

## PRIVATE SECTOR ENGAGEMENT MANUAL

Guidance for HELVETAS staff on how to engage with private sector partners for development impact



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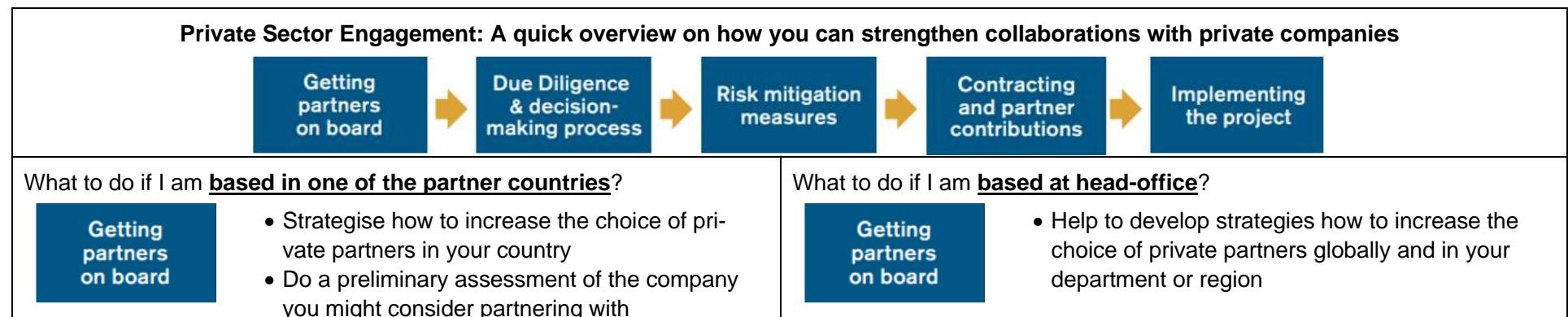
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## 0. Executive Summary

**Is this paper for me?** If you are working for HELVETAS, at head-office or in the partner countries, and you may at some point engage with the private sector then this paper is for you.

**What is it about?** This paper provides detailed information on how to strengthen collaborations with private companies. In Private Sector Engagement we aim to collaborate with the private sector in order to increase benefits of our interventions for our target group (e.g. young women and men). With this paper we try to help you make this a success, by answering questions such as: how do I establish contacts with private companies? How do we develop a shared vision? How do I conduct a preliminary assessment? How do I manage the Due Diligence process? How do I mitigate risks? And much more.

**How should I use this document?** As a first step have a look at the table below to see what actions have to be taken at head-office and in the partner countries when you are involved in Private Sector Engagement: You will see that the first two actions are slightly different in the partner countries and at head-office. As a second step take a few minutes (no joke, it's just a few minutes) to read the first two chapters of the manual to see how you can prepare yourself for a potential partnership with a private company. At this stage it is also helpful to have a first quick look at the chapter on Due Diligence, as this is a core process that needs to be managed carefully when developing a partnership. Once you have decided that you want to further formalise the relation with a private company and turn it into a partnership you should consult the remaining chapters of the manual, as per your need. You are of course welcome to read the entire manual immediately (it's very rich!), but who has the time...?



<p><b>Due Diligence &amp; decision-making process</b></p>	<ul style="list-style-type: none"> <li>• Develop a shared vision</li> </ul>		<ul style="list-style-type: none"> <li>• Do a preliminary assessment of the company you consider partnering with – at HQ this usually includes a RepRisk analysis and a LexisNexis WorldCompliance analysis</li> </ul>
<p><b>Risk mitigation measures</b></p>	<ul style="list-style-type: none"> <li>• Decide how to assess your potential partner (see decision tree on page 18 and the case example from ENSSURE project below): Partner Appraisal, self-declaration, Due Diligence (managed at country level or, in case of consortium partner or formal subcontractor, via HQ)</li> </ul>	<p><b>Due Diligence &amp; decision-making process</b></p>	<ul style="list-style-type: none"> <li>• Develop a shared vision</li> </ul>
<p><b>Contracting and partner contributions</b></p>	<ul style="list-style-type: none"> <li>• Conduct a Due Diligence process at country level using the company assessment tool</li> </ul>	<p><b>Risk mitigation measures</b></p>	<ul style="list-style-type: none"> <li>• Decide how to assess your potential partner (see decision tree on page 18): self-declaration, donation contract, Multi Stakeholder Initiative (MSI) Assessment, Due Diligence (at HQ level)</li> </ul>
<p><b>Implementing the project</b></p>	<ul style="list-style-type: none"> <li>• Identify and implement Risk Mitigation Measures to ensure the partnership turns into a success</li> </ul>	<p><b>Contracting and partner contributions</b></p>	<ul style="list-style-type: none"> <li>• Conduct a Due Diligence process under the lead of the Acquisition Desk: using the company assessment tool possibly with the Human Rights plugin</li> </ul>
	<ul style="list-style-type: none"> <li>• Use the contracting process to discuss and define clear roles and responsibilities, deliverables, paying special attention to partner contributions and steering processes</li> </ul>	<p><b>Risk mitigation measures</b></p>	<ul style="list-style-type: none"> <li>• Identify and implement Risk Mitigation Measures to ensure the partnership turns into a success</li> </ul>
	<ul style="list-style-type: none"> <li>• Learn how private companies may have different experiences and expectations regarding partnerships: how can these be managed successfully, using project management processes such as monitoring and Knowledge Management</li> </ul>	<p><b>Contracting and partner contributions</b></p>	<ul style="list-style-type: none"> <li>• Use the contracting process to discuss and define clear roles and responsibilities, deliverables, paying special attention to partner contributions and steering processes</li> </ul>
		<p><b>Implementing the project</b></p>	<ul style="list-style-type: none"> <li>• Learn how private companies may have different experiences and expectations regarding partnerships: how can these be managed successfully, using project management processes such as monitoring and Knowledge Management</li> </ul>

**Where do I find more information on PSE?** On the Pamoja site “[Collaboration space: Private Sector Engagement](#)” you will find the latest information on PSE, including templates, contact details, PSE examples, and other relevant information that is updated regularly.

### Case example ENSSURE project Nepal (PSE in a partner country)

The ENSSURE project is a Technical Vocational Education and Training (TVET) project with a broad engagement of the private sector of around 800 companies that are offering young Nepalese opportunities to get into the job market. The shared vision to which the companies and HELVETAS contribute is to increase the employability of Nepales youth.

(a) The large majority of the partners are micro- and small enterprises with (significantly) less than 50 employees. In this case, the micro- and small enterprises only need to fill out the **self-declaration form**, since a Due Diligence process is not required for such small companies (see decision tree on page 18). The **preliminary assessment and formulation of a shared vision** should still be done, as they are required for all partners.

(b) However, the ENSSURE project is increasingly collaborating with larger companies; so if these businesses have more than 50 personnel or a turnover of more than 1 million USD then a **Due Diligence** will be required (handled at country level).

(c) Finally, the project also has partnerships with business associations, including the Chamber of Industries Morang. This is a not-for-profit organisation that is implementing important project activities based on a signed Memorandum of Understanding (MoU). However, they are not a formally subcontracted partner and in that case the **Partner Appraisal** is applicable. If they had been presented as a formal subcontracted partner to the donor then the Due Diligence process would have been handled by the Acquisition Desk at head-office.

## List of Abbreviations

AD	Acquisition Desk
AS	Advisory Services
CD	Country Directors
CRM	Client/Donor Relationships Management
CSR	Corporate Social Responsibility
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DD	Due Diligence
DDAC	Due Diligence Assessment Committee
ESG	Environmental, Social, Governance (safeguards)
F2F	Face-to-Face
HO / HQ	Head-Office / Head Quarter
HR	Human Rights
ICT	Information and Communication Technologies
IP	International Programmes
KM	Knowledge Management
MC	Marketing & Communications
MoU	Memorandum of Understanding
MSI	Multi-Stakeholder Initiative
MSME	Micro, Small and Medium Enterprise
OECD	Organisation for Economic Co-operation and Development
PCM	Project Cycle Management
PS	Private Sector
PSD	Private Sector Development
PSE	Private Sector Engagement
RC	Regional Coordinator
SDC	Swiss Development Cooperation
SDG	Sustainable Development Goals
SME	Small and Medium Enterprise
SECO	State Secretary for Economic Affairs
TNC	Transnational Corporation
TVET	Technical Vocational Education and Training



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## 1. Introduction

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### Purpose of this paper

The purpose of this manual is to provide people working for HELVETAS with guidance on how they can establish and strengthen collaborations with the private sector in a successful and trustful manner always with the aim to foster sustainable development. The guidance, instructions, case examples and tools aim to support staff with establishing solid partnerships with private companies more easily. This manual is written for all HELVETAS staff in the country offices and at head-office who may at some point during their work engage with the private sector.

### Guidance – how to use this document?

In this manual we describe processes that are important when engaging with the private sector, including: how to get private partners on board, how to manage the Due Diligence process, how to mitigate risks, how to manage contracts and partner contributions and how to implement the collaboration. Each of these processes has its own chapter in this manual. The processes are described in detail and where possible illustrated with graphic aids and case examples. Relevant tools and complementary documents are included in the annex and/or referenced with hyperlinks.

### Private Sector Engagement – a definition

Private Sector Engagement (PSE) is an activity in which private sector actors participate to jointly reach development results. In this activity private partners refer to organisations that engage in profit seeking activities and have a majority private ownership. This can be either transnational or substantial domestic companies that are ready to invest in a development undertaking (adapted from OECD<sup>1</sup>). At HELVETAS we have gained experiences with different **forms of PSE collaboration**.

These include:

- The private sector led initiatives: the private company is in the driving seat, by implementing and funding the initiative (project owner). HELVETAS has an advisory role.
- Joint initiatives (this is the most common form): HELVETAS and a private company jointly implement a project.
- CSR (Corporate Social Responsibility) projects: The CSR department of a company initiates and funds the project. HELVETAS is an implementing partner.
- Private Sector Funding: A private company or foundation of a private company offers HELVETAS a donation to sponsor specified or unspecified project activities<sup>2</sup>
- Sponsoring: A private company sponsors some of HELVETAS' communication or marketing. Sponsorship is a business relationship with reciprocal services (i.e. funding vs. communication) that are subject to VAT in Switzerland.
- Provision of services: private companies seek technical assistance from HELVETAS
- MSI (Multi-Stakeholder Initiatives/Platforms): In MSIs HELVETAS may adopt a more technical responsibility, take part in the governing board or engage for advocacy purposes.

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<sup>1</sup> OECD, 2016, Private Sector Engagement for Sustainable Development: lessons learned from the DAC

<sup>2</sup> Corporate Foundations are foundations that are entirely or mainly financed by a specific corporate company and that are controlled by the company. Thus, they are considered to be part of the company even if the foundation itself is non-for profit.



In 2022 HELVETAS took stock of its ongoing collaborations with private sector partners. It revealed that HELVETAS had around 40 ongoing projects covering mainly agricultural value chains and vocational skills development in which private sector partners engage. In 2022 a box on PSE was added to the Project Progress Sheet for annual reporting. As a result, information about projects that include private sector engagements will be updated annually and available electronically. It is foreseen that in the near future this information will be available on the project dashboard on Pamoja. HELVETAS' experiences with private sector engagement are predominantly around "**project partnerships**" and less in the area of finance instruments such as impact investments<sup>3</sup>. For this reason, this manual concentrates on project partnerships. See also the table below for more information about the various forms of PSE and what are possible roles of HELVETAS, funding arrangements and examples.

In the development sector there is some confusion about the terms PSD (Private Sector Development) and PSE (Private Sector Engagement). By PSD we mean "Development **of** the private sector", whereas PSE refers to "Engagement **with** the private sector". In other words, in PSD the private sector, typically Micro, Small and Medium Enterprises are the target group. While in PSE, we aim to collaborate with private companies, notably transnational and substantial domestic companies, in order to increase benefits of our interventions for the target group, e.g. vulnerable groups of people.

Type of collaboration with private companies		Role of Private Sector (PS)/ HELVETAS	Funding	Examples
<b>Project partnerships</b>	<b>PS-led initiative</b>	PS: Lead HELVETAS: Advisory, no implementing role	Fully covered by private sector	<ul style="list-style-type: none"> <li>Tanzania Organic cotton project</li> </ul>
	<b>Joint initiative</b>	PS & HELVETAS: Steering role; Both play a role in implementation	Matching funds from private sector / donor	<ul style="list-style-type: none"> <li>WAPRO</li> <li>SECO Cocoa Landscape</li> <li>PRODOOS impact investment MoU in Tanzania</li> <li>USAID Shamerto Plus project with PRAN and Javed in Bangladesh</li> </ul>
	<b>CSR projects</b>	PS: Funding of the project HELVETAS: Implementation and steering role	Fully covered by private sector	<ul style="list-style-type: none"> <li>Zweifel «papas nativas» Bolivia</li> <li>Lindt&amp;Sprüngli cocoa project Madagascar KASAVA</li> </ul>
<b>Private sector funding</b>		PS: provides donation HELVETAS: Use private gift to fund project activity (specified or not specified)	PS partner has signed a donation contract	<ul style="list-style-type: none"> <li><u>Numerous smaller and large donations</u></li> </ul>

<sup>3</sup> Impact investing refers to investments made into companies, organisations, and funds with the intention to generate measurable, beneficial social or environmental impact alongside financial return (Wikipedia).

<b>Sponsoring</b>	PS: Provide funding to HELVETAS; communicate on partnership HELVETAS: communicate on partnership	PS partner is HELVETAS sponsor	<ul style="list-style-type: none"> <li>• Geberit</li> </ul>
<b>Provision of services</b>	PS: seek technical assistance HELVETAS: provides advisory services	Fully covered by the private sector	<ul style="list-style-type: none"> <li>• <u>Organic and Fairtrade Rice Project</u> in India and Thailand funded by Coop Switzerland...</li> </ul>
<b>Dialogue and Advocacy through Multi-Stakeholder Platforms</b>	PS and HELVETAS: Member with potential additional role e.g. board, committee, secretariat	Membership fee is paid by HELVETAS	<ul style="list-style-type: none"> <li>• Alliance for Water Stewardship</li> <li>• Better Cotton</li> <li>• Sustainable Rice Platform</li> <li>• Swiss Water Partnership</li> <li>• Swiss Cocoa Platform</li> </ul>

More recent information about HELVETAS' experiences engaging with the private sector you will find on [Pamoja](#).

### Why PSE is important

Working together with private businesses is important to achieve the Agenda 2030 Sustainable Development Goals (SDG) because the investments required cannot be expected to be delivered by the public sector alone. However, at present there is a huge investment shortfall to reach the development goals whereby private sector contributions are currently in the range of one-digit shares, and only six percent of official development assistance is targeted to leverage private investments<sup>4</sup>. Private Sector Engagement is not a goal in itself but it is **a means to an end**: By engaging the private sector in international development HELVETAS aims to leverage the financial resources and capacities of private companies to foster sustainable development.

From the point of view of a development organisation such as HELVETAS, the motivation to enter these types of partnerships is to increase the probability:

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

However, when engaging with private companies we should be critical about the pros and cons of potential partnerships. As stipulated in the HELVETAS Policy for the Collaboration with Private companies (2023), the following principles provide guidance on partnering with private companies:

1. We work with private companies that are committed to respect and comply with the human rights and international standards.

<sup>4</sup> OECD, 2021, Convergence, The State of Blended Finance

2. In the collaboration with private companies, we pay particular attention to leave no one behind.
3. We engage in partnerships with private sector companies if there is clear added value for the achievement of development goals and reputational risks – if any – are manageable.
4. We base partnerships with private sector companies on shared values.
5. When working with private partners we assure clarity about roles, responsibilities, and decision-making.
6. In our collaboration with private companies, we ensure transparency and accountability.
7. We align our initiatives in collaboration with private sector partners to the Sustainable Development Goals and country development plans.

These principles are further elaborated in annex 10.0.

When starting a collaboration with a private partner we should consider **five key steps** that help make partnerships a success. These steps, which will be discussed in detail in the next chapters, are the following:

- 1) Getting partners on board
- 2) Conduct Due Diligence
- 3) Take Risk Mitigation Measures
- 4) Manage contracts and partner contributions
- 5) Implement and monitor joint projects

## 2. Getting Partners on Board



### 2.1 Establish and maintain contacts

There are many different ways on how to establish contacts with private companies. **Multi-Stakeholder Initiatives (MSI)** have often played a key role for HELVETAS to get to know private companies. This is an important reason why HELVETAS is a member of such platforms. This is where personal relationships are built and where the idea of potential partnerships often begin.

#### SWISSCO a Multi-Stakeholder Initiative - <https://www.ka-kaoplatteform.ch/>

The Swiss Platform for Sustainable Cocoa (SWISSCO) was founded in 2018. The members of the platform are committed to enhancing social, environmental and economic sustainability in the cocoa value chain. HELVETAS was a driving force behind the foundation of the platform together with SECO and some company actors. Since 2018 the platform membership enabled HELVETAS the acquisition of two relevant Cocoa projects in Peru and Madagascar.

The platform has allowed HELVETAS to establish direct relations with the members from the private sector and this has provided us with opportunities to address some of the underlying problems that exist in the sector. While companies may publicly only present positive stories, in bilateral talks it is also possible to dig deeper and have frank discussions on serious problems that affect most, if not all, companies concerned. By identifying these issues and making them a common concern the platform has been able to tackle them in some of the new projects that have been initiated by SWISSCO, including the Cocoa Landscape project in Peru.

In our partner countries the existing **national business associations** (or industry organisations) may also offer interesting opportunities to establish relationships with private companies.

#### National business association and partnerships

In Montenegro the RECOMONY project supported eleven ICT companies to set up a cluster called “Cortex” to influence policy-making and collaborations with the government specifically for the IT sector, as the existing Chambre of Commerce had not been able to do this. And through the cluster, RECONOMY got to know the member companies and started a partnership with one of the companies called

Logate, which is a large training provider and IT solution company. After some months Logate presented a proposal to develop a tech-solution for making it much easier to charge electric vehicles in remote areas (a cloud-based interface for a simple payment solution). The project supports it because it provides solutions for further developing rural touristic destinations and gives small guesthouses the opportunity to benefit from additional income by providing tourists with electric charging services.

At the same time Cortex members appreciate what RECONOMY can offer thanks to its broad international network. Cortex has for example requested the project to reach out to a non-formal training provider from North Macedonia that RECONOMY has worked with in the past and that is providing services that are also highly interesting to the Cortex members. As RECONOMY has a strong regional scope, it can use its international network to strengthen cross-border collaborations between private companies.

A new partnership can come about at any moment and anywhere: often new opportunities may arise following certain contextual changes (e.g. policy changes, disasters whether they are man-made or natural). A platform or social event can be important to bring potential partners together in the first place. At other times, partnerships may follow simply from knowing each other from the field. With luck, or perseverance, a discussion with an interesting company may be sufficient to generate a brilliant idea (an Eureka moment), which can be the beginning of a fruitful partnership. But if you are uncertain about a potential partner, please do not hesitate to contact one of the PSE advisors (see chapter 8 for contacts) who may be able to give you more information about the private partner or on how to approach them.

To be aligned with its values and protect the reputation of HELVETAS, a solid Due Diligence process is essential when developing partnerships (discussed in the next chapter). When we consider a private company for a partnership, we assess how interesting the opportunities are that this company may offer. But this is a two-way street: HELVETAS also has to be able to make an attractive offer to the potential partner. So, we should ask ourselves what is our distinctive advantage or what are our core strengths? As an experienced international development organisation with strong thematic expertise and an extensive network, we could emphasise that we:

- offer expertise to enhance the sustainability of businesses i.e. bringing business and development goals together
- help to address issues beyond the business. For example, to help address problems that exist at sector, national or international level and hinder businesses to function optimally.
- engage in policy dialogue, using our role as a civil society organisation
- contribute to access development funds from public donors that are sometimes beyond the reach of private companies.
- have in-depth knowledge of countries/regions/areas where the private sector partner is not yet active and we can support businesses to get access to new markets
- strengthen the relations of businesses with producers and MSME
- provide or facilitate access to technical knowledge
- provide marketing and communication opportunities by “transferring” HELVETAS’ positive image.

To establish a successful partnership, it is essential to develop a shared vision (see chapter 2.3) on what we want to achieve together. By clearly spelling out the interests and priorities of the parties involved, they will better understand each other's motivation. This helps to build a stronger partnership and it reduces the risk of experiencing bad surprises at later stages.

#### **Sharing a vision from Bangladesh**

Sharmortha is a joint project of two private sector companies and HELVETAS focusing on the agro-food processing sector in Bangladesh. The primary interest of HELVETAS is to promote employment opportunities of disadvantaged groups. The private sector partners are especially interested to get better access to skilled workforce and to increase productivity. Even though the interests are different, they are complementary. Therefore, the rationale or vision for the partnership has been formulated as follows: the alliance between HELVETAS and the private companies is a Win-Win Partnership since the food manufacturing businesses will gain access to skilled workforce, improve their productivity, and regain business functionality by addressing constraints, while HELVETAS can pursue its objective to create employment and livelihood opportunities for marginalised people.

When establishing personal relationships with a potential partner it is also important to be aware of the structures and decision-making processes within the organisation of the partner company. With transnational businesses the initial relationships are often built with sustainability managers or people from the Corporate Social Responsibility (CSR) departments. However, in those large companies, negotiations and communication should also happen with people working in the business departments, e.g. the people who buy the products and not only with CSR managers. While projects are financed and designed by the CSR managers, the achievement of key results (e.g. purchased volumes, pre-financing, contracting models) depends on the decisions of the Supply Chain Managers. The latter, however, may have limited ownership and responsibility towards the project if they have not been involved in discussions early on.

At the same time, it is important to be aware of the geographical divides of such multinational companies. Discussions should not only happen with head-office managers; instead early communication with country-office personnel is at least as decisive. If not, you may face difficulties getting the local branches on board. At the same time, it is important to consider the geographical limitations of companies, as they may only support those countries where the company has operations – more frequently in emerging markets than Least Developing Countries.

#### **Engaging with multiple private companies**

Experiences have shown that it is wise to work with more than one private sector partner at the same time. This offers opportunities for learning and cross fertilisation of ideas. It helps to ensure that benefits from a project are shared more widely amongst the various partners. It reduces risks for HELVETAS and creates resilience of the project. It may also create healthy competition between the

participating companies, by pushing each other further and forwards. And finally, it avoids that HELVETAS becomes too dependent on one single partner. Check that contracts do not have clauses on exclusivity rights, which may restrict you to work with multiple companies.

### **Strategising PSE: How to increase your choice of private sector partners globally and in countries**

To increase your pool of potential private partners, there are many activities that you can undertake or contribute to, including the following:

- Take stock of existing partnerships/close relationships along existing working areas (keep a living document or include in your Client Relationship Management (CRM) action plan)
- Search social business networks like: [B Lab](#), [Global Compact](#)
- Maintain a "Wish list" of private sector partners at Head-Office and in partner countries
- Screen climate strategies of interesting private partners
- Learn from (or join forces) peer organisations such as [WWF](#), [ECOS](#), etc.
- Get personal contacts from your peers/colleagues to make a first contact with a potential private partner (to help you "open the door"). This can be done in a strategic manner, e.g. by mapping the employees and board members.

#### **Donors and PSE funding windows**

- Many donors have established specific schemes for private sector engagement. Being aware of these opportunities (and requirements) can help you to start preparing for partnerships with private companies in a timely manner. Acquisition Desk compiled information about such schemes, but as funding windows are often temporary and internet links frequently change, they need to be updated regularly. In annex 10.8 you will find further information about some PSE fundings schemes from December 2022.

## **2.2 Conduct a rapid appraisal**

### **Preliminary assessment**

Whenever you are developing a partnership, you will conduct a small assessment of your potential partner. At this stage, you want to know who they are and what they are doing? How are they organised? What is the turnover? What is the ownership structure? What policies do they have in place

regarding human rights, child labour, environment standards etc? Are they involved in any of the No Go sectors<sup>5</sup>?

In the table below you will find a simple checklist that can be used to carry out a quick preliminary appraisal. This usually only takes 20 or 30 minutes and **in case of Swiss/international companies** you usually already conduct a RepRisk analysis at the same time as this quick assessment could provide answers to many of the questions listed below.

#### Preliminary assessment checklist<sup>6</sup>

	Questions
Exclusion criteria	Has the company been involved in any activities that would exclude them from a partnership (human rights violations, money laundering, No Go sectors)?
Profile of company	1. What is the legal status? 2. What is the core business and main market? 3. What is the ownership and structure? 4. What is the size (employees) and turnover? 5. Location: domestic – transnational?
Match criteria	Are the company's value/norms not contradicting with HELVETAS'?
Reputation criteria	1. Are there any human rights policies in place, e.g. code of conduct? 2. Does the company have measures in place to prevent money laundering, corruption and unethical behaviour?
Sources	To answer the above questions you might want to consult the following sources: RepRisk, LexisNexis World Compliance, company website, sustainability reports, internet search, etc

**RepRisk** is a private (paid) service provider assessing institutions and firms worldwide against Environmental, Social and corporate Governance Risks. The RepRisk Analysis is an online service for which HELVETAS owns an account that is managed by the Acquisition Desk (AD). If you want to know more about a Swiss or international company that you are about to work with more closely, you should email the AD and they can quickly order the RepRisk analysis for you. Requests to the Acquisition Desk should be addressed to: [IP.ACQ-Staff@helvetas.org](mailto:IP.ACQ-Staff@helvetas.org) and the email should include the proper name of the company including sister companies, branches, subsidiaries, if possible with web-links. The RepRisk includes an assessment of past and present risks. The RepRisk analysis is the entry

<sup>5</sup> Helvetas' No Go sectors are defined in the Private Sector Policy and currently are: weapons/ammunition, extractive industries (gas, oil, gold, precious stones and minerals), activities involved in land or water grabbing.

<sup>6</sup> The checklist is aligned with the more comprehensive company assessment and the Partner Appraisal tool



point for the actual company assessment, which is at the heart of the Due Diligence process (see next chapter).

**LexisNexis WorldCompliance** is part of the company assessment tool for the vetting of organisations as well as their CEOs or owners against the most significant sanctions lists. The Acquisition Desk is currently the only account holder in HELVETAS ([IP.ACQ-Staff@helvetas.org](mailto:IP.ACQ-Staff@helvetas.org)). They can be requested during the preliminary assessment or the Due Diligence process to conduct the LexisNexis.

### 2.3 Assure a common vision

After having conducted the preliminary assessment, and you wish to continue exploring the partnership, you will start developing a joint vision. If there is no joint vision/idea, there is no point in further pursuing the partnership. At the preliminary stage a short description of the joint vision is sufficient (based usually on the ideas you already discussed with the company during your initial exchanges). At this stage it is important not to make any commitments yet, as for establishing the partnership a comprehensive Due Diligence is required.

What should the shared vision entail?

- ❖ Describe what could be the main objective of the cooperation. Make explicit what the mutual expectations are regarding the objective.
- ❖ Reflect and describe what could be the benefits for HELVETAS to partner with the company. And what would be the benefit for the company to partner with HELVETAS reflecting on our distinct advantages/core strengths
- ❖ When reflecting on the mutual benefits explicitly consider know-how and skills sharing as well as networking opportunities and sharing of contacts.

After the preliminary assessment and the successful development of a joint vision a thorough assessment of the potential partner is required in order to further explore the partnership. This next step focuses on the company assessment (and the RepRisk analysis if not done already), which is further explained in the next chapter about the Due Diligence process.

### 3. Due Diligence



#### Due Diligence – a definition

*Due Diligence (DD) is the investigation or exercise of care that a reasonable business or person is normally expected to take before entering into an agreement or contract with another party or an act with a certain standard of care. (Source: Due Diligence – Wikipedia)*

HELVETAS seeks collaboration with private partners based on its long experience and proven skills, while respecting Due Diligence requirements. The process to assess benefits and risks of such collaborations is called “Due Diligence”. Due Diligence is not just a one-sided control process but should be designed to be quite transparent and lead to mutual learning, exchange and understanding. However, the core of a DD always remains to avoid that HELVETAS is associated with human rights violations or any other circumstance that is not aligned with its values and forms a reputational risk (e.g. violation of environmental, governance or social standards).

#### 3.1 Overall Process

When entering into a partnership with a private partner there are risks that need to be managed: There is a risk that the company is not complying with human rights. There is a risk that the company is involved in fraudulent practices or may use public funds fraudulently. There can also be reputational risks for HELVETAS as a civil society organisation, due to unsustainable practices of the company or practices that contradict HELVETAS’ values. For all these reasons HELVETAS requires careful Due Diligence processes.

Based on past experiences, we know that these processes should start as early as possible before a strong relationship is built. The longer you wait, the more difficult it becomes to get out of a partnership if needed.

It is beneficial for both sides, if the partner is informed about the Due Diligence process and sees this as an opportunity for learning. By informing the company that you are conducting the DD, and by doing it in an open way, it can be used to drive discussions and strengthen the partnership – see also chapter 7 on Implementing the Project for more information about knowledge management.

#### Due Diligence in a nutshell

DD can be time-consuming, so start as early as possible. Be aware that if you start too early this can also harm the relationship process, as it may lead to mistrust, but it is still better to look at risks earlier rather than later.

DD is a one-moment flash-light – and thus also at later stages a partner should still be monitored. When this should be done, depends on the project needs and resources on one hand. For example, when a new project phase starts this is a good moment to undertake a light Due Diligence process again. On the other hand, new information on the company’s behaviour can come-up and make a new process necessary.

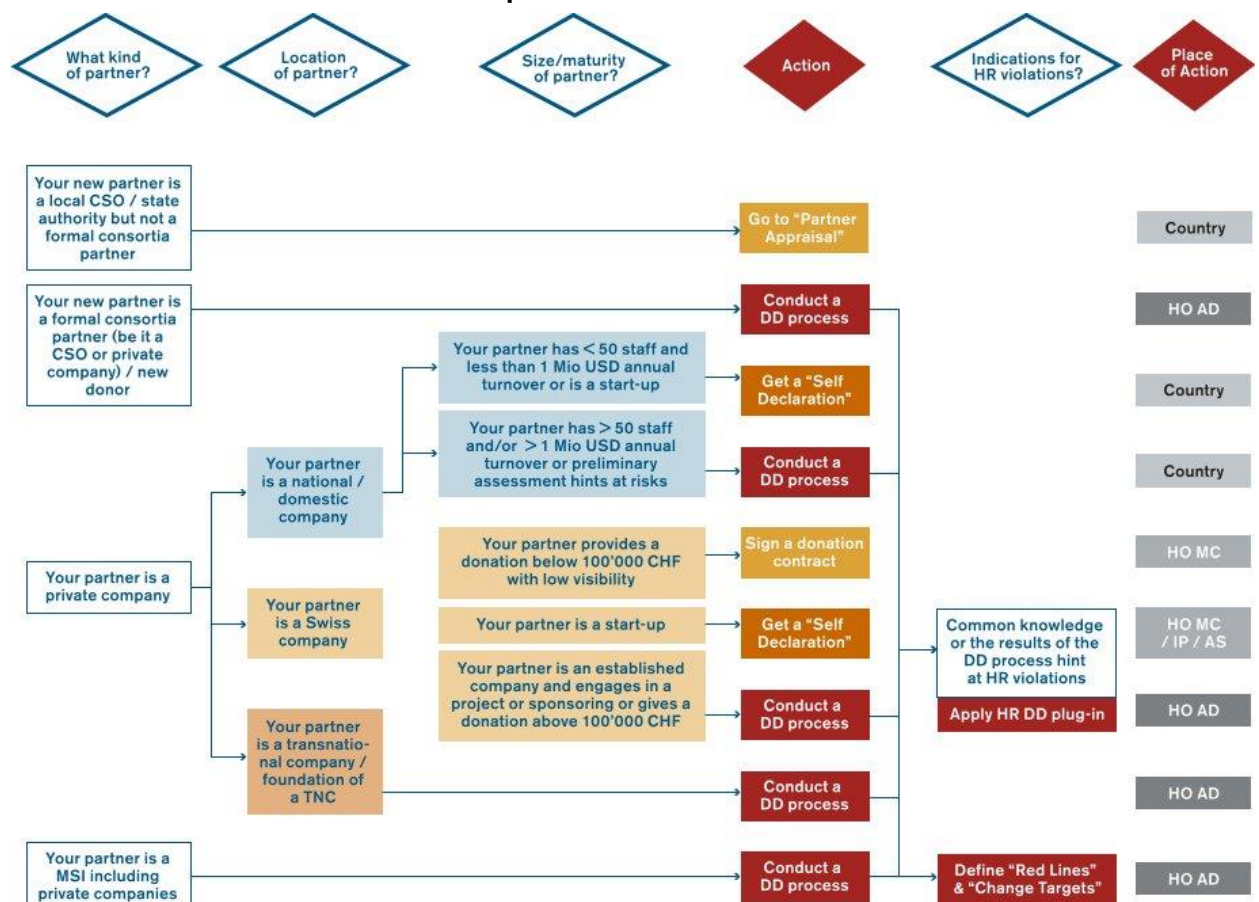
DD does not determine how a partner will actually behave. To manage this risk we should restrict the partnership to a defined time period when we do not know the partner yet, e.g. duration of one year and limit of the committed resources/contributions.

If possible, DD should be managed by an independent person. Or at least the process has to be checked by someone who is not involved in the potential partnership. At head-office AD will either conduct the DD process, or when they delegate, they will at least conduct the quality check.

The DD processes at head-office and in our partner countries slightly differ but follow the same logic. Capacities and experiences at Head-Office with DD process are different from the country offices, e.g. the latter may depend more on personal networks while the former may have other tools at hand. For instance, the information about Swiss and multinational companies is usually much easier to access (publicly available) than information about domestic companies.

Before continuing with the DD process let us first determine if it is needed in the first place. For example, in certain cases a self-declaration is sufficient.

### Decision tree: when to conduct a DD process?



The decision tree above illustrates when to **conduct a DD process**. In case of a transnational company/foundation, a Swiss Company (except start-ups and small donor) or a formal consortia partner/

/institutional donor a DD process has to be conducted. These DD processes are the responsibility of Acquisition Desk at head-office, even though they might sometimes delegate it to other units or country offices. A DD process should also be conducted for national/domestic companies and sub-contractors in partner countries: in these cases, country offices are responsible (details further explained below). In all these cases the potential risks of the partnership to HELVETAS (reputational, financial) are deemed sufficiently high that they deserve the investment of an extensive DD process.

In the case of foundations connected to companies, only if the foundation has an independent foundation board then the foundation is considered autonomous and unconnected from the mother company and can be treated as a CSO in which case a partner appraisal will be sufficient.

In case of partnerships with a startup (national or Swiss) or national company with less than 50 staff or less than 1 million USD turnover, then only a **self-declaration** is required (see annex 10.1 for self-declarations)<sup>7</sup>. With Swiss companies that provide a donation of less than 100,000 CHF a “donation contract” is signed.

The Due Diligence of **Multi-Stakeholder Initiatives (MSI)** is managed differently from the other partners. By conducting a regular Assessment of the MSI HELVETAS weighs the risks and opportunities of the MSI and determines whether to join, stay in or leave an MSI. This process is presented in the next chapter.

For **partnerships with CSOs (Civil Society Organisations) or state authorities** at local level a Partner Appraisal is the adequate instrument – this applies for example when you implement a specific project activity together with a local NGO, or INGO that operates in the partner country, but with whom you will not sign a consortium partnership. Please consult the [partner appraisal](#) or further information about such local partnerships.

**Formal consortium partners** refer to partners who take up a major role in the project and have been presented as such in the project proposal to the donor. Because these partners play a major role in the externally funded project, the Due Diligence is handled by the AD at head-office.

### Definitions

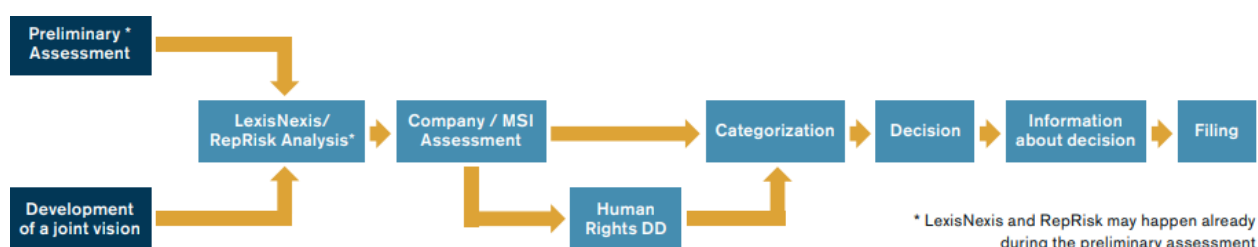
- National/domestic company: a company that is registered in one HELVETAS partner country; is not a daughter of a multi-national company; and has itself no daughter (also called subsidiary) companies in other countries
- Transnational Company or Transnational Corporate: a transnational company is a company that owns and performs economic activities in different countries around the world
- Multi-Stakeholder Initiatives (MSIs) bring together businesses, government authorities, civil society organisations and other stakeholders such as research institutions to deal with topics of mutual concern or interest. To reach their objectives, MSIs typically establish dialogue among the stakeholders through periodic conferences, by offering opportunities for

<sup>7</sup> This form contains a series of important self-declarations. The form needs to be signed by an authorised representative of the partner organisation.

joint learning and by establishing links and collaboration among members. To foster the shared concern MSIs often develop a standard, support its application by the involved stakeholders and arrange for verification of compliance.

- Civil Society Organisations (CSO) are non-state actors whose aims are neither to generate profits nor to seek governing power. CSOs unite people to advance shared goals and interests (they include NGOs, professional associations, foundations, independent research institutes, community-based organisations, faith-based organisations, social movements, and labour unions).

### 3.2 DD and Decision-making Processes



#### A quick overview of the DD process

The above graph provides a simplified overview of the DD process. The first two steps (preliminary assessment and joint vision) have been discussed already in the previous chapter because they are the first activities that one will always carry out when developing a partnership, irrespective of the next steps in the DD process.

The DD process in partners countries is slightly different from the DD diligence at Head-Office in terms of decision-making and delegation procedures as well as the company assessment that should be conducted. Let us have a look at the DD process at head-office first.

#### PART A: DD Process at Head-Office

The DD at head office (including own projects and MC partnerships) is the responsibility of the Acquisition Desk (AD). For efficiency reasons and quality standards, all the head-office DD cases are handled by a small team.

The main component of the DD process is the Company Assessment, which in certain cases may be complemented with the “Human Rights Plug-in”. If the RepRisk or LexisNexis have yet been conducted – or a second one is needed (if a long time has passed since the first RepRisk) – then the Acquisition Desk should be asked to initiate one. Results of the RepRisk and LexisNexis will help provide answers to some of the questions in the company assessment.

## Company Assessment

The Company Assessment (see annex 10.2) is at the heart of the DD process. This tool guides HELVETAS DD and is based on internet research (including the website of the concerned entity), references in HELVETAS' network, and the service providers RepRisk (check against ESG risks) and LexisNexis (check against sanction lists).

This elaborate assessment leads to the following categorisation of the company:

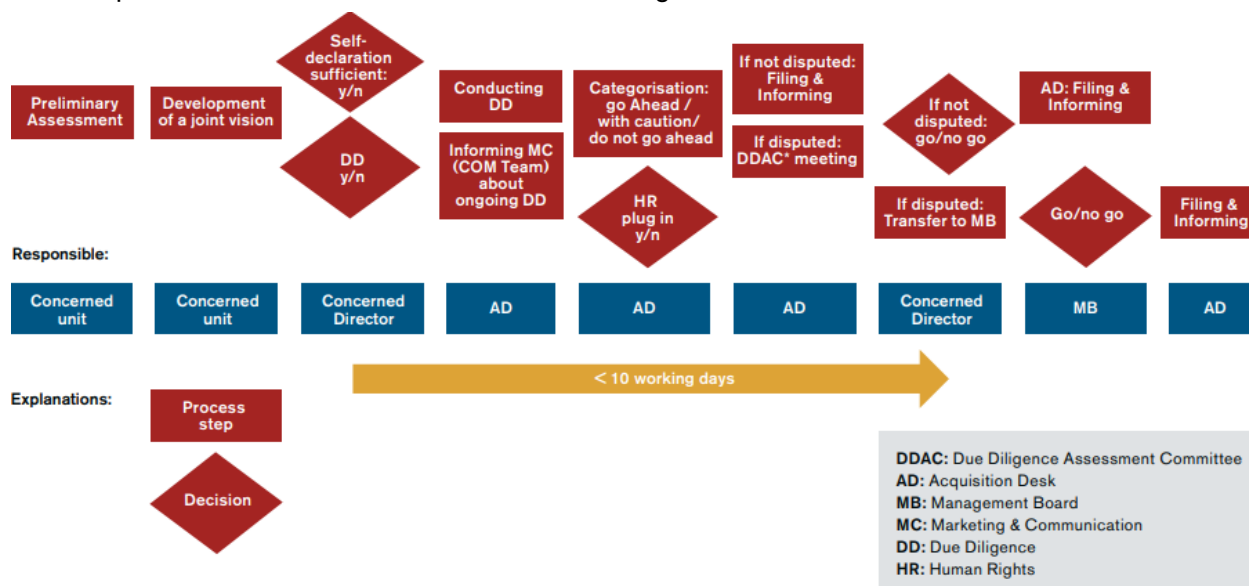
- The DD indicates **“GO AHEAD”**: No substantial risks or activities or incidents in No Go areas have been identified.
- The DD indicates **“GO AHEAD with CAUTION”**: Certain issues regarding violation of Environmental, Social and Governance (ESG) standards and/or ethics can be identified, but risks are considered low, and cooperation can be justified (possibly by defining precautionary measures).
- The DD indicates **“DO NOT GO AHEAD”**: The DD discloses information about incidents with relevance to HELVETAS' No Go-areas and/or exclusion criteria of the company assessment tool. “DO NOT GO AHEAD” could be a clear No Go or a case where cooperation must be considered at least very cautiously and the decision (and possibly precautions) discussed and confirmed in the Due Diligence Assessment Committee (DDAC).

The following criteria are assessed:

- Exclusion criteria:
  - Involvement in HELVETAS' “No Go sectors” (weapons/military/army, extractive industries, water or land grabbing).
  - Money laundering, organised crime or financing of terrorism or other forms of illegal or unethical activities.
  - Human rights abuses
  - Severe damage of the organisation's reputation.
- Corporate/organisation image (public reputation, existing lawsuits, scandals etc)
- Social responsibility (code of conducts, policies, value statements, human rights etc)
- Environmental accountability (policies, evidence, reputation, incidences etc)
- Governance and ethical behaviour (labour standards, transparency, CSR policy, respect of laws, codes and measures to prevent corruption etc)
- Financial soundness
- Origin of financial sources (funding organisations/business streams/holding structure/clients etc.)
- Political affiliations
- Corporate/organisation structure, business mission and values (ethical behaviour)
- Vetting of individuals who are on sanction lists of donors and governments.

If the Company Assessment indicates that there is a risk of human rights violations, then the Human Rights Due Diligence tool (“HR DD plug-in”) should be consulted. This tool helps to conduct a deeper analysis of potential human rights violations. It is used only for selective/controversial companies. The Human Rights Due Diligence plug-in is available and supported on request at the AD/Human Rights (HR) Advisor. The Human Rights Advisor also provides tailor-made guidance and training. If our “Company Assessment Tool” shows that a company has a potential to be involved in human rights violations, this extra plug-in checks how a company has dealt with alleged violations. If the “Human Rights plug-in tool” shows that a company has acted responsibly regarding Human Rights, then a prospective partnership is not ruled out.

The DD process at Head-Office with decision-making can be visualised as follows:



**Head-Office decision-making process:** The person(s) who conducted the preliminary assessment and took the lead for developing the joint vision (e.g. the project manager) consults the decision tree above to see whether a full-fledged DD process is needed. In case of doubts, s/he discusses with her/his director if a self-declaration is sufficient. If the responsible person/concerned director conclude that a DD should be conducted, the Acquisition Desk (AD) will be informed that HELVETAS wishes to engage with the private partner but that a DD should be carried out. At that stage, the AD will commission a RepRisk/LexisNexis (if not done already) and conducts the company assessment (unless the AD delegates), which determines how the potential partner will be categorised: go ahead, go ahead with caution or do not go ahead. The AD actively informs Marketing and Communication in case of any reputational risks. Based on the company assessment and RepRisk/LexisNexis, the AD decides if a Human Rights plugin is required. And if it is needed, the AD conducts the Human Rights plugin itself (unless the AD delegates it).

**A quick overview of the company assessment at Head-Office:**

1. Screening the company's website
2. Conducting research in own network
3. Conducting a RepRisk and LexisNexis (Check of sanction lists of donors and governments) analysis (accounts with AD), if not done earlier
4. Conduct an advanced Google search (key words: scandal, court, case, penalty, fine, violation)

The DD process leads to a conclusion on the partnership process: go ahead, go ahead with caution or do not go ahead. If all involved agree to this conclusion the result is communicated, it is binding for all involved and is filed. If the conclusion is disputed, then the Acquisition Desk convenes a meeting of the Due Diligence Assessment Committee (DDAC).



### The DDAC consists of the following parties:

With voting power:

- Due Diligence Coordinator and/or Head Acquisition
- Concerned Unit
- Concerned Director/Continental Coordinator
- Director Marketing & Communication – in case the concerned director is the Director Marketing & Communication then an additional director from Advisory Services or International Programme has to be present
- Compliance Officer

Without voting power:

- Need based attendance from other colleagues who are involved / know the case

The DDAC then decides unanimously on the partnership: go or not go. However, if there remains a dispute between the DDAC members, the decision is transferred to the Management Board.

Once the decision has been taken (either by the relevant directors, DDAC or Management Board) the Acquisition Desk ensures that the decision is filed and shared with the relevant parties, which typically include: concerned director, director Marketing & Communication and other colleagues who were involved in the DD process. The filing is done in a searchable database where supporting files are attached.

In total, the entire DD process is expected to be completed in a period of less than ten working days and takes a workload of 1 to 1.5 days. Cases that are disputed/ transferred to DDAC/MB will likely require more time.

### Delegation

As the paragraph above shows, the overall responsibility for conducting DD at Head-Office is for all cases with the Acquisition Desk. However, for practical reasons the AD may delegate or out-source the DD process.

The AD may delegate the task to:

- a) colleague who is not involved in the proposed collaboration,
- b) to the concerned unit

**At all times, the AD still has the responsibility to critically review any DD to assure an independent view.**

### Decision points

To determine when is the right moment to do the Due Diligence at Head-office and who decides this, the table below regarding the decision points can be consulted.

Department	Situation	Decision point	Decision & communication to AD
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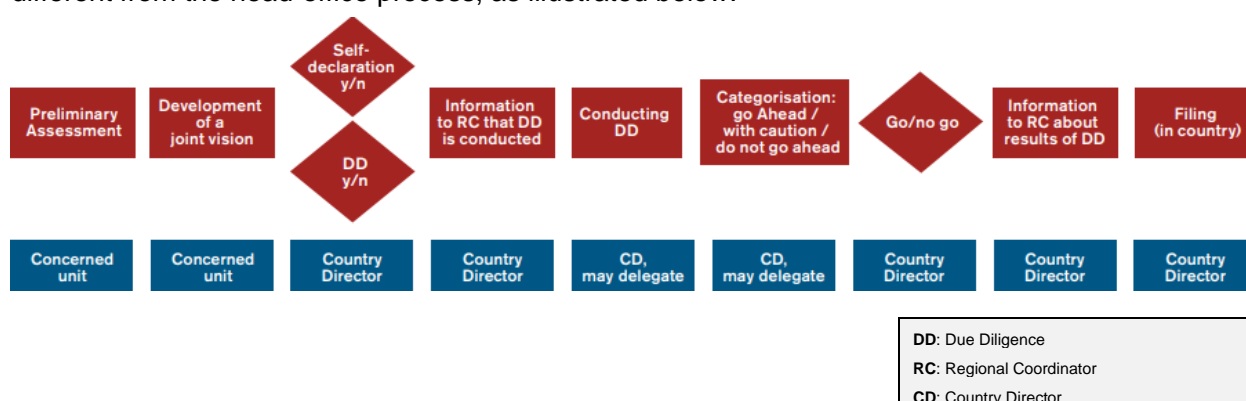


International Programme (IP)	New mandate with new Private Sector (PS) partner	Acquisition note	Director IP *
	New own project with new PS partner	Programme Commission	Director IP *
	Ongoing project (mandate & own project) – new PS partner	Country director informs regional coordinator, who informs continental coordinator who informs Director IP	Director IP *
Advisory Services (AS)	New mandate with new PS partner	Acquisition note	Director AS
	Ongoing mandate with new PS partner	Concerned Advisor informs Team Head who informs AS Director	Director AS
Marketing & Communication (MC)	MC new partner	Corporate Fundraiser informs Team leader and Director MC, who informs Comms Team if a reputational risk may occur	Director MC

- **Director IP may delegate to continental coordinator**

## PART B: Due Diligence in partner countries

The in-country DD process, which refers to domestic/national companies, is analogous but somewhat different from the head-office process, as illustrated below:



In this case a RepRisk or LexisNexis WorldCompliance will normally not be conducted, as this tool is not available for smaller domestic/national companies. If a vetting against sanction lists is desired, support from HO may be requested. Usually only little information about domestic/national companies is accessible online and documents may only be available in local languages. Additionally, the Human Rights plug-in is not available for the DD process in partner countries, as it is used only for selective/controversial companies, which is decided upon by the AD/Human Rights Advisor. This means that the decisions about partnerships have to be taken without it.

**Quick overview of the company assessment in partner-countries:**

1. Screening the company's website
2. Conducting research in own network, chambers of commerce, responsible businesses observers etc.
3. Conduct an advanced Google search (key words: scandal, court, case, penalty, fine, violation)
4. Check blacklists of donors (UN, USAID, EU...)

**In-country decision-making process:** In this case, the responsibility and decision-making power is with the Country Director. The Country Director decides if DD is needed or if a self-declaration is sufficient following the decision tree shown above. If a DD is conducted, the Country Director informs pro-actively the Regional Coordinator about this decision. And once the DD process is completed and the Country Director has decided whether to continue the potential partnership (go or no go), the Country Director informs the Regional Coordinator pro-actively about this outcome. The Country Director ensures that the relevant information about the DD process is filed at country level.

**Delegation**

The Country Director is responsible for conducting DD in partner countries.

The Country Director may delegate the task to:

- a) a colleague who is not involved in the proposed collaboration,
- b) to the concerned unit

A country programme may seek assistance from the Acquisition Desk (AD) to guide the DD process. At all times, the **Country Director has the responsibility to critically review any DD.**

### 3.4 A few more things to highlight...

#### **Vetting<sup>8</sup> of organisations and individuals**

A background check is done for all organisations as part of DD to see if they appear on sanctions lists/blacklists of funding agencies or governments (due to terrorist financing, money laundering, mismanagement, crimes etc).

This is done with a tool/service provider (LexisNexis-WorldCompliance) for which a login exists at the Acquisition Desk.

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<sup>8</sup> Vetting is the process of performing a background check on someone before entering into a partnership or employment relation.

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The vetting of the organisations e.g. by using LexisNexis-WorldCompliance can be extended to vetting of the CEOs and/or owners of the organisations in some cases. This depends on the perceived risk of the organisation, the sector or other indications. In case the Human Rights plug-in is applied, it is mandatory to also vet owners and senior staff of the organisations.

### **Frequency of repeating the DD process**

The Due Diligence of PSE partners should be repeated on a regular basis (e.g. every two years) at the latest at the start of a new phase of the PSE collaboration. Depending on the situation, a LexisNexis and RepRisk analysis may be sufficient. If critical aspects about a partner come to the attention of HELVETAS then a DD process may be initiated spontaneously.

### **DD and budgeting**

In those projects where HELVETAS is managing a fund and where companies can apply for co-financing (e.g. O4TD project), the DD processes, including the required human and financial resources, should be handled by the projects themselves. Such funds may require more resources than normally due to the extensive DD requirements.

In general, one should be aware that DD can be time-consuming and has to be budgeted properly. Approximately, 1 to 1.5 working days are needed to conduct a simple DD process of one private sector partner (if an HR plugin is required then two more days should be budgeted). More complicated cases will require more days of work, possibly involving more senior staff (e.g. when the DDAC or Management Board are required).

## 4. Multi-stakeholder Initiatives' Assessment and Decision-Making

**Note: this chapter is specifically written for those people who expect to manage relations with Multi-Stakeholder Initiatives.**

HELVETAS designates for each Multi-Stakeholder Initiative (MSI) with which it partners a “lead person” at head office. Often this person represents HELVETAS in the MSI (e.g. in the General Assemblies, in the governing board or in technical committees) and is responsible for initiating and overseeing the MSI assessment and decision-making process.

By definition (see text box, page 18) a MSI consists of many members, including numerous private companies. To conduct a Due Diligence process for each member would require an inappropriate investment of resources. Therefore, a different process has been set up to assess whether to join, stay or leave an MSI, which includes the following steps:



- Engaging in an MSI is characterised by a range of uncertainties related to: reputational risks, limited achievements of results due to lengthy processes, and limited influence due to diverging multi-stakeholder interests.
- Given the uncertainties, we must acknowledge that at the end the decisions need to be taken based on a joint understanding (and feeling) of risks and potentials. To be able to determine these risks and opportunities a qualitative assessment of the MSI has to be conducted on a regular basis.
- The freedom to be able to leave an MSI is a decisive factor for the proposed decision-making process. To help us take such a decision (to stay or leave) it is important that from the beginning our conditions and minimum requirements towards the MSI are clearly communicated to the members.

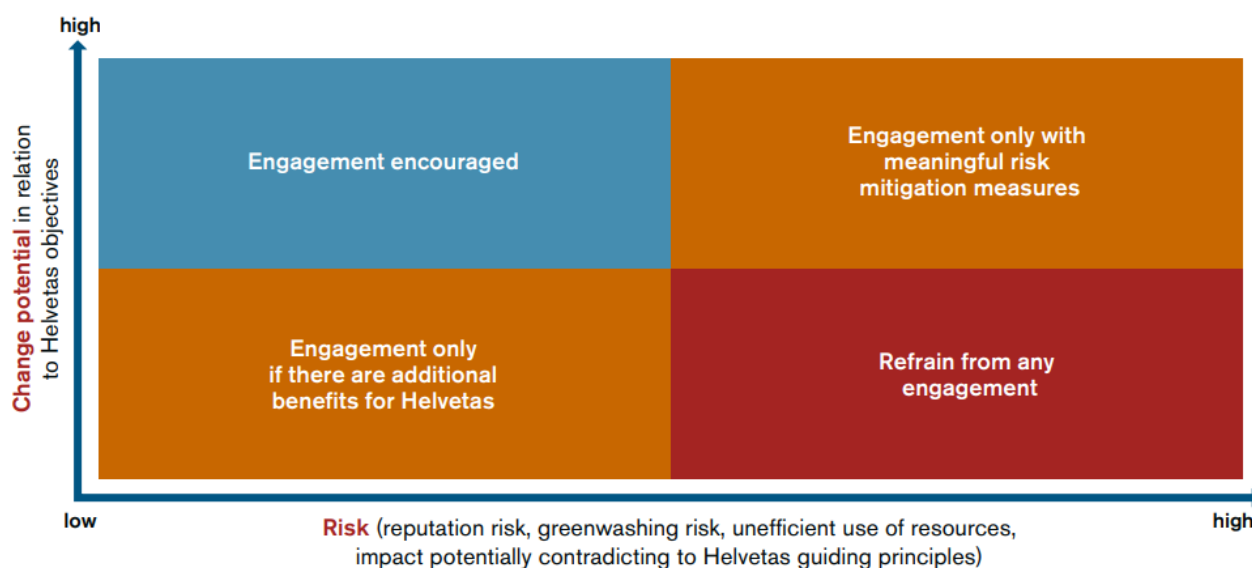
### Step 1: Ex-ante assessment of change potential, risks and resources

An ex-ante assessment should be done before initiating any engagement. The lead for the assessment is with the person responsible for the MSI, while the assessment is discussed in the Due Diligence Assessment Committee (DDAC) with due representation of relevant colleagues.

The ex-ante MSI assessment includes the RepRisk Analysis and the **MSI assessment template** (Annex 10.6), which measures:

1. Impact potential
2. Benefits for HELVETAS
3. Risk Assessment.

The DDAC localises the MSI in a qualitative and consensual manner using the risk/potential graph below. If the DDAC localises the MSI in the blue or orange zone, one can go to the next step; if it is localised in the red zone, HELVETAS shall refrain from any engagement.



## Step 2: Outcome and output targets with measurable indicators

The MSI lead person further specifies and prioritises the change targets and benefits for HELVETAS and sets measurable indicators with a time frame. In case of long-term targets (more than one year), intermediate change targets with measurable indicators shall be developed.

This all shall be described using the template “**Narrative for MSI engagement**” which has the following structure (see Annex 10.7).

- 1) Introduction – why a partnership/ membership in the MSI
- 2) Targets and expected outcomes; potential red lines
- 3) Resources for the engagement
- 4) Risk assessment, mitigation measures and red lines
- 5) Conclusion.

## Potential step 3: Definition of red lines in case of need

If the engagement in the MSI bears certain key risks that prevents HELVETAS from being a member, then red lines related to these risks have to be formulated so that they will be addressed in a given period of time. For example, if the MSI does not make any progress to enhance the assurance system by the end of year xxxx, HELVETAS will step out.

Red lines shall only be developed for key risks that we cannot mitigate ourselves.

## Step 4: Decision-making

Based on the recommendations presented in the MSI narrative, the DDAC decides to engage or not to engage in the MSI. The DDAC may formulate additional conditions / red lines. In case the engagement in the MSI is disputed the decision is handed over to the Management Board.

## Step 5: Regular and situational monitoring of progress and assessment of risks

Measurable progress towards the planned targets and expected outcomes (as described in the narrative for MSI engagement) is the **minimum requirement to continue the engagement**. However,

there can also be good reasons why no progress has been made, such as force majeure<sup>9</sup>. These factors need to be taken into consideration. If no or little progress has been made, then a note should be prepared explaining why it was an exceptional situation and what progress can be made in the near future.

As risks are not stable, the lead person for the MSI should assess progress towards the set targets and the evolvement of risks:

- 1) **on an annual basis**, before the election into the board or committee, or before the continuation of the membership
- 2) **and depending on the situation:**
  - a. if we (are about to) cross a red line e.g. a standard has been approved that does not include sufficiently our proposed inputs;
  - b. if media raises critical attention on a specific aspect of the MSI
  - c. if other changes require a re-assessment of our engagement.

If the progress towards change targets is not as planned, or if a certain risk becomes more relevant, the DDAC shall again localise the MSI in the risk/potential graph. If it comes into the red zone, it shall make a recommendation to step out.

The Acquisition Desk (AD) reminds the lead persons in annual intervals to review the progress vis-à-vis the change targets and whether a red line has been crossed. The AD compiles the results of this review in an overview table (one row for each MSI) with the following headings:

1. Name of the MSI
2. Red lines if any
3. Change targets
4. Progress since last reporting.

With this overview table the AD regularly reports to the Management Board.

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<sup>9</sup> Force Majeure is a common clause in contracts which essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties, such as a war, strike, riot, crime, epidemic, or sudden legal change prevents one or both parties from fulfilling their obligations under the contract.

## 5. Risk Mitigation



### 5.1 Risk Mitigation Measures

Even though we will almost always identify some risks during the Due Diligence process we might well decide that we still want to continue pursuing the partnership. In that case, we need to have a set of risk mitigation measures in place. These measures need to be clearly defined, including who is responsible for what.

PSE risks exist of:

- Reputational risks for HELVETAS
- Failure of the project collaboration leading to reduced impact of the project or additional non-intended effects that is not beneficial, or is potentially harmful, for primary stakeholders.

Examples of risk mitigation measures include:

- Work with more than one partner. The most obvious and effective risk mitigation measure from a donor's or NGO's perspective is to work with more than one private sector partner in each project. This enriches the exchange and prevents project success from being associated with only one private partner. Having multiple partners adds complexity, but it also has many potential benefits, including risk mitigation.
- Start with a small project to reduce your loss in case it doesn't work out.
- Use results-based milestones / payments
- Use audit requirements
- Prepare communication that can be used in case of a fall-out/accident (e.g. agree on speaking points) – collaboration with Communication department should be discussed from the start
- Predefine red lines and stop the collaboration when these are crossed
- Avoid funding flows between HELVETAS and the partner in any direction (see case below)
- Agree on and define risk mitigation measures in the contract
- Exclude the partner as a steering committee member
- Decide to reduce the organisation's visibility. For example, by not communicating about the partnership in public; or not allowing the partner to use the HELVETAS logo apart from well assessed exceptions.

### **Case: Climate Smart Rice Project, Myanmar**

This project went through a long genesis of around two years of negotiations in a complicated partner set-up. Among the partners was a domestic private company with a charismatic leader whom HELVETAS knew from personal contacts and from the Sustainable Rice Platform, a Multi-Stakeholder Initiative. The company runs a contract farming system in a high potential agricultural area. HELVETAS' assumption always was that the company's main role would be to purchase and trade sustainably produced rice in the frame of this contract farming scheme. Experience showed that this assumption was wrong (even though it was mentioned in the decisive documents). The private company held a seat in the Steering Committee. This made it difficult to add additional private companies as partners. This situation - later aggravated with the effects of the military coup - prevented the project to succeed in the outcome related to the marketing of sustainably produced rice. The lesson learned was that HELVETAS should have expressed its expectations even more clearly and that more than one private sector partner right from the beginning would have offered a way out from this deadlock.

### **Case: Private company X in WAPRO**

The Water Productivity Project WAPRO ran from 2015 to 2022, covered six countries and ten sub-projects and included the engagement of many global and national private sector partners. In the case of one specific private partner the DD process indicated some critical aspects (related to an accusation of land grabbing that later was solved). In order to mitigate the related reputation risk and to avoid entering a direct partnership, WAPRO did refrain from any funding flows between HELVETAS and Company X. Further, Company X was, despite the fact that it contributed to the project, not a steering committee member. Company X however became a WAPRO project partner with direct contributions to the project from the company to the farmers, such as extension services.



## 6. Contracting and Partner Contributions



### 6.1 Contracting

After conducting the Company Assessment and agreeing on risk mitigation measures, the contracting process starts. An updated set of templates of contracts with private sector partners can be found on the Pamoja site for [Private Sector Engagement](#) or [Partnership Agreements](#). The discussions of the contract terms are crucial because they help to define the roles and responsibilities of the contracting parties. Moreover, the contracts specify the deliverables and deadlines. The contracting process can lead to intense discussions and sometimes disagreements between the partners. At the same time, the real motivation and commitment of the partners will become apparent at this stage.

#### Public tenders and contract templates

In case of public tenders, the time for comprehensive partnership assessments and DD processes is usually very short. Moreover, it is particularly difficult to properly assess the partners' commitment to invest into project initiatives that go beyond mere business activities. Usually, the contracting process and related discussions take place only after the tender process, as it may not seem efficient to go into that level of detail during the tender process. However, when submitting the proposal, the partners have in principle agreed on a potential partnership and subsequently the donor will expect both parties to collaborate. This is usually agreed in a signed letter of intent. If afterwards a partner turns out not to be as promising as originally expected, the donor however may still push HELVETAS to maintain the partnership, as defined in the project proposal. This affects HELVETAS' freedom to assess the partner's commitment and capacities and may pose a major risk to project implementation.

To overcome or prevent such a problem, contract templates should be shared with the partners already during the tender process. The contract template includes the reporting requirements (financial, operational), the level of monitoring requirements, as well as a definition of what will be accepted as a partner contribution. Adaptations to the templates will need to be made following the specific requirements of the tendered project. However, having such contracts already at hand during the tender process helps to ensure all parties are much clearer on what the agreed key deliverables will be (e.g. cash/in-kind contributions, money flows<sup>10</sup>, reporting requirements) during the tendering process and before having entered into a formal partnership.

The contracting process with private sector actors is demanding, especially with regard to partner contributions (see below). As the contract negotiations should happen with the entities/branches that

<sup>10</sup> If money flows to the private sector partner, it must be clear what will be the public benefit.

are responsible for project implementation it is important that these relationships have been well established at this point.

Depending on the project objectives and partners involved, it will be important to determine if multipartite contracts or bilateral agreements should be signed. Multipartite contracts are more complex and difficult to manage, but they offer an opportunity to bring partners together and collaborate more closely. Whenever necessary, support from the Compliance Officer & Legal Advisor on this issue should be sought.

### **Cocoa Landscape Project in Peru**

The project resulted from the merger of five proposals that were submitted to SECO and SWISSCO. Helvetas was appointed to facilitate the process of developing a joint proposal, which involved eight different organisations. This was a complex undertaking even more so because 50% of the budget had to be co-financed (with maximally 30% in-kind contribution). With each partner bilateral meetings were organised to evaluate what contribution they could make, using the original proposals as guidance. In the end it was not so difficult to get higher contributions from the partners than what had been originally proposed. In this case individual agreements were made as opposed to signing a multipartite agreement. This gave some flexibility, so that adjustments could be made depending on needs and requirements of each partner.

During the inception it became clear that in some cases the country or branch offices that were not involved during the elaboration process were less committed to the programme than the headquarters. This illustrated that it is important that the country offices, which will implement the programme are also involved in the elaboration of the proposals and the signing of the contracts.

For more information about pre-bid, subcontracting, external consortium and internal consortium agreements please consult the [Pamoja site on Partnerships + Agreements from the Acquisition Desk](#).

## **6.2 Partner contributions**

The key challenges when negotiating the contracts are the monetary contributions of the partners involved. These commitments must be clearly defined. Furthermore, you should clearly describe how you will monitor the contributions. These financial contributions from the private company have to be verifiable through an audit report or demonstrated in another way depending on donor requirements. The requirements must be defined in the contract, including information about timing and auditing costs.

Different options for financial contributions are available to private companies participating in development projects. These include: fixed and volume-based contributions, price premiums, in-kind contributions, and other project-specific investments in the target group (e.g. certification costs).

### Examples and best practices of partner contributions

#### **Fixed yearly amount irrespective of volumes (e.g. quantities of purchased product or number of trained people)**

This refers to the financial commitment of the private partner investing directly into the project to help finance certain activities.

#### **A yearly amount linked to volumes:**

The private partner pays to the seller its partner contribution per volume (e.g. ton or number of trained people), so that specific project activities can be paid with this contribution. This type of arrangement ensures that partners continue to purchase goods, even though demand might be low, as they are obliged to do so following the specifications in the partnership contract.

#### **Price premiums:**

The private partner pays a premium to the seller per volume purchased. Targets should be specified in the contract, but from experience we know that buyers may not fulfil the targets when there is not sufficient demand. This may also include fair-trade premiums or payments of a "Living Income Reference Price".

#### **In-kind contributions:**

Partners that are directly involved in the implementation, have sometimes a preference to provide in-kind contributions (instead of funds to the project). In this case one should make sure that the in-kind contributions go clearly beyond the business operation. In-kind contributions need to be specified and monitored, too.

#### **Other relevant investments:**

Investments that are not **directly** linked to project objectives, are sometimes still considered valid project contributions (e.g. sharing certification costs) because they may be seen as relevant to the group.

## 6.3 Steering Process

During the contract negotiation the partners concerned have to agree on the steering process. They should clarify the composition of the Steering Committee (SC), the roles and responsibilities of the committee members and the decision-making power of the SC. In the end the composition of the SC should reflect the contractual arrangement.

The partners should clarify if the donor is part of the SC. This usually depends on the desire of the donor. If the donor sits on the committee it can be advantageous to give the committee a more advisory role without decision-making power (otherwise it may slow down decision-taking too much). If the donor prefers

to abstain from a membership in the SC, the rights and responsibilities of communication to the donor need to be defined. Usually, it is advisable to determine a “Single Point of Contact” on the side of the project.

The partners should clarify if public authorities are represented on the committee. Having them on the SC can help the project to gain leverage and implement activities more swiftly. However, which authorities (and individuals) to include in the SC can be a delicate decision.

The size of the SC should remain manageable. Sometimes it is advisable to use several committees to ensure each committee is manageable and relevant (e.g. in case of large multi country programmes you may need to have SCs at country level, regional level, and programme level).

The reporting responsibilities to the Steering Committee and to the donor also have to be clarified. All these details should be described in the SC terms of references that need to be agreed and signed by all members.

## 7. Implementing the project



### 7.1 Implementation

PSE is not different from other projects, as it follows a similar project cycle management. As is typical in Project Cycle Management, it is important that solid monitoring, reporting and knowledge management tools and practices are applied, so that the project is adequately implemented and steered in the right direction.

As the project is taking shape, one has to ensure that the objectives, tasks, and results are understood well by everyone involved in the partnership. If certain aspects of the private sector collaboration are not efficient or effective, then those problems need to be addressed as early as possible. Having clear and direct communication lines are important to ensure all partners are well informed and can engage.

Particular things to be aware of when working with private sector partners include:

- **Language:** Stay away from development jargon and find a more common language. Communication style of private sector partners is often more direct and results-oriented. Also, communication lines to the donor need to be defined so that the project speaks with "one voice".
- **Speed:** Private companies often operate at different speed than NGO/public institutions. Try to be flexible but also communicate limits, e.g. reaching results may sometimes take longer than what private sector partners may be used to.
- **Staff turnover:** People in organisations change, and in the private sector world sometimes more rapidly. Institutionalising the relationship can help for example through Multi-Stakeholder Initiatives. Another way to solidify the collaboration is to ensure that exchanges also take place at management level and to assure that multiple persons on both sides are involved in the partnership (and not only one single person on either side).

### 7.2 Monitoring

Monitoring and reporting must be contractually agreed and are thus part of the contract negotiations. Milestone payments are an effective way to work with private sector partners (see previous chapter). The financial contributions of the private partner must be closely monitored (which can be time-consuming). Risk mitigation measures have to be monitored.

Private sector partners may be less willing/used to adhere to the reporting requirements from donors (at least compared to partners from the international development sector). Reporting and monitoring should be kept as simple as possible and be negotiated and agreed upon right at the beginning. Often HELVETAS or similar organisations take the responsibility for coordinating the monitoring and assembling data in reports. This is a typical role of HELVETAS in multi-partner set-ups with private companies. But attention: the time required to this end has repeatedly been largely underestimated!

### Key Performance Indicators (KPI)

Before you identify KPIs you first need to develop a shared understanding of what a KPI is. It might be different for a private sector company compared to an NGO, e.g. for a private partner «shareholder value» might be an interesting indicator.

The agreed KPI need to be recorded properly in the logical framework of the project, which usually forms an integral part of the signed contract.

Examples of KPIs used in WAPRO include:

- number of farmers adopting a technology
- water efficiency (litre of water used per kg of product)
- Increase of farmer income

## 7.3 Reporting

Most private sector partners are not used to the lengthy reporting that is often needed in the development world. At the same time, they are often unfamiliar with tools such as logical frameworks.

The reporting to the donor is a task that an INGO such as HELVETAS can typically take over. However, for the reporting the private sector partner still needs to be (made) aware of its responsibilities to deliver the necessary inputs.

When it comes to reporting to the public, there are certain issues that are important to be aware of:

- Private sector partners can be very sensitive on this: take time to prepare for this. Clarify expectations and manage concerns.
- The use of logos needs to be agreed on beforehand
- Appearance in social media needs to be clarified
- Approval mechanism for public communication needs to be agreed on.

Reporting in complex projects such as WAPRO can be very time-consuming. At the same time, the quality of reporting often depends on individuals, which can vary significantly. Having a type of quality assurance mechanism in place is thus important, e.g. consistently use (and improve) reporting templates, ensure one person oversees the quality of all the reporting (e.g. to check completeness), use a type of peer-review system if possible.

## 7.4 Knowledge Management

In PSE projects that involve many different companies the knowledge management function is very important. This task is typically managed by HELVETAS staff. Knowledge management can foster better relations between the various private sector partners and contribute towards a sense of shared responsibility for the project and outcomes. Effective knowledge management allows for learning opportunities among the different companies, which can be an attractive outcome of the project for private partners and an important reason why they might like to work with an NGO like HELVETAS. To foster knowhow transfer, partners must actively participate in the project implementation and they must be open to exchange experiences. By capitalising experiences (e.g. case studies), publishing

results and organising learning sessions, HELVETAS can contribute to enhance collaborations and strengthen the transfer of knowhow even between very different partners and across sectors. For this to happen, it is important to have the infrastructure in place (e.g. an internal platform and a public repository of lessons learned knowledge products) and to allow partners the space and time to interact. By engaging in Multi-Stakeholder Initiatives, such as the Swiss Platform for Sustainable Cocoa Platform, HELVETAS can also share relevant project experiences with other practitioners and at the same time learn about successful approaches and interventions elsewhere.

### **Knowledge Management in WAPRO**

WAPRO is a major consortium, with 22 partners involved and with funding from different sources, including private sector contributions and funding from SDC. To bring all these different actors together we created a site on Pamoja that is accessible to external parties. Everything that has happened in the eight years project duration has been gathered on this site. Different partners uploaded their materials and they used it as a forum for exchanges.

During the Covid pandemic, meetings that took place face-to-face before, were now happening in a virtual setting where we used playful elements to ensure everyone stayed engaged. We have for example started a treasure quest for partners to submit all the materials that they produced throughout the years. It's a huge collection and for the treasure quest we used a voting element and then gave a prize to the top three contributions. It is these types of fun interactions that help to ensure everyone engages and shares their expertise on a knowledge site/platform.

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## 8. Conclusion

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After having read this manual, we hope that it has become clear that working with the private sector can provide interesting opportunities to increase our impact and scale, to jointly find innovative solutions, to achieve sustainable results and to leverage public funding. However, to become successful in PSE it is important that you are well prepared, that you have a strategy on how to engage with private companies, that you understand who your potential partner is and how you want to work together to achieve your shared goal, that you understand the potential risks and opportunities, that you are able to conduct a proper Due Diligence process and oversee the assessment of a Multi-Stakeholder Initiative, that you can manage the risks you have identified and that you can implement a PSE project using appropriate monitoring, reporting and knowledge management tools. This may sound like a rather long list, but in the end, becoming better at PSE simply requires some practice and common thinking. Therefore, we strongly encourage you to do just that: seek for opportunities, gain experience and help us ensure that the private sector takes up more responsibility to contribute to poverty reduction and sustainable development.



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## 9. Contact / Help / Support

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To manage your efforts to engage with the private sector you are not alone.

- At Head Office the Acquisition Desk has allocated resources to support the DD process. Contact: [IP.ACQ-Staff@helvetas.org](mailto:IP.ACQ-Staff@helvetas.org)
- For legal advice regarding contracts, the HELVETAS Compliance Officer & Legal Advisor can be contacted at: [isabelle.fisher@helvetas.org](mailto:isabelle.fisher@helvetas.org)
- For thematic advice on PSE (how to strategise, learn from past experiences, design PSE project, etc) contact the HELVETAS Advisory Services at: [AS.SJI-Advisors@helvetas.org](mailto:AS.SJI-Advisors@helvetas.org) or [AS.WFC-Staff@helvetas.org](mailto:AS.WFC-Staff@helvetas.org).

Within HELVETAS, there exists a substantial group of people at head office and in the partner countries who have already gained valuable experience working with private companies. Some of them have taken part in the PSE Working Group that was set up in 2021 to take stock of PSE experiences within HELVETAS, to review the DD process and contribute to this PSE manual. For the time-being, this cross-departmental working group will continue working together to help the organisation move forward on the PSE topic and reach out to colleagues at Head Office and in the partner countries to share advice and learn from your experiences.

For more information about the PSE Working Group and for a comprehensive overview of the most relevant resources on PSE, please consult the [dedicated space on Pamoja](#).

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## **10. Annexes**

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- 10.0 Principles for collaboration with private companies
- 10.1 Partnership Self-Declaration
- 10.2 Company Assessment Tool
- 10.3 HR DD Plug In (not to make it public, link to HR Advisor)
- 10.4 Contract templates
- 10.5 Letter of Intent
- 10.6 MSI assessment template
- 10.7 Narrative for MSI engagement
- 10.8 Fundings Schemes of donor agencies with a PSE focus

## **Annex 10.0 Principles for collaboration with private companies**

### **1. Compliance with Human Rights and international standards**

HELVETAS enters into partnerships with private companies that

- a) is not involved or complicit in human rights abuses, and have internal policies and processes in place to avoid such abuses
- b) have a demonstrated commitment to the broadly recognised fundamental principles and core labour standards of the International Labour Organisations. In particular, the company shall
  1. commit to the principles of freedom of association and the effective recognition of the right to collective bargaining and show evidence of non-discrimination with regard to its employment practices
  2. have policies and processes in place to prevent exploitative child labour or bonded, indentured and forced labour or any other form of servitude within their own operations and have taken steps to ensure such practices are not used by their major suppliers
  3. demonstrate a commitment to the prevention of all sexual exploitation and harassment across their business activities, including the adoption and implementation of corporate policies and codes of conduct to protect women and children from sexual exploitation or harassment
  4. have procedures in place to monitor and mitigate environmental, social and governance risks (ESG). In particular, any company collaborating with HELVETAS shall actively prevent and redress any substantial damage to the environment, unsustainable exploitation of natural resources and/or the exposure of the population to harmful substances (refers to Kampala principle No. 2c: "Results and Targeted Impact").

### **2. Leave no one behind**

HELVETAS is particularly committed to work for disadvantaged groups. Any partnership between HELVETAS and a private company must be based on the shared objective to enhance and accelerate development impact for the poor, vulnerable, and marginalised people. Reaching out to marginalised and vulnerable groups requires even more attention and action when collaborating with private partners since experience and evidence suggest that projects with private sector engagement do not necessarily target marginalised and vulnerable groups (refers to Kampala principle No. 5 "Leave no one behind").

### **3. Added value and mitigation of reputational risks**

The added value of working together to reach development goals must be clear and recognised by all partners. Each partner brings different capacities and resources into the partnership. If the added value of the collaboration in development terms is not clear, or if the reputational risk is significant, HELVETAS shall not engage in a relation with this company. If the reputational risk is assessed to be low, measures to improve the critical aspects or at least to further mitigate and manage the reputational risk should be included in the negotiation of the corporate relationship (refers to Kampala Principle no 3: "Inclusive Partnerships").

### **4. Shared values**

Whilst recognising and respecting differences, there must be sufficient common ground in terms of shared values as stipulated in our mission and vision statement, strategies and code of conduct. The partners must be prepared to work towards a common position on important issues, including a commitment to gender equality and respect for diverse identities. Mutual respect as well preferable long-

term commitments lead to trust and thus inclusive partnerships (refers to Kampala Principle no 3: “Inclusive Partnerships”).

### **5. Clarity about roles, responsibilities, and decision-making**

The role of each actor will depend on the type of relationship. When the rights and obligations of each side are negotiated, the expected contributions of each party must be clearly stated. Credibility and trust in relationships results from good communication, competence, reliability, and delivery (refers to Kampala Principle no 3: “Inclusive Partnerships”).

### **6. Transparency and accountability**

All parties involved in the partnership recognise the need to be accountable to people living in poverty or injustice as well as to other stakeholders including donors and governments. In the process of developing relationships with a private company, it is explicitly defined how HELVETAS and its corporate partner measure results, disseminate results and ensure accountability to different stakeholders, including poor and disadvantaged communities. In particular, the partners shall provide transparency with regard to their structure and their relationships with other businesses such as subsidiary entities, and with regard to major suppliers (refers to Kampala principle No. 4: Transparency and Accountability).

### **7. Alignment to the SDG’s and national development plans**

As any other development initiative, collaborations with private sector companies need to be aligned to the Sustainable Development Goals globally and – in situations where there are democratically legitimized governments – also to the national development plans. This requires co-ordination and inclusive processes at the adequate level (refers to Kampala principle No. 1: “Inclusive Country Ownership”).

## Annex 10.1 Partnership Self-Declaration Form

On Pamoja: Private Sector Engagement or Partnership Formation

Name of Partner Organisation:		
Information to be pre-filled by HELVETAS		
Self-Declarations:		
For compliance reasons, we kindly ask you to confirm the following statements and to sign the questionnaire below.		
1.	<input type="checkbox"/> I confirm that the organisation, members of its governing bodies or executive employees are not in any form involved or complicit to Human Right abuses and that it/they adhere(s) to the core conventions of the International Labour Organization (ILO)	<i>Comments if needed:</i>
2.	<input type="checkbox"/> I confirm that the organisation, members of its governing bodies or executive employees are not active or associated in any of the following sectors: weapons/military/army, extractive industries, water, or land grabbing.	<i>Comments if needed:</i>
3.	<input type="checkbox"/> I confirm that the organisation is not in breach of its obligations related to the payment of taxes or social security contributions in accordance with the applicable law.	<i>Comments if needed:</i>
4.	<input type="checkbox"/> I confirm that there has been no final judgment against the organisation, members of its governing bodies or executive employees that it is guilty of the following: fraud, corruption, conduct related to a criminal organization, money laundering, terrorist financing, child labour or other offences concerning trafficking in human beings, or any other forms of illegal or unethical activities.	<i>Comments if needed:</i>
5.	<input type="checkbox"/> I confirm that the organisation has zero tolerance for discrimination (i.e., sex, age, ethnicity, religion, sexual orientation), sexual harassment, sexual exploitation and abuse and has appropriate procedures in place to prevent and respond to discrimination, sexual harassment, sexual exploitation, and abuse.	<i>Comments if needed:</i>

I certify that the above-mentioned information is correct.

Place and date	
----------------	--

Name and function	
Signature	

## Annex 10.2 Company Assessment Tool

Latest version available on Pamoja: [link](#)

Company Assessment Tool					
<b>1. Profile of company</b>					
1.1	Full name				
1.2	Postal address/website				
1.3	Domicile (head office and branch offices)				
1.4	Legal status (for profit/ not for profit)				
1.5	Core business and specific field of expertise /main services				
1.6	Main markets and donors of the company (mainly ODA or others?)				
1.7	Ownership and structure incl. parent and affiliated companies				
1.8	Size: Number of employees, annual turnover/income (specify currency)				
1.9	Memberships/certification by third party/internationally recognized standards (e.g. ZEW, ISO, ILO etc.)				
1.10	Name and contact information of reference person (if applicable)				
<b>2. Summary Information about Potential Cooperation</b>					
2.1	What is the main objective of the cooperation?				
2.2	Is the company known to Helvetas from prior cooperation? If so, specify project/context				
2.3	What is the planned duration of the cooperation?				
2.4	Does the cooperation involve transfer of funds to the company? If so, how much?				
<b>3. Assessment of Criteria and Proposed Measures</b>					
#	Criteria	Special Attention	Assessment	Explanation/ Sources of Information (internet, RepRisk, company website)	Conclusions and proposed Measures
Exclusion Criteria	The company is in any form involved or complicit to human rights abuses or is continuously working against basic human rights principles.	Leads to exclusion because of violation of human rights (e.g. child forced labour), basic human rights principles, or involvement in illegal or unethical activities. The decision is taken based on own research or self-declaration of company.	assess criteria	Explain your assessment	Exclusion criteria: If one of the exclusion criteria applies, the cooperation should not be pursued.
	The company is or has been involved in activities involving money laundering, organized crime or financing of terrorism or other forms of illegal or unethical activities.		assess criteria	Explain your assessment	Exclusion criteria: If one of the exclusion criteria applies, the cooperation should not be pursued.
	The company is active or associated in any of the following sectors: weapons/military/army, extractive industries, water or land grabbing.		assess criteria	Explain your assessment	Exclusion criteria: If one of the exclusion criteria applies, the cooperation should not be pursued.
	The reputation of the company is damaged due to involvement in scandals, e.g. legal proceedings, court sentences, severe environmental issues or other UN Global Compact issues.		assess criteria	Explain your assessment	Exclusion criteria: If one of the exclusion criteria applies, the cooperation should not be pursued.
Match Criteria	Company's values/ norms are not contradicting to the ones of Helvetas.	A common value basis is a key factor for success. Also assess, whether the vision refers to beneficiaries in developing countries.	assess criteria	Explain your assessment	Match Criteria: Explain how you address consequences of your assessment. What are success factors of the potential cooperation?
	Company has relevant similarities/overlaps in order to achieve targets in cooperation.	Similarity can refer to thematic expertise, geographic location, approaches, levels of intervention. Relevant overlaps can facilitate synergies in the achievement of objectives of cooperation.	assess criteria	Explain your assessment	
	The company has good complementarity for jointly reaching the objective of the cooperation.	Complementarity can refer to thematic expertise, geographic location, approaches, levels of intervention. High complementarity leads to added value of the cooperation and better chances to reach objectives of the cooperation.	assess criteria	Explain your assessment	
Risk Criteria	The company has a legitimacy and/or reputation to be active on behalf of for the benefit of the poor and/or disadvantaged.	Risks include involvement in scandals, legal proceedings, court sentences or accusations. The fact that there exist legal proceedings or a political affiliation does not lead to exclusion, but risk management measures to be set in place.	assess criteria	Explain your assessment	Risk Criteria: Explain, how you address consequences of your assessment. Particularly, what are implications for risk management and monitoring in the cooperation?
	The company does not tolerate any form of fraud & corruption and is well prepared to prevent fraudulent & corruptive behaviour.	Assess existence of institutional policies and procedures, but also to what degree they are applied/enforced.	assess criteria	Explain your assessment	
	The company takes adequate measures to prevent money laundering, terrorist financing and any other financing of criminal activities.	We have to ensure that Helvetas funds are not linked to illegal activities such as money laundering, terrorist financing or any other criminal activities. Put findings of the vetting of sanction lists (LexisNexis).	assess criteria	Explain your assessment	
	The company is not listed in any of the sanctions lists (vetting with LexisNexis by Acquisition Desk)	Assess whether institutional code of conduct (anti-sexual harassment, mobbing, child labour, social & environmental, good governance, etc.) exist and whether they are enforced.	assess criteria	Explain your assessment	
	The company has code of conducts for ethical behaviour and is committed that its staff adheres to them.	Assess the real commitment of the company to its stated values and principles, or to the potential cooperation. Openness and transparency should evolve/improve throughout the cooperation.	assess criteria	Explain your assessment	
	The company shows coherence between its organisational mission and its activities. It demonstrates a culture of openness and transparency.		assess criteria	Explain your assessment	
	The potential cooperation does not involve any other context-specific risk.	Specify if there is a context-specific risk	assess criteria	Explain your assessment	
<b>Additional information/remarks:</b>					
<b>4. DD completed, recommendations by (Name, Place and Date):</b>					
<b>Classification of the Potential Cooperation</b>			<b>Explanations and recommendations:</b>		
Overall Match: <input type="checkbox"/> good match <input type="checkbox"/> medium match <input type="checkbox"/> weak match					
Overall Risk: <input type="checkbox"/> low risk <input type="checkbox"/> medium risk <input type="checkbox"/> high risk					
DD Appraisal: <input type="checkbox"/> HARMLESS <input type="checkbox"/> CRITICAL <input type="checkbox"/> NO GO					
Final Decision: <input type="checkbox"/> GO AHEAD <input type="checkbox"/> GO AHEAD WITH CAUTION <input type="checkbox"/> DO NOT GO AHEAD					
<b>5. DD reviewed by (if any), (Name, Place and Date):</b>					
Final Decision by DDAC and/or responsible Director: <input type="checkbox"/> GO AHEAD <input type="checkbox"/> GO AHEAD WITH CAUTION <input type="checkbox"/> NO GO					
List names and function of involved staff					
<b>6. Decision by (Name, Place and Date):</b>					
Indicate briefly main reasons from the final decision, if needed explain conditions that need to be fulfilled to enter into the cooperation.					

## Annex 10.3 Human Rights Due Diligence Plug-in

Available upon request. Contact Acquisition Desk at [IP.ACQ-Staff@helvetas.org](mailto:IP.ACQ-Staff@helvetas.org)

The screenshot displays the Microsoft Excel interface with the 'Human Rights Due Diligence Plug-in' template. The ribbon at the top includes File, Home, Insert, Page Layout, Formulas, Data, Review, View, and Help. The main area shows a spreadsheet with the following structure:

Human Rights Due Diligence Plug-in									
1	Name of the company:	XXXX							
2	Parent company:								
3	Company Structure:								
4	Name of the global CEO:								
5	Annual turnover of the company:								
6	Number of Employees:								
7	Company Sector:								
8	Is the company based in one of the OECD member countries?								
9	Is any entity from the same Group registered in Switzerland?								
10	Is the company operating under conflict situation? If yes, please describe -								
11	<p><b>Check overall compliance with human rights standards and keep Helvetas human rights standards as an extended check for this process. For companies working in fragile or high risk countries, check only No. 5 criteria from 1_HR DD_Standards</b></p>								
12	Give Colour	Question/Element	Answer	Remarks	Source- How to find				
13	1.1	Is there a clear human rights policy or a statement from the company that is available in public domain?	<input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Check on company's website <input type="checkbox"/> Also check - whom does the policy apply. Many transnational corporations have human rights policies and code of conduct that is applicable only to their suppliers. If it applies only to the suppliers then write it under section 9 of this assessment.	critical			
14		Are there any other policies or reports of the company that address human rights?	<input type="checkbox"/> A single human rights policy <input type="checkbox"/> Broader statement on commitment to human rights		<input type="checkbox"/> Check on the company's website - each parent company. You can find them under CSR or sustainability initiatives.	ok			

The bottom of the spreadsheet shows a navigation bar with tabs: 0\_Introduction, 1\_HR DD\_Standards, 2\_Research\_Methodology, **3\_HR DD Main tool**, 4\_HR DD\_Short\_tool, and a status bar indicating '6 of 24 - Clipboard'.

Picture of the HR Plug-in



## **Annex 10.4 Contract templates**

See the following Pamoja sites for contract templates (files are updated regularly): [Partnership Agreements site](#) or [PSE site](#)

## Annex 10.5 Letter of Intent

From Acquisition Desk: template available on [Pamoja](#)

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### LETTER OF INTENT/TEAMING AGREEMENT

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Between the organisations – hereafter called partners or parties

**HELVETAS Swiss Intercooperation**  
Weinbergstrasse 22°, P.O. Box 3130, CH-8001 Zurich, Switzerland

and

**XXX**  
**XXX, XXX**

The following is concluded:

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#### 1. Object of the Agreement

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1. The parties have agreed to associate for the participation in tender and provision of services for the upcoming project “**XYZ XYZ**”, expected to be launched in **YYYY YYYY** or later.
2. The association of the partners will be on an exclusive basis.
3. The partnership is of the form of **XXX**. HELVETAS acts as lead agency, and, if the proposal of HELVETAS and its partner(s) is selected, HELVETAS acts as sole contractor with the client and is responsible for the overall management of the project and communication with the contracting authority in regards to the above mentioned tender/project.
4. The lead agency HELVETAS can engage other partners in the course of the preparation of the offer, object of this tender and, if the proposal of the parties is selected, in the course of the implementation of the project, if need arises.
5. The Partners hereto agree to work together to produce a joint proposal and to pursue the project in mutual consent, meeting all necessary efforts to achieve the goal of being awarded the Contract.
6. Each party will initially bear its own costs for preparation of the tender.
7. The envisaged role/services of the partner will be the following: **<< describe focus tasks, ToR to the level of detailed required/possible>>**.
8. The services can comprise additional elements and are described in more detail in the jointly developed and agreed project proposal, respectively its eventual amendment during contract negotiations with the client.
9. This letter of intent is limited to the tender in object and shall not confer any right or impose any obligation or restriction on either party with regards to activities outside of the tender in object.
10. This letter of intent shall be replaced by a bidding or teaming agreement once scope, nature and timing of the project are known in more detail.
11. Both parties are restrained by the obligations of secrecy and shall treat as confidential all information they acquire in the frame of the association for the project in object. Parties shall maintain this confidentiality as long as the interest of confidentiality by the other party persists.

12. This agreement shall not be terminable by routine notice. A termination of the agreement for important cause remains unaffected. An important cause exists if the client terminates the tender process.

<<date >>

#### **HELVETAS Swiss Intercooperation**

< Name of HELVETAS representative >	< Name of HELVETAS representative >
< Title / Position >	< Title / Position >

**< Name of Partner >**

< Name of partner representative >  
< Title / Position >

## Annex 10.6 MSI Risk and Impact Assessment

On Pamoja: [LINK](#)

	A	B	C	D	E
1	Generic change target	Generic subtargets	Assessment of current situation (how does the MSI function and what has Helvetas already reached?)	Change target for our engagement in the MSI - What do we want to reach?	Indicator for success of the Helvetas engagement
2		Description of the goal and related subtargets as a measurable impact	50% of the world's cotton to be sustainable cotton by 2025 (BCI as major contributor to the 2025 cotton challenge)	Supported - no change target required	
3	The goal of the MSI is focusing on impact and is ambitious compared to the current situation	Natural resource management and human wellbeing / social inclusiveness as part of the goal			
4	Increase the MSI's effectiveness to reach the goal	Monitoring of stakeholders's interest / agenda to join the platform		Support textile companies within the Helvetas network to join the Sustainable Cotton Challenge	
5	Increase the MSI's effectiveness to reach the goal		Solidaridad is the only ICISO in the BCI Council (the critical decision making body for entire BCI)	Helvetas representation as elected representative for the Council	
6	Increase the MSI's effectiveness to reach the goal	Balanced representation and participation of stakeholder groups			

Picture of Excel form MSI Risk and Impact Assessment

## Annex 10.7 Narrative for MSI engagement

### PARTNERSHIP WITH MSI XXX

#### Introduction: Why a partnership?

Evolution of partnership

Rationale for the partnership

#### Business and change targets

##### Business benefits and targets for HELVETAS

- E.g. Benefit from early intelligence, knowledge and network allowing us to acquire additional projects
- E.g. Create partnerships (project partnerships as well as value chain partnerships) based on the MSI member network

##### Change targets of the engagement in the platform

- E.g. influencing the MSI standard and its assurance procedures aiming at a high impact and inclusiveness for smallholders and with a high ecological sustainability ambition

#### Resources for the membership activities

- Membership fee: 500 CHF
- Estimated time requirement as a member
- Estimated time requirement as Council Member or member in a Technical Committee

#### Risks, mitigation measures and red lines

##### Due Diligence

Summarised result of the RepRisk Analysis

Summarised results of the completed risk and impact analysis (Annex 10.6 of PSE Manual).

##### Identified risks and mitigation measures

Risk	Mitigation measures

##### Red lines

Are there any red lines that would prompt HELVETAS to discontinue the partnership with this MSI?

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## **Conclusion**

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Recommendation to the Company Assessment Committee

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## **Annexes**

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Annex 1: Result of RepRisk

Annex 2: MSI Risk and impact assessment

Date

Place

Responsible person

## Annex 10.8 Fundings Schemes of donor agencies with a PSE focus

List below is from 05.12.2022 (Actuality of information subject to changes)

Updated information available on Pamoja: [LINK](#)

Donor agency	Name / Description	link	Remarks and add. links
Global Affairs Canada (GAC)	<b>International Assistance Innovation Program (IAIP)</b> Canada has allocated over \$900 million in funding for the International Assistance Innovation Program (IAIP). This five-year pilot program (2019- 2024) makes targeted investments to help mobilise additional private investments in developing countries that will help achieve the Sustainable Development Goals.	<a href="#">International Assistance Innovation Program (IAIP)</a>	Attention, the website says (05.12.2022): Thank you for your interest in the International Assistance Innovation Program. We continue to adjust how we implement this pilot program. We are now using a more directive programming approach. <b>We are not currently seeking unsolicited concept notes</b> and we are unfortunately unable to respond to all submissions received.
Danida	Danida Green Business Partnerships (Successor to Market Development Partnerships)  <b>Danida Green Business Partnerships</b> bring commercial- and non-commercial actors together in partnerships to promote sustainable climate and economic development, through projects that are able to promote both commercial and development objectives, contributing to Sustainable Development Goals 8, 13 and 17. <b>DGBP has annual application rounds</b> which you can read about here. DGBP's predecessor <b>Danida Market Development Partnerships</b> is now closed for applications, but a number of interesting projects are under implementation, which you can read about at the projects site.	<a href="#">DGBP - Danida Business Partnerships (danida-business-partnerships.dk)</a>	The DGBP 2022 application window is now closed, <b>another application round is foreseen for 2023</b> . <a href="#">News - Danida Business Partnerships (danida-business-partnerships.dk)</a>  Once a year DGBP is open for applications from commercially oriented multistakeholder partnerships between commercial- and non-commercial partners. Partnerships brings together complementary resources, capabilities and knowledge which can foster innovative business models capable of promoting both commercial and development objectives.
Dutch Ministry of Economic Affairs	<b>SDG Partnership Facility of the Netherlands Enterprise Agency (CLOSED)</b>  The Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland, RVO) is an executive body	<a href="#">SDG Partnership facility (SDGP)   Business.gov.nl</a>	<b>Closed since end 2021.</b>  Applicant must be a Dutch organisation.

	<p>of the Dutch Ministry of Economic Affairs and Climate Policy.</p> <p>The SDG partnership facility is for organisations forming a public-private partnership to contribute to sustainable development goals (SDGs) in developing countries.</p>		<p>The PPP must consist of a maximum of 6 partners including:</p> <ul style="list-style-type: none"> <li>• 1 NGO or knowledge institution,</li> <li>• 1 company and</li> <li>• 1 government organisation (local government organisation preferred)</li> </ul>
<b>Norad</b>	<p>Norad has <b>grant schemes to support private sector development in development countries.</b></p> <p>Grants schemes for PSE under the link on the right-hand side</p>	<a href="https://norad.no">Private sector development (norad.no)</a>	Check website for current grant schemes
<b>SIDA</b>	<p><b>Public Private Development Partnership</b></p> <p>In a Public Private Development Partnership (PPDP) Sida and actors from the private sector cooperate and jointly finance a project that seeks to improve the lives of people living in poverty.</p>	<a href="#">Public Private Development Partnership   Sida</a>	<p>For information how to engage with SIDA consult with the SIDA DAT and consult the website:</p> <p><a href="#">How to cooperate with Sida   Sida</a></p>
<b>USAID</b>	<p><b>Global Development Alliance (GDA)</b></p> <p>A Global Development Alliance (GDA) is a partnership where USAID and the private sector work together to develop and implement market-based approaches to solve development challenges. Activities under a GDA leverage and apply our respective assets and expertise to advance core business interests, facilitate private sector-led development, and drive sustained development impact. A GDA is just one of several ways that USAID works with the private sector to advance development progress.</p>	<a href="#">Global Development Alliances   U.S. Agency for International Development (usaid.gov)</a>	<p>For information how to engage consult HELVETAS USA and consult below websites:</p> <p>The <a href="#">Global Development Alliance (GDA) Annual Program Statement (APS)</a> is USAID's invitation to the private sector to co-create market-driven approaches and activities that advance business success and development impact.</p> <p>If your company or organisation is interested in exploring or developing a GDA, the first step is to contact the <a href="#">Private Sector Engagement (PSE) Point of Contact</a> in your country of interest. The PSE POC will work with you to determine if a GDA is the appropriate way forward. For questions on the GDA approach, please contact <a href="mailto:gda@usaid.gov">gda@usaid.gov</a>.</p>
<b>SDC</b>	SDC Public Private partnerships	<a href="#">Private sector (admin.ch)</a>	The website is (rather) addressed to private sector companies, but offers a contact point with SDC's Competence



			Centre for Engagement with the Private Sector (CEP)
<b>BMZ Germany</b>	<p><b>develoPPP</b></p> <p>develoPPP is a funding programme of the German Federal Ministry for Economic Cooperation and Development (BMZ). It is aimed at companies that want to invest sustainably in a developing or emerging country and expand their local operations.</p> <p>The financing and implementation of a develoPPP project is carried out jointly with one of the two experienced public implementing partners: DEG Impulse GmbH or Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The share of public funding in the total expenditure is up to 50 percent.</p> <p><b>Development partnerships with the private sector</b></p> <p>Development partnerships with the private sector (DPPs) are short- to medium-term joint projects between companies and implementing organisations (call up dictionary entry for the term)* in development cooperation. In a development partnership, both partners act on an equal footing: Both promise to benefit from the partnership, but both also share in the costs and implementation of the projects.</p>	<p><a href="#">Investing responsibly. Promoting development – develoPPP</a></p>	<p>Oriented at private sector companies.</p> <p>Funding programme: <u>Entrepreneurship meets sustainable development – develoPPP</u></p> <p>The Programme “<b>Development partnerships with the private sector</b>” : Access to BMZ funding is only possible through HELVETAS Germany and is currently being built up gradually (only limited annual growth possible), which is why this funding window is managed by HELVETAS Germany.</p>
<b>DFAT (Department of Foreign Affairs and Trade, Australian Government)</b>	<p><b>Business Partnerships Platform</b></p> <p>Engaging the private sector is a key approach by the Australian Government to support economic growth, incomes and jobs.</p> <p>The Business Partnerships Platform (BPP) is DFAT's principal program contributing directly to accelerating Australia's collaboration with business to address development challenges in our region.</p>	<p><a href="#">The Business Partnerships Platform - Engaging the private sector is at the cornerstone of Australia's modernised aid program, supporting economic growth, incomes and jobs. (thebpp.com.au)</a></p> <p><a href="#">Business Partnerships Platform   Australian Government Department of Foreign Affairs and Trade (dfat.gov.au)</a></p>	<p>Calls:</p> <p><a href="#">Call for COVID-19 Recovery Partnerships - The Business Partnerships Platform (thebpp.com.au)</a></p> <p>Specific Fund of DFAT:</p> <p><a href="#">Engaging with the Private Sector - Water for Women Fund</a></p>
<b>IFAD</b>	<p><b>Private Sector Financing Programme</b></p> <p>Bridging this gap requires an investor with a deep understanding of the agriculture sector and rural communities. IFAD's Private Sector Financing Programme</p>	<p><a href="#">Private Sector Financing Programme (ifad.org)</a></p>	<p>Strategy:</p> <p><a href="#">IFAD Private Sector Engagement Strategy 2019-2024</a></p>

	(PSFP) is a financing facility designed to promote increased investment into small-scale agriculture. The facility offers financing directly to operating companies as well as financial intermediaries on-lending, investing or offering services to small farmers, rural poor and MSMEs.		
<b>Governments of Denmark, Government of Ireland, Government of Sweden and the Government of Switzerland.</b>	<p><b>The Agricultural Markets Development Trust (AMDT)</b> has been established by the Governments of Denmark, Government of Ireland, Government of Sweden and the Government of Switzerland.</p> <p>The Trust has been established as a long term facility to address challenges experienced in past markets developing initiatives in <b>Tanzania</b>.</p> <p>AMDT will partner with the private sector or implementation facilitators<sup>7</sup> to pilot innovative ways to address identified constraints, including environment, climate change and gender constraints.</p>	<a href="#">Agricultural Markets Development Trust – AMDT Tanzania</a>	<p>AMDT has a tender notification site:</p> <p><a href="http://amdt.co.tz">TENDERS – Agricultural Markets Development Trust (amdt.co.tz)</a></p>
<b>Impact Linked Finance Fund</b> (Dutch foundation, supported, among others, by sdc)	<p><b>Impact-Linked Finance Fund</b></p> <p>The Impact-Linked Finance Fund is set up as a Dutch foundation (“Stichting”).</p> <p>Impact-Linked Finance refers to linking financial rewards for market-based organisations to the achievements of positive social outcomes. It is a highly effective way of aligning positive impact with economic viability and lies at the intersection between blended finance, impact investing, and results-based finance.</p>	<a href="#">About - Impact-Linked Finance Fund (ilf-fund.org)</a>	<p><b>Sign Up for calls:</b></p> <p><a href="http://Investment Strategy - Impact-Linked Finance Fund (ilf-fund.org)">Investment Strategy - Impact-Linked Finance Fund (ilf-fund.org)</a></p> <p><b>Typical eligibility scope of calls:</b></p> <p>Although there are no specific constraints regarding the legal form, the organisations need to generate commercial revenues from their activities. For Non-Profit Organisations, this means having in place a (non-grant) recurring revenue generated from market-based solutions or the possibility of becoming a contractor of the local Government. The organisation must be operational for at least three years and operate in one of the target countries<sup>1</sup> (see table below under “Geography”). While there are no specific fundraising requirements for the Impact-Linked Loans or Impact-Linked Payments, in order to be eligible for SIINC, organisations must be seeking a repayable</p>

			investment (e.g., debt, equity, etc.) in parallel
<b>P4G</b>	<b>P4G</b> is a global platform accelerating innovative multi-stakeholder partnerships to deliver transformative change in food, water, energy, cities and the circular economy. We invest in impact to scale breakthrough solutions to meet the Sustainable Development Goals and the Paris Agreement. A P4G partnership is a pioneering market-based, multi-stakeholder entity with transformative ambition. It has the potential to bring long-term and sustained systemic change through commercially viable solutions that deliver green economic growth. These partnerships work in P4G's five focus SDG areas: food, water, energy, cities and circular economy – and comprise members of businesses and civil society organisations supported by governments.	<a href="https://p4gpartnerships.org">P4G (p4gpartnerships.org)</a>	Calls for Concept Notes, eligibility criteria and focus can be checked here:  <a href="https://p4gpartnerships.org">P4G Call for Partnerships   P4G (p4gpartnerships.org)</a>