one another in order to boost entrepreneurship and employment in rural areas.

The development and implementation of the sector approach in Zambia has been rooted in the use of practical tools and a significant amount of analysis. The team at the Embassy of Sweden in Lusaka developed a robust theory of change for result areas, grounded in political economy analysis, a market systems approach and the Donor Committee for Enterprise Development Standard for Results Measurement. It adopted an iterative approach that has allowed for flexibility in implementation. The success of the sector approach can also be attributed to efforts to build capacity at the embassy level to work with the private sector, including through training and workshops.

SOURCES:

DCED (n.d.), "Measuring results & the DCED Standard", www.enterprise-development.org/measuring-results-the-dced-standard (accessed 1 July 2016).

Gilbert, J. (7 May 2014), "Zambia Business in Development Facility is recruiting", <http://thepartneringinitiative.org/news-and-views>.

Ministry for Foreign Affairs, Sweden (2015), "Results strategy for Sweden's international development cooperation in Zambia 2013 – 2017", Government Offices of Sweden, Stockholm, www.government.se/country-and-regional-strategies/2013/07/results-strategy-for-swedens-international-development-cooperation-in-zambia-2013---2017.

Sida (n.d.), "Openaid.se", <http://openaid.se/aid/2015> (accessed 1 July 2016); United Nations Zambia (n.d.), "UN joint programme on decent jobs for youth and improved food security" (fact sheet), www.zm.one.un.org/node/102 (accessed 1 July 2016).

Volvo (25 March 2015), "Volvo to train service technicians in Zambia", <http://news.volvogroup.com/2015/03/25/volvo-to-train-service-technicians-in-zambia>.

Volvo Group Global (21 March 2015), "Volvo to train service technicians in Zambia" (press release), www.volvogroup.com/group/global/en-gb/_layouts/CWP.Internet.VolvoCom/NewsItem.aspx?News.ItemId=149639.

ZBIDF (n.d.), Zambia Business in Development Facility website, <http://zbidf.org> (accessed 1 July 2016).