Partnering for impact

Best practices for Multi-Sectoral Partnerships for Social Development in Africa

A report prepared for the

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Contents

Figures

Tables

Boxes

SECTION A: ABBREVIATIONS / GLOSSARY

B-BBEE	Broad-based Black Economic Empowerment
COI	Conflict of Interest
CEP	Council on Economic Policies
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DIB	Development Impact Bond
ECD	Early Childhood Development
ESG	Environmental, Social and Corporate Governance
GBC-Education	Global Business Coalition for Education
GPE	Global Partnership for Education
GTETI	Global Tax Expenditure Transparency Index
LMIC	Low- and Middle-Income Countries
MOU	Memorandum of Understanding
NECT	National Education Collaboration Trust
NDP	National Development Plan
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
PBO	Public Benefit Organisation
PEC	Programme d'Enseignement Ciblé
PPP	Public-Private Partnership
SDG	Sustainable Development Goals
TE	Tax Expenditures
TRECC	Transforming Education in Cocoa Communities

Executive summary

Report context and purpose

The contemporary challenges confronting the world, spanning low-quality and insufficient education, unemployment, poor health, and climate change, are intricate and unparalleled. The intricacy of challenges is heightened by the interconnected nature of these problems. Consequently, there is a **significant and pressing demand for collaboration across all sectors of society to effectively tackle these issues on a large scale as stated as well in the United Nations Sustainable Development Goal 17.**

Over time, the role of the private sector as central to addressing these challenges has become clearer. However, there are still tensions, misunderstandings and miscommunication that exist between governments, the private sector and development actors and their respective agendas. While the number of punctual collaborations between the public and private sector is growing, **such collaborations are not yet sufficiently being utilised in a systematic and comprehensive manner. There is room for growth.**

The challenges identified (low education, unemployment, poor health and climate risks) are not insurmountable. It is feasible to create well-structured, sustainable partnerships for the future between governments and the private and philanthropic sectors to tackle these problems together.

The goal of this report is to assist partners across government, business, and the non-profit sector in maximising the value of multi-sectoral partnerships and become inspired from successful approaches. This report highlights that one of the central tenets to this form of partnership is an enabling environment for partnership and lays out suggestions on how such an environment can be fostered.

Through a range of case studies drawn from African and other low- and middle-income countries such as India, as well as global-level examples, the report highlights **the potential of multi-stakeholder partnerships** in general and aims to illustrate **considerations for such partnerships in Africa specifically**.

Why collaborate? Firstly, the report sets out the various motivations and benefits of multi-sectoral partnerships in social development. While the first chapter highlights challenges in education, health, and the need for early childhood development services, it **showcases how collaborations offer expanded financing options and project delivery capacities**.

Corporates are required by good governance codes to report on the difference they are making in the Environmental, Social and Governance (ESG) sectors. In Africa, the ESG imperative challenges is becoming an increasingly important motivation for business to increase their involvement in social development.

It is possible to use joint financial structures and incentives which encourage additional financing to grow the pool of available finance for social development. **The Global Partnership for Education (GPE) Multiplier Fund case study** serves as a powerful example of a collaborative financing tool across the private sector and governments available for low and middle-income countries, catalysing education investments from various stakeholders. The report also features the **Global Business Coalition for**

Education (GBC-Education) and its work as an example of how businesses can be supported in linking their investments in education to ESG.

What are the largest challenges for partnerships? The report explores some of the challenges of multi-sectoral partnerships. It firstly sets out the main barriers which inhibit greater collaboration between the public and private sector: mistrust, risk, duplication and language. Solutions to these potential challenges are also shared.

Following from this, the report highlights some of the key operational and cultural differences between business and government, often manifesting in language differences between the two sectors. For the public and private sector to work more closely together, each respective partner needs to be willing to adapt their ways of working and understand the key concerns and motivations of other sectors.

What are the available frameworks for collaboration, including increasing funds for social development? The report focuses on the **legislative, and other formal and informal tools and structures** available to increase collaboration and involvement in social development efforts. As one promising approach, the chapter explores the use of tax incentives and tax reform to stimulate contributions from the private sector in social development projects and emphasises the broader environment influencing private sector contributions, including legal frameworks and administrative barriers. **Tax system simplification and consolidation are important tools for creating fiscal space**, enabling governments to **allocate more resources to social development**. Furthermore, different structures for multi-sectoral partnerships are presented in this report. Examples of amplifier and aggregator structures are identified. Lessons from the experiences of **the National Education Collaboration Trust (NECT) in South Africa** are shared in a case study. The chapter also includes a case study on the first development impact bond in education (**the Educate Girls Development Impact Bond in India**) to showcase the impact of alternative financing arrangements to mobilise private sector funding. **The pooling of funds, scalability, risk management, and flexibility in delivery are highlighted as key insights from the case study**.

How should partnerships be managed? This section in the report proposes practical guidelines for managing the various stages of multi-sectoral partnerships. Key principles include **defining clear partnership goals and roles, engaging trusted brokers, conducting stakeholder mapping, and involving initiative champions at various levels**. The case study illustrates these principles in the context of **the Transforming Education in Cocoa Communities (TRECC) in Côte d'Ivoire**, a large-scale education program addressing the learning crisis. The PEC's success is attributed to government leadership, collaboration with industry partners and a clear project pathway. The chapter further emphasises **bridging short-term divergent interests, effective communication, tracking measurable outcomes, and proactive risk management**.

What are the recommendations for future partnerships? The report concludes with recommendations for both business and governments on how to best collaborate and increase the impact of social development projects. For business, the recommendations specifically emphasise **how to best approach Corporate Social Investment (CSI) projects for maximum ESG impact and sustainability.** For government, the recommendations are focused **on how best to attract the private sector to social development initiatives**.

About this report

Methodology

This report was informed by a literature review focused on the various terms documented in the "Language used in this report" box below, ranging from multi-sectoral partnerships, funding collaboratives and Public-Private Partnerships (PPP). A series of interviews with stakeholders ranging from corporates spanning the retail, financial and mining sectors of South Africa and Africa, as well as global development organisations, funding aggregator bodies and philanthropies were also conducted to inform both the core text of the reports, as well as specific case studies highlighted in the report.

The language used in this report

The language used to describe **partnerships** or **collaborations** between government, the private sector (businesses) and philanthropy funders is still evolving. It would have been possible to use a few terms to describe these relationships, but for the purposes of this report, we settled on **multi-sectoral partnerships**. In this box we acknowledge the other terms that could have been used and may describe these types of partnerships in different contexts.

Multi-sectoral partnerships: This refers to partnerships between three sectors, namely – government, civil society and business "formed explicitly to address social issues and causes that actively engage the partners on an ongoing basis" (Selksy and Parker, 2005:850). As such, multi-sectoral partnerships typically pertain to sectors such as education, health, economic development and environmental sustainability. These partnerships can range from being transactional, short-term arrangements motivated by self-interest, **to longer, integrated projects that are developmental in nature**. This report is more focused on the latter type of partnership.

Funding collaboratives: These tend to be a partnership model through which philanthropies pool resources, in the form of expertise, networks, and funding, to magnify their contribution towards a particular social cause (Powell et al, 2021). Collaboratives can involve different types of philanthropies, such as corporate foundations or family endowment funds and will at times work with non-profit organisations and governments. Collaboratives are often governed by an intermediary, such as an advisory or independent fund manager to create a neutral space from which to operate and govern the fund.

Public-private partnerships (PPPs): PPPs can have either a broad or a narrow meaning, depending on the specific context. In this report, the term is used in the narrower sense to describe the contractual arrangements between the public and private sector, mostly in cases where private sector providers are appointed by a government to help deliver public services. In this arrangement, the private sector entity is responsible for the design, finance, operation and maintenance of the asset or project and is repaid from the revenues generated from the asset or project by either the users of the asset or by the public authority (Yescombe, 2017:7).

1. The case for collaboration

The first chapter of this report lays out the economic landscape in low and middle-income countries which necessitates the creation and expansion of multi-sectoral partnerships for social development.

Using data gathered from stakeholder interviews, this chapter highlights the benefits of collaboration, ranging from the ESG motivation to the broader business imperative, and the possibilities of greater resource mobilisation. Finally, it illustrates the potential of collaboration through a case study on the Global Partnership for Education (GPE) Multiplier, a pioneering funding instrument that assists governments in harnessing additional private funding for education initiatives.

1.1 Imperatives

In this section, we explore the imperatives (the urgent reasons) for businesses and governments to collaborate in the delivery of social services. While the imperatives can overlap with the benefits that could be gained from collaboration, we view them as distinct concepts. The imperatives point towards the direction that collaboration needs to move towards and the benefits emanate from movement in the direction.

As we draw closer to 2030, time is running out to achieve the United Nations' Sustainable Development Goals (SDGs). Faced with multiple crises, countries are experiencing slower growth, high inflation, and growing debt (United Nations, 2023a). For the 140 SDG targets for which there is data available, around half of the targets are moderately to severely off track, while 30% of these targets have either not progressed at all or regressed below the 2015 baseline (United Nations, 2023b). On the first SDG goal of no poverty, progress has been slow and uneven. If current trends continue, it is projected that 7% of the global population will still be living in extreme poverty by 2030. Crises such as the pandemic and climate change have led to the portion of the world's population facing chronic hunger to increase by 122 million between 2019 and 2022 (United Nations, 2023b). **Financial challenges, and the funding shortfalls that arise from them, are at the heart of many countries regressing on their SDG targets.** Developing countries, in particular, are also still recovering from fiscal backlogs which developed during the Covid-19 pandemic**.** As a result of the slow progress made on reaching SDGs, it is estimated that the funding shortfall to meet all SGDs has now reached $137 trillion, compared to the 2022 estimated shortfall of $135 trillion (Patel, 2023). Thus, to address these shortfalls, there is a great need for better coordination and collaboration between the public and private sector.

Focusing in on SDG 4, quality education, there is a strong case to be made for multi-sectoral partnerships. Despite significant progress in terms of increasing literacy and school participation across the continent, urgent interventions are needed to achieve greater access and better educational outcomes in Africa. To do so, it is estimated that Africa needs 17 million teachers (both in new and old posts) to achieve universal primary and secondary education by 2030 (UNICEF, 2021:20). Furthermore, 75% of children in Sub-Saharan Africa don't have access to early education services, regardless the fact that at least one year of pre-primary education is a sub-goal of SDG 4. In addition, the changing nature of work and the emergence of artificial intelligence necessitates that government, business and non-profits address the risks associated with a workforce that is not appropriately skilled. **Resource constraints and growing populations make it impossible for governments to meet these demands on their own.**

Additionally, there is a strong investment case for expenditure on early childhood development (ECD) services (Global Business Coalition for Education, 2023). The later life returns to ECD have been studied in a variety of contexts and considering different outcomes or indicators. Individuals who benefitted from ECE experienced an approximate increase of 0.9 years in their overall years of schooling**.** In Chile, a comprehensive ECD programme was associated with higher Grade 4 mathematics, reading and social science tests scores (Cortázar, 2015). Even just an early childhood stimulation programme aimed young children, combined with a nutrition intervention, led to a 25% increase in later-life earnings of children who participated in the programme in Jamaica (Gertler et al, 2014). Such programs have typically not been funded by departments of education and the roll-out of these services present new financing challenges for LMICs. Without additional resources, countries may have to compromise on services for primary, secondary and even tertiary education. Early childhood development services not only include education services, but specific healthcare interventions too, including but not limited to, appropriate antenatal, postnatal, immunisation and nutrition services.

The same resourcing and coordination challenges are also experienced in the health sector. Many multi-sectoral partnerships have been established in the health sector at both the country and global levels to address “sticky” problems that cannot be fully solved if only one actor takes responsibility for it. These partnerships have ranged from the Global Fund (an international fund spanning the private sector, governments, and donors) established to tackle the problem of HIV, Gavi (the Vaccine Alliance) and the more recently established Scaling Up Nutrition.

While this report emphasises initiatives in education, **the findings and recommendations are applicable to all aspects of social development, such as health, economic and infrastructure development.** The approaches and tools can also be applied to financing for climate or environmental initiatives.

1.2 Benefits

With public resources failing to meet the demands of access to high-quality social services in Africa, governments are beginning to seek out the capabilities of the private sector in social projects. Multi-sectoral collaborations are attractive to governments due to their ability to expand financing options, create synergies, networks, promote sensible risk-taking, provide preferred access and control of supply chains, and capacity for project delivery. While the private sector brings increased efficiency, a focus on financial returns and sustainability, a zeal for risk-taking and innovation, the public sector brings scale, policy knowledge, legitimacy, and a public developmental mandate to the table.

Over and above combining the strengths of the public and private sectors, multi-sectoral partnerships allow all parties to show progress on issues that matter to shareholders and critical stakeholders. Because private entities are motivated by metrics determined by their shareholders or owners (including entrepreneurial families with a strong value compass), they are often able to track and demonstrate impact more effectively than governments. However, governments can benefit immensely from being able to demonstrate impact to their stakeholders, such as voters.

A business stakeholder gave the following explanation for why their company chooses to partner with government:

> *"Government is really at the core of the growth of any economy and its role is to create a conducive environment where our people can be able to flourish…We see the government as a key strategic partner because to develop and have an impactful and sustainable program, you require the custodians of that role to be at the centre. By putting government at the centre of your interventions, it helps you with three things; sustainability, shared resources, and stakeholder engagement." - Stakeholder interviewee*

The business imperative

Interviews with stakeholders confirmed that much of the corporate social investment initiatives in Africa primarily take place in an ad-hoc manner, driven largely through the marketing or PR departments of businesses. Due to the ad-hoc nature of interventions, projects are not able to achieve scale. In addition, due the strong marketing angle that projects take means that brand visibility is prioritised over impact.

Increasingly, however, companies are faced with pressure from investors, regulators, and their customers to improve their good Environmental, Social and Governance (ESG) footprint and impacts. While ESG frameworks were developed in the Global North, they are becoming increasingly important in the Global South, and are of particular importance to African governments that have large multinational companies operating in their country. In addition, ESG as a framework and the language surrounding it has been criticised for creating an illusion of more sustainable and ethical operations, whilst not driving real change. The increased scrutiny of ESG necessitates that companies have clear metrics for showing impact in the social development projects they are involved in (Global Business Coalition for Education, 2022:7). The ESG focus also offers an opportunity for governments to request accountability of companies with regards to positive ESG contributions and their concrete delivery in this space. A large part of the work of the **Global Business Coalition for Education (Box 1)** helps businesses make sense of how they can embed education investments in ESG reporting and language.

Box 1: Global Business Coalition for Education - an aggregator uniting business funds and efforts for education

About this case study

The Global Business Coalition for Education (GBC-Education), established in 2012, is an example of a **global-level social development aggregator** in the education sector. It consists of a network of more than 150 leading businesses globally that are pooling funds and focusing strategic analysis and project activities on attaining accessible, high-quality education globally (Global Business Coalition for Education, 2023b-c).

The GBCE provides businesses with:

- **Membership:** access to a network and many other businesses that are actively investing in education.
- **Strategic advisory services:** Advice on where to invest in the education continuum to optimise education investment, including advice on which funding pools to contribute to.

What does the work of the GBCE focus on?

The Coalition focuses its efforts on four education-related initiatives (Global Business Coalition for Education, 2023):

- **ESG and social impact**: In this stream of work, GBC-Education actively assists businesses in developing and building education investments into their philanthropy, CSR and ESG practices.
- **Humanitarian relief:** The GBC-Education has established a Disaster Relief and Education Response Fund which allows for fund raising from businesses to distribute funds for educational purposes within 30 days of an emergency. Through the Fund and the GBC-Educations work, it has helped to raise more than US$150m for education in the context of crises.
- **Youth skills development:** Globally there is a youth skills crisis emerging as millions of young people are entering the work force and do not always have the appropriate skills for their jobs. The GBCE-Education has several projects in youth skills development, including a Friendly Cities initiative, a Youth Skills and Innovation Commission which is identifying new ways of developing the skills of the youth to support them in jobs and various research reports on the topic.
- **Early years care and education:** Given the evidence base of the critical importance of the first years of children's lives for the rest of their life course trajectory, the GBC-Education's work in this area focuses on creating relationships between businesses and other stakeholders to facilitate investments focused on the early years of children's lives. **It released a business guide in 2016 specifically focusing on the value of investment in the early years in Kenya.**

Lessons learnt

Some of the lessons that GBC-Education has learnt over time in speaking and collaborating with both government and business stakeholders include. The GBCE and its activities and value proposition to members illustrates the benefits that an aggregator structure like the GBCE can bring to the coordination of funds for social development. This includes but is not limited to:

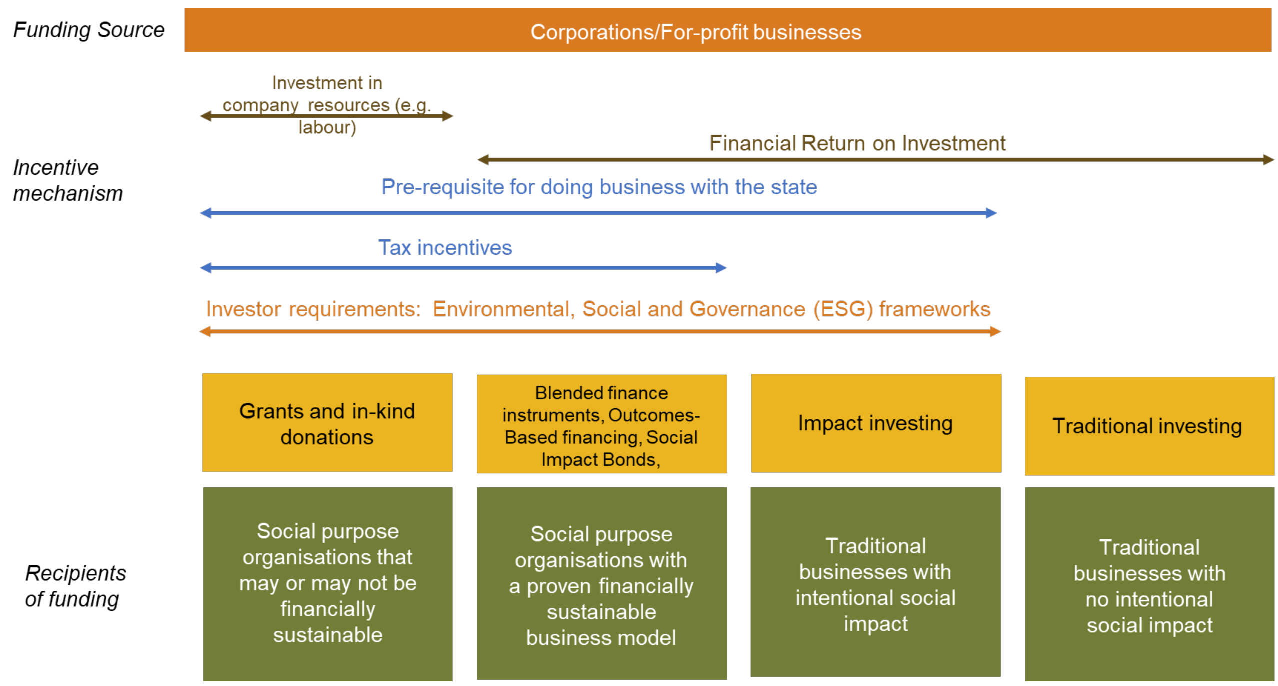
- Having an **independent body** advocate for and attract private sector funds for social development and assisting in building the bridge between business and governments; and
- **The importance of speaking business's language** when approaching each business (understanding their context and realities and framing investment in education in the right way). The GBC-Education has developed an ESG + Education Playbook which helps bridge the case for investment into education into the broader ESG space and its language. More specific lessons and language about framing is shared later in the report.
- With a shared issue like childcare (in the larger ECD context), there is always a problem to determine who is responsible for this role. In this context, the concept of **shared responsibility** becomes important.

One business stakeholder interviewed for this report articulated a very strong focus on the **Social** aspect of ESG as follows:

> *"Because we're an African company, our focus is unashamedly on the S [in ESG] because in terms of our human resources, we've got great potential on the one side but on the negative side [we've got the potential] for an Arab Spring, or multiple Arab Springs if we don't focus on the S." - Stakeholder interviewee, South Africa*

The ESG imperative can be met in a way, using a continuum of tools and approaches, explored in greater detail later in the report, that satisfies both the need for a long-term social return on investment, as well as financial return on investment. The below diagram lays out this spectrum of business involvement and returns, some of which are explored later in this report:

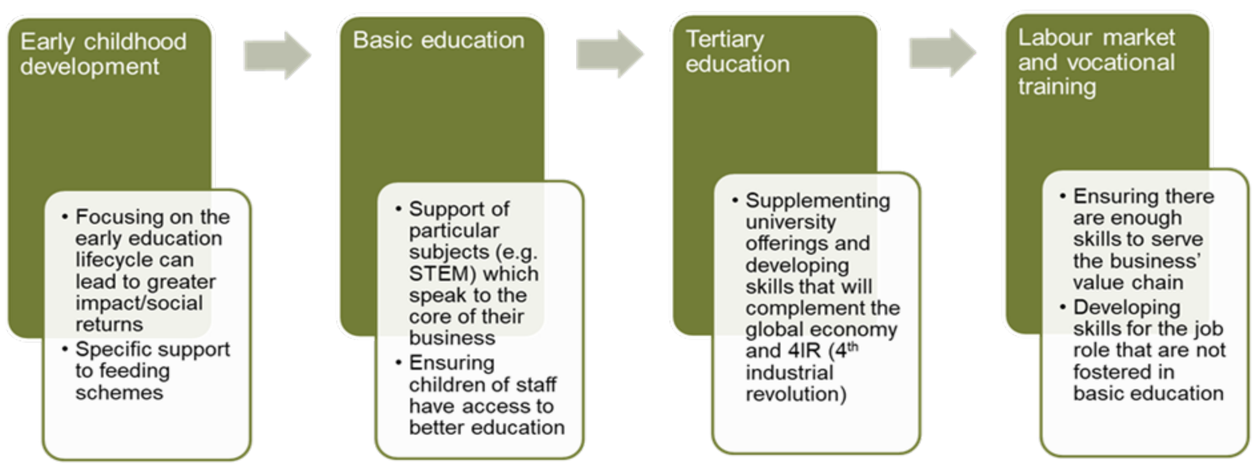
Figure 1: The impact ecosystem



Companies are the chief beneficiaries of socio-political stability and economic growth, which are a consequence of quality social services, such as education and health. This is because the prosperity of a business lies in educated and healthy staff and consumers. In addition to benefitting from a better educated and healthier workforce overall, there is a growing gap between the skills that employers need and those that people leave the schooling system with (ILBF, 2012).

Consultations with African businesses revealed that their motivations for getting involved in the provision of social services differed depending on where in the education value chain their initiatives are focused. The below diagram lays out these respective motivations:

Figure 2: Business motivations for getting involved in education



Government imperative

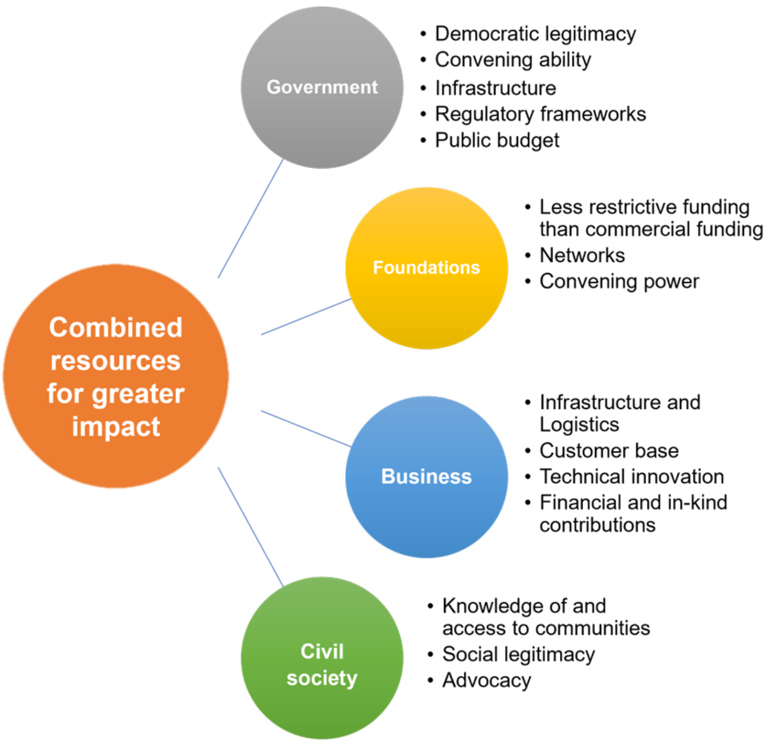
The cultures of governments tend to be more risk-adverse when compared to the private sector, and there are situations in which this risk-aversion can hinder progress in addressing structural issues. Partnering with the private sector can help to bring an experimental and innovative mindset to policy and public delivery (Prescott and Stibbe, 2015:12). When governments actively choose to partner with businesses that want to deliver or improve social services, governments can take the lead with respect to partnership management. In addition, governments can choose business partners with good and sustainable business practices, sending a strong message about the business environment it is trying to cultivate.

Apart from the reasons highlighted above, there are other imperatives for government to collaborate with the private and philanthropic sectors. To create the type of conditions needed to foster and attract new investments to a country, a partnership with the private sector may be needed to better understand their needs for an enabling environment, but also to collaboratively create the necessary conditions for investment attraction (OECD, 2019). Furthermore, active private sector collaboration can expand the expertise set beyond that of only government employees, leveraging insights and skills outside a government context.

Resource imperative

More domestic and international resources can be unlocked through innovative partnerships and funding structures. As demonstrated by the case studies later in the in the report on **the GPE Multiplier**), as well as the important taxation reform work of **the Council on Economic Policies (Box 3)**, additional domestic and international resources for social development, drawing on both private sector and government efforts, can be unlocked through innovative partnerships, funding structures and local policy and legislative reform.

Figure 3: Diverse resources that can be mobilised through multi-sectoral partnerships



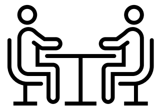
2. Preparing for the partnership journey

There has long been a cultural divide between the public and private sector, which has stifled the potential of cross-sectoral collaboration.

This chapter lays out the barriers to collaboration identified through the research process, and how they can be overcome. In addition, the chapter highlights the key aspects that business should know about how governments operate and vice versa, before embarking on a partnership.

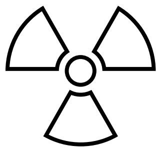
2.1 Challenges to greater collaboration

Mistrust



Across stakeholder engagements, mistrust was cited as a persistent obstacle to more multi-sector collaboration. Businesses expressed that government and communities were often sceptical of businesses' motivations for getting involved in social delivery projects. Stakeholders expressed that some communities are jaded due to how companies have historically approached corporate social investment activities, where an emphasis on marketing was prioritised over the developmental impact of an initiative. Simultaneously, businesses expressed mistrust of government due to associations with bureaucracy and corruption. **This challenge can be overcome through the involvement of a trusted broker, explored later in the report.**

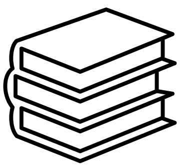
Risk



Related to the mistrust between public and private sector actors, business stakeholders in the financial industry highlighted that their sector had to carefully consider partnerships with government. For example, one stakeholder indicated that their foundation had taken the decision not to partner directly with politically exposed parties (PEP) due to fear of being implicated in government corruption scandals.

More information on appropriate governance structures is provided (p.33). They can be implemented in multi-sectoral partnerships to increase **transparency and accountability** to minimise this form of risk.

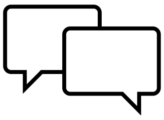
Duplication



In countries where there is a history of multi-sectoral partnerships and where there are multiple public-private dialogues underway, it is difficult for business to know where to invest their time and efforts (Prescott and Stibbe, 2015:20). This is because efforts might take place at different levels of governments, and the impact of programmes may not yet be established. To maximise impact, businesses are unlikely to get involved in partnerships that are duplications of other initiatives.

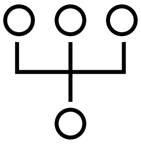
If governments want to create an enabling environment for multi-sectoral partnerships, they need to keep track of development projects and encourage businesses and donor organisations to join similar efforts that are already ongoing. Ultimately, the responsibility of coordination to avoid duplication lies with government. In collaboration with other stakeholders, they should decide on the best approach and tools for an intervention.

Language



Communication between the public and private sector can be challenging. For example, government and development agencies assess projects in terms of the impact they will have. On the other hand, businesses assess projects in terms of business value and market-related criteria. This language gap requires that partners reframe how a project is presented to both corporate and developmental counterparts. In addition to how projects are framed, language can also be a matter of contention throughout a partnership. For example, stakeholders from government and donor organisations might use terms such as '**advocacy**', '**mainstreaming**' and '**rights-based approach**' regularly, but business stakeholders are unlikely to know these terms. Without a common vocabulary, key terms and technical language can be interpreted in different ways, which can slow down processes within the project. **This challenge can be managed by taking the time to discuss and clarify terminology so that a common understanding can be developed.**

Decision-making approach and processes



Across the board, stakeholders are accustomed to acting unilaterally, with a high degree of control over their decisions. As a result, actors might not have a clear idea of their limitations or strengths. For multi-sectoral partnerships to be successful, all actors need to follow the same set of processes, have a joint understanding of their potential, as well as their 'no-goes'. For example, a government may decide that as part of a secondary school reform process, it is not willing to tinker with the nature and approach to the final school-leaving examination. **The need to maintain control over decisions can mitigated by jointly agreeing on a process for making decisions collectively as well as agreeing up-front on no-go areas.**

The option to **potentially not collaborate** is also something to consider if too many no-go areas emerge. While there are a multitude of reasons for and benefits to collaboration, there are times when collaboration is not appropriate. Stibbe and Reid (2019) lay out key questions which should be considered before entering into a partnership:

- Is there an overlap of interest between parties?
- Is there a clear collaborative advantage which will lead to greater impact?
- Will the partnership result in a net benefit for all parties? (this does not necessarily have to be explicitly financial)

Table 1: Summary - overcoming challenges to greater collaboration

Challenge	Solution
Mistrust	Involve a trusted broker
Risk	Implement appropriate governance structures
Duplication	Governments should keep track of development projects and alert businesses and donor organisations to similar efforts that are already ongoing.
Language	Discuss and clarify terminology and develop a common understanding
Decision-making approach and processes	All actors should jointly agree on a process for making decisions collectively and agreeing up-front on no-go areas.

2.2 What business needs to know about government before starting the partnership journey

Government control

Government needs to be in the driving seat. Governments (national and regional) have a legal mandate to be the primary driver (policymaker and custodian) of the delivery of social services, with companies and foundation playing a supporting role. In addition to this mandate, government officials tend to have a better and more holistic understanding of a country's political economy than private sector actors. Ultimately, the success of a large-scale initiative lies in the extent to which governments, whether it be on a local or national level, embrace a particular initiative and integrate it into broader government systems and development plans. For example, by letting government have the ultimate say about the type of intervention that a program will test, it ensures greater buy-in and helps to foster trust between parties.

The framework of government

Keep in mind that a guarantor of the sustainability of interventions or their continuous monitoring will be required. In most cases, that can only be the government. Hence, include all relevant government stakeholders as soon as possible. When conceptualising a project, it is best to be nuanced about the level of government you intend to work with. The successful implementation of a project is heavily influenced by whether you are working with national versus state or provincial governments, or at a regional versus local level. Different regions might have different priorities and specific developmental challenges and would therefore require more autonomy in choosing an intervention that best speaks to those challenges.

A partnership model

Treat government as a critical partner along the journey. It is important for business to recognise that the expertise of governments lies in their ability to scale and roll-out initiatives over time, which is critical to creating impactful interventions. This means that government will also need to be the final evaluator in terms of the success of the project. This requires that objective data is collected throughout the project and available to all partners. Treating government as a critical partner also necessitates that businesses break out of thinking in short-term cycles. Governments are guided by long-term development plans and as such, are often thinking about changes over a 20-to-30-year time frame.

Stability and longevity

Due to the bureaucratic nature of government work and the need to create long-term sustainable systems, innovation is often not at the forefront of government's thinking. Governments also tend to have a macro-outlook on the country, guided by their long-term planning highlighted above. It is therefore crucial that initiatives have individuals at high levels who are championing ideas and encouraging non-traditional approaches.

2.3 What government needs to know about business before starting the partnership journey

Business motivations

Businesses are more inclined to get involved in social development when the problem being addressed impacts their bottom-lines. The more critical a problem is to a business' core operations, the more likely they will be to engage with government and bring a variety of resources, such as different expertise sets, a culture of innovation, technologies and the ability to move rapidly. As such, governments need to be able to illustrate the ways in which a collaboration would address material issues of concern for a business. Projects that have built-in impact measurements which can directly address ESG frameworks and investor metrics are more likely to be of interest to business.

Business concerns

Demonstrate that you understand the constraints of business or a particular industry and how joint projects can address such constraints. This shows that government has considered the needs of businesses, and projects might resonate more when speaking in the language of business. For example, when advocating for play based ECD programs, governments can argue that that this form of learning develops the soft skills which employers often find are lacking among employees or job candidates.

A common framework

Governments need to meet business at the same eye level and understand that the private sector will not contribute without clear returns to the project. As such, governments should rather move towards win-win framing and language. When working with business, governments should try to think in deals, and present projects as a package to business counterparts. The returns of collaboration don't necessarily need to be immediately quantifiable because the returns on human capital investment to an economy are well proven. Businesses are interested in cultivating a healthier economy with increased demand and an improved supply of human capital.

Timelines

Businesses tend to have short-term goals that align with quarters of the financial year and can pivot strategy more easily based on quarterly performance. They are also beholden to shareholders and owners and need to be able to justify decisions to their board on a regular basis. This necessitates that projects have short-term objectives built into its framework to keep all parties engaged. Having short-term goals and reporting mechanisms built into a project allows businesses to report back on their progress much more easily, which in turn, keeps their shareholders satisfied.

Recognition

Give credit to business for their social development efforts and contributions. More than ever, businesses are interested in maintaining a positive public image and attract customers based on their reputation with respect to CSI activities. As such, spotlighting their contributions can help secure and expand their customer base, while also emphasising that there is mutual respect between the public and private sector.

3. Tools for the partnership

The following chapter identifies the legislative tools and structures, and other formal and informal structures and approaches that can utilised in multi-sectoral partnerships.

The use of ***tax incentives and tax reform to stimulate contributions from the private sector in social development*** *is emphasised through case studies on CSI spending in South African and India, and the work done on tax expenditure reform by the Council on Economic Policies (CEP). In addition, the chapter highlights* ***the structures of Public-Private Partnerships (PPPs) and how they can be tailored to the African context****. Finally, the chapter identifies supporting actors in partnerships and different partnership models identified in the research, highlighting their applications in crises or for addressing long-term developmental challenges.*

3.1 Legislative tools and structures

3.1.1 Using tax to incentives and tax reforms to mobilise domestic resources

Most countries offer tax incentives for businesses who contribute to public benefit organisations (PBOs) in the social development sector. However, the scale and sophistication of such mechanisms are applied differently across countries. In **Box 2** we explore how a combination of legislation for social giving and tax deductions are encouraging businesses to provide funding for social development in **South Africa and India**. In addition to the value of the incentive offered, the form of relief has a large impact on the nature of the incentive and its effectiveness.

Broadly, the two most common forms of tax relief for companies are: (OECD:2020:97):

1.1 **Direct deductions:** where companies can subtract the entire or part of the value of their donations from their total taxable income, thereby reducing the amount on which they pay tax. This approach is most prevalent across the world.

2.1 **Tax credit:** where companies can subtract the entire or part of the value of their donations from their income tax liability, after the liability has been calculated. Although this approach is less common than direct deductions, it is used in countries such as Columbia, France, and Israel.

Tax deductions and credits for corporate donations are tied to the corporate income tax of each country and are often limited to a share of total revenue, total taxable income, the gift itself or a monetary value. In the case of non-monetary donations, such as property or goods and services, a different set of criteria for deductions or credit often applies.

Balancing priorities

Governments must ensure that tax expenditure used to stimulate philanthropic giving is efficient to prevent tax evasion, whilst at the same time avoiding tax systems which are administratively burdensome for tax authorities, businesses and PBOs. A key policy for preventing the abuse of tax incentives in the philanthropic sector is a rigorous screening process for organisations wanting to register as PBOs. Such a process not only helps alleviate the burden of tax authorities, but also further legitimises philanthropic organisations and the sector (OECD, 2020:106).

Thinking beyond single mechanisms

While tax incentives are helpful in encouraging donations and business expenditure on social goods, they are unable to unlock the scale of investment necessary to reach SDGs in Africa on their own. Other support mechanisms like legislation which compels giving to a certain sector or group, combined with tax incentives for social giving make for a far more powerful combination (see **Box 2**). In addition, incentives should not be seen as a substitute for public service delivery.

Box 2: Legislation for encouraging private sector contributions for social development: South Africa and India

About this case study

In this short case study, we explore different legislative instruments for encouraging private sector donations or contributions for social development purposes. We contrast the instruments in South Africa and India and briefly reflect on the levels of corporate social investment (CSI) expenditure in both countries. It is informed by a literature review, as well as perspectives from interviewed stakeholders. We also focus on the power of combined incentive systems, specifically the Broad-based Black Economic Empowerment (B-BBEE) Codes and Section 18A of the Income Tax Act, in South Africa.

The legislative structure encouraging corporate giving in South Africa

The B-BBEE Act in South Africa is a legislative framework designed to address historical economic imbalances by promoting the inclusion of Black (all South Africans who have been racially classified as African, Indian, or Coloured during apartheid) people and businesses in the mainstream economy. Within the Codes of Best Practice, Code 5 specifically addresses socio-economic development and **mandates that companies spend a percentage (0.5%) of their net profit after tax on initiatives aimed at increasing economic access for Black communities if they wish to do business with the state.**

Furthermore, the **Preferential Procurement Framework**, often associated with B-BBEE compliance, determines whether private companies can engage in business with the South African government. Government entities set procurement targets, requiring a certain percentage of their goods and services to be sources from B-BBEEE compliant businesses. Private companies seeking government contracts are thus incentivised to adhere to B-BBEE principles to enhance their eligibility and competitiveness in the procurement process.

Section 18A of the Income Tax Act in South Africa provides individuals and private companies to receive tax benefits for their contributions to approved public benefit organisations (PBOs). **Companies can claim a tax deduction to the value of the donation made, provided it does not exceed 10% of the company's taxable income.**

While tax incentives akin to Section 18A are widespread across countries**, it is the combination of the B-BBEE Act and Section 18A which creates a strong foundation for encouraging private sector involvement in social development in South Africa**. The framework also informs the practices of South African companies operating in other African countries, where they continue corporate social investment (CSI) practices in the absence of B-BBEE codes.

One of the South African companies interviewed for this study, which has a multi-national footprint in Africa, mentioned that the BB-BEE Act has had such a profound impact on its approach to giving that it is now striving to achieve the same target (0.5% of post-tax profit) of CSI spending in the other African countries in which it operates.

CSI spend in South Africa

South African companies spent R10.9 billion on Corporate Social Investment (CSI) in 2022, reflecting a 6% increase from the R10.3 billion in 2021. The positive trend is expected to continue in 2023 as companies recover from the pandemic's impact on net profit after tax (NPAT). More than half of the companies reported that the reason for spending on CSI was to meet the B-BBEE codes (Topco Media, 2023). Non-monetary contributions for social impact, such as products, services, and time, saw a substantial increase, with 77% of companies making non-cash contributions in 2022, up from 29% in 2021 (Trialogue, 2022).

Education remained the most supported cause, with 98% of companies allocating an average of 44% of their CSI expenditure to this sector. **Social and community development received the second-largest share** (13%), and food security and agriculture remained a high priority (10%) due to ongoing challenges in the country. Non-profit organisations (NPOs) remained the primary beneficiaries of CSI funding, with 94% of companies allocating an average of 58% of their expenditure to NPOs in 2022 (Trialogue, 2022).

The legislative structure encouraging corporate giving in India

India introduced **mandatory CSI spending into their 2013 Companies Act**, making it compulsory for certain companies to contribute a portion of their net profits towards CSR activities, with effect from 2014 (B The Change, 2016).

Section 135 of the Companies Act, 2013, mandates that companies meeting specific criteria, such as **a net worth exceeding ₹500 crore, a turnover of ₹1,000 crore or more, or a net profit of ₹5 crore or more in the previous financial year, are required to allocate at least 2% of the average net profits from the three financial years just preceding the current one for CSR, adhering to the company's CSR policy** (Vinayak & AJ, 2023). In addition, it is also required to set up a CSR committee to supervise the donations (Zaman, et al., 2020). If the company has not yet reached its third fiscal year, the Minimum CSR Amount is calculated by considering the average net profits earned from the fiscal years since the company's inception (Littenberg, 2021).

CSR spend in India

Over the years, CSR spending in India has seen fluctuations, with a notable decline in the number of companies engaging in CSR initiatives from 2019-20 to 2021-22 due to the economic impact of the COVID-19 pandemic. However, despite the decrease in the number of participating companies, the total expenditure on CSR activities increased by over 20%, reaching ₹25,932 crore (US$3,1m) in 2021-22. The decline in the number of participating companies is attributed to reduced profitability and economic uncertainty caused by the pandemic (Vinayak & AJ, 2023).

While almost one-fifth of the companies did not report their spending on the National CSR Data Portal, the number of zero-spending companies decreased significantly in 2020-21 and 2021-22 compared to previous years. The percentage of companies exceeding the prescribed CSR spending limit **rose to 56.08% in 2021-22 from 22.97% in 2017-18** (Vinayak & AJ, 2023). Overall, the data indicates a complex CSR landscape in India, influenced by economic conditions and the varying CSR commitments of companies, **with larger corporations playing a significant role in driving the overall increase in CSR spending** (Vinayak & AJ, 2023).

Since the introduction of mandatory CSR spending in India through the 2013 Companies Act, studies have explored the impact of CSR funding on broader socio-economic development. For example, Gautam et al’s (2023) research focused on CSR spending in India's environmental protection and education sectors, revealing that such spending significantly contributes to the country's sustainable development. The findings suggest that CSR funds, **particularly in areas like environmental conservation, education, and rural development, have the potential to aid India in achieving sustainable growth and reducing poverty.**

Lessons learnt:

- Policies which mandate CSI spending can have varied impacts, depending on the context under which they were implemented. A mixed policy approach that on the one hand stipulate how much a company must spend on CSI, and on the other hand, offers benefits (in the form of tax breaks or procurement benefits) can be more impactful than mandatory CSI spending on its own.
- A strong culture of CSI spending in one country can inform a company’s approach to CSI in another country, as is highlighted with South African companies operating in other African countries.
- When governments set CSI spending targets, they should be **careful of not encouraging a CSI-spending-for-the-sake-of-compliance culture**. This can be done through being open to meaningful

and honest dialogue with businesses on where best businesses can get involved in supporting government social delivery processes.

Enabling environments

Tax incentives are not the sole consideration at play when the private sector decides to contribute to public goods (Charities Aid Foundation, 2016:5). The broader environment, such as the legal landscape and administrative barriers, also influences the extent to which the private sector chooses to contribute to social development.

Systemic changes

Tax simplification and consolidation can create more fiscal face for governments to spend on social development. While tax incentives or tax expenditures (as they are referred to in a public finance context) can incentives business to provide funding for social development purposes, they can also contribute to a fragmented and inequitable (highly regressive) tax system. Tax harmonisation and simplification can unlock billions in local currencies for the fiscus and enable greater expenditure on social development items such as education and health services. The work of the **Council on Economic Policies (Box 3)** and, more specifically, their work in Benin highlights some of the avenues available for improving taxation systems in Africa.

Box 3: Optimising and increasing taxation expenditure for better social service delivery: the Council on Economic Policies' tax system reform work in Africa

Increasing domestic resources through elimination of unnecessary tax deductions

In developing countries, particularly in Africa with its **low tax revenue-to-GDP ratio of only 17%**, strengthening tax policies is pivotal for enhancing the availability of sufficient government resources for social development. The simplification and internal harmonisation of country tax systems is one way of a maximising the availability of domestic resources for greater expenditure on social development. Countries often have many tax deductions for different types of business expenditures, or different categories of Tax Expenditures (TEs) (tax deductions are referred to as TEs in fiscal policy language). However, the misuse of TEs can lead to adverse effects, such as exacerbating inequality and contributing to climate change. The recent Flagship Report of the Council for Economic Policy (CEP) emphasises the need for transparent TE reporting, integration into broader fiscal frameworks, and open political discussions for reform (von Haldenwang, et al., 2023).

TEs, despite their potential benefits to businesses and governments, come with a significant financial cost. According to data from the Global Tax Expenditures Database (GTED), **the average global revenue forgone is 3.8 percent of GDP and 23 percent of tax revenue**. This impact is concentrated in a small number of large TE provisions, with the top ten accounting for **over 70 percent of revenue forgone in many countries** (von Haldenwang, et al., 2023).

The size of revenue forgone varies by country income group. High-income countries report forgoing more than 4.7 percent of GDP through TEs, while low-income countries report a figure of 2.1 percent. Despite differences in GDP percentages, the share of revenue forgone concerning tax revenue collection is more consistent, ranging from 19.0 percent in LICs to 23.8 percent in upper-middle-income countries (UMICs) and HICs (von Haldenwang, et al., 2023).

For a more profound societal commitment, a paradigm shift is needed in how taxation is perceived and managed – transforming it from a mere obligation into an opportunity for citizens to actively participate as partners in governance.

About this case study

The Council on Economic Policies (CEP) is a global non-profit organisation dedicated to non-partisan economic policy analysis. The organisation has a clear mission, which is to develop and advocate for economic policy solutions that improve individual opportunities, foster social cohesion, and contribute to environmental stability. **Much of the CEP's work has focused on supporting governments in creating more transparent taxation systems and unlocking domestic resources for development through simplification and harmonisation of tax systems**. **This includes the elimination of unnecessary TEs.**

To achieve its mission, CEP employs a comprehensive approach targeting **fiscal, monetary, and trade policy**. Leveraging existing analyses, the organisation identifies and fills research gaps, translating findings into actionable policy recommendations. The overarching objective is to influence policy change at both national and international levels. This is achieved through active engagement with policymakers, journalists, and academic and policy communities to promote its ideas and findings. **Impacts of the CEP's and others' tax reform work in Benin.**

Benin is one of the countries in which the CEP has actively engaged with the government around taxation reform. Through collaboration, advocacy, and a focus on equitable tax systems, the CEP has played an important role in transforming taxation into a tool for societal development on the continent.

Benin has achieved a notable accomplishment by breaking into the top 10 countries for tax transparency globally, according to the **Global Tax Expenditure Transparency Index (GTETI).** The country secured the **8th position with a score of 66.3/100**, surpassing powerful nations such as the United States and Italy. This ranking, published by the CEP in collaboration with the German Institute for Development and Sustainability (IDOS), aims to promote transparency and accountability in tax expenditures on a global scale (Ecofin Agency, 2023).

The GTETI ranking is based on the regularity, quality, and scope of countries' tax expenditure reports. Benin is the sole African representative in the top 10 and scored well in categories such as the public availability of tax reports, institutional framework ensuring transparency, and the methodology and scope of reporting. The country's high ranking is attributed to significant reforms initiated by the Minister of Economy and Finance, Romuald Wadagni, since 2016, with a particular emphasis on digitisation within the tax administration (Ecofin Agency, 2023).

The recent tax reforms in Benin, coupled with the support from the World Bank's Economic Governance for Service Delivery Program for Results (PforR), highlight several examples of how tax reform has led to efficiencies in the country:

- **Improved tax transparency**: Benin's breakthrough into the top 10 for tax transparency worldwide is a testament to the effectiveness of the reforms initiated by the Minister of Economy and Finance, Romuald Wadagni, and reflects a commitment to transparency and accountability in managing resources.
- **Digital transformation in tax administration:** The significant focus on digitisation within the country's tax administration, as emphasised by the Minister of Economy and Finance, has likely played a crucial role in enhancing efficiency. This modernisation effort aligns with the broader goal of the PforR program to increase inclusive access to e-declaration and promote performance-based management in customs administration.
- **Efforts to broaden the tax base**: While Benin has made progress, there is acknowledgment of the need for further efforts to improve domestic resource mobilisation. The country's tax revenue, estimated at only 11.5% of GDP in 2022, indicates room for improvement. The PforR program, by targeting the efficiency of domestic resource mobilisation, aims to address this challenge and support Benin in achieving the West African Economic and Monetary Union (WAEMU) target of 20% of GDP.
- **Promotion of citizen oversight**: The PforR program also supports the establishment of a space conducive to citizen oversight of public finances. This initiative fosters transparency by involving citizens in monitoring how public resources are utilised, contributing to overall accountability.

Benin's tax reforms supported by the CEP and its work, in conjunction with the World Bank's PforR program, have led to enhanced tax transparency, digital transformation in tax administration, and a commitment to results-oriented improvements. The reforms are not only reflected in the country's impressive ranking in the GTETI but also in the targeted initiatives aimed at **improving domestic resource mobilisation and public**

expenditure efficiency for the benefit of financing public services and responding to economic shocks.

Lessons learnt:

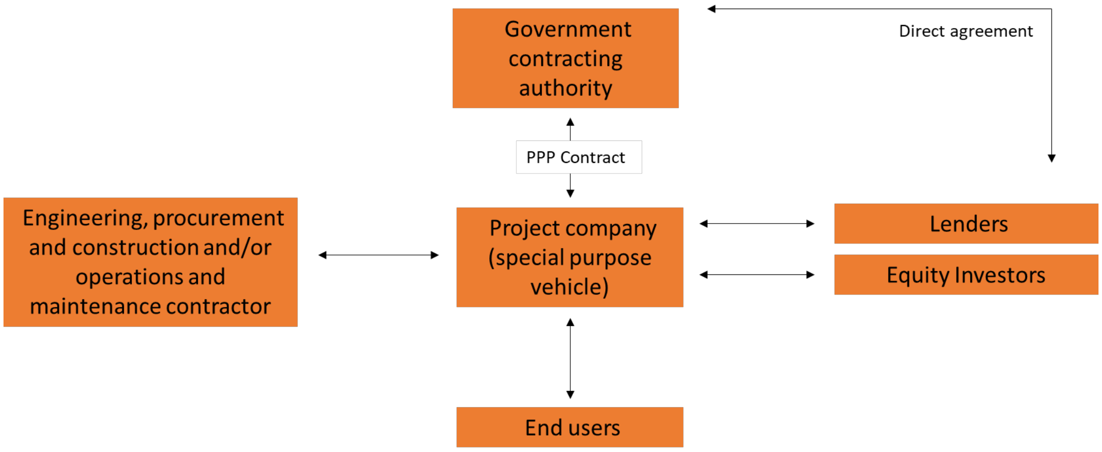
- Countries need to move from merely publishing annual TE reports to developing evaluation frameworks and schedules to generate robust evidence around TEs (Redonda et al, 2023). Evaluating TEs currently in use are necessary to align the use of TEs with public policies and long-term development strategies.
- Redonda et al (2015:30) suggest that evaluations of TEs should ask the following questions:
    - "**Relevance:** What is the policy issue that the TE seeks to address? Is the TE justified from an economic and social perspective?
    - **Fiscal cost:** What is the estimated revenue forgone of the TE?
    - **Efficiency:** Is the TE more efficient than alternative public policy instruments (for instance, direct transfers)?
    - **Impact:** What are the expected or observed changes triggered by the TE?"

3.1.2 Public-Private Partnership (PPP) legislation

Funding structures of Public-Private Partnerships

As discussed at the beginning of the report, the term PPP is used to describe a project between the public and private sector where there is return on investment for the private sector company or companies involved in the delivery of a particular service. The structure of a typical PPP is designed as follows:

Figure 4: Funding structures of PPPs



Source: World Bank

Most countries in Africa have adopted **laws regarding PPPs and have implemented some form of PPP policies.** While a legal framework for PPPs is not strictly necessary, they signal the development of the sector and **can guide projects successfully through its intended goals and towards closure**.

In times of fiscal strain, PPPs can be an effective tool for delivering projects when a government's budget is too constrained to pursue immediate public procurement (Yescombe, 2017:4). However, careful consideration needs to be given to designing PPPs for African countries. A few considerations for effective PPP legislation in Africa:

Duration

Carefully consider the time period of a PPP agreement and take this into account in contract design. When PPPs in Africa have long tenors, the implicit financial requirements and lending arrangements that it necessitates can impact the success of the PPP negatively. For example, due to nascent financial markets in Africa, there is often hesitation from financial institutions to lend for long periods. This leads private sector companies to pursue international financing which can result in higher repayment terms that are put on to the end user through higher fees and taxes (Kilangi, 2021).

Balance

Have a more equitable risk sharing arrangements between private sector partners and government. The traditional model of PPPs where the private sector carries most of the project risk might need to be reconsidered in Africa to incentivise the private sector to enter into more PPPs with governments (Kilangi, 2021). With a longer track record of successful, smaller-scale PPPs, African countries can unlock more sustainable forms of financing for bigger PPP projects in the future.

Sustainability

Ensure that the necessary political and societal support is in place for the PPP to succeed. PPPs require strong political support and buy-in across political parties. Resistance from opposition parties can cause hesitance amongst investors and lenders. In addition, buy-in from civil servants is needed to ensure that internal progress is not obstructed (Yescombe, 2017:4).

Roles and responsibilities

Create strong joint monitoring and steering structures. Due to the financial obligations associated with PPPs, it is crucial that results are monitored for impact. In addition, all parties need to have buy-in throughout the project's lifecycle and joint steering structures allow for this to happen more effectively. The PPP legislation of a particular country usually sets out how the committee should be structured and what roles each committee member is responsible for.

For the best results, PPP agreements should have the following:

- Clearly laid out roles and responsibilities for all of the parties involved;
- Good quality data to measure impact;
- Exit clauses for both parties; and
- Impact indicators and a resulting monitoring and evaluation framework which have been mutually agreed upon.

3.2 Other formal and informal structures and approaches

This section considers the various options and formal and informal structures and approaches available to create partnerships.

3.2.1 Supporting actors

Drawing on external expertise from supporting actors can enrich the overall partnership. If business and government is having to innovate within an unknown social sector context, drawing in specialist technical expertise can support the design of a much better partnership.To ease the relationship between government and business and bring in the necessary specialist technical knowledge and expertise, there are various types of actors in the development ecosystem who can aid collaboration (Prescott and Stibbe, 2015:4):

- **Funding organisations** such as donors or foundations that support the implementation of programs or who might provide the funding source for a PPP contract.
- **Partnership brokers** that are able to take business and government through a partnering process to make sure that interests are aligned and that the partnership is structured in the most effective manner.
- **Capacity building organisations** such as NGOs or UN agencies that can assist in the partnership process through providing training and creating platforms for the partnership.
- **Monitoring and evaluation organisations** such as consultancies that independently evaluate the partnership and its impact.

To ensure that the specialist contributions of these actors are actively drawn into the partnership, there will have to be a person or entity who takes responsibility for coordination. Ensuring sufficient information flows for the coordinating person or party to do their job effectively is critical to the partnership.

3.2.2 Different partnership models

Partnerships can take any form that the stakeholders find sufficiently flexible and appropriate for their purposes. However, there are broadly two forms of partnerships:

Aggregators are bodies created for the purposes of joint ventures between multiple partners across the public and private sector. Aggregators can be understood as a one-stop-shop with reach, scale and often have well-established relationships with government.

The National Education Collaboration Trust in South Africa (Box 4)

is an example of an aggregator.

Advantages: Large partnerships bringing together resources of different kinds are well positioned to take on systemic issues.

Disadvantages: When aggregator partnerships become too large, they may broaden their aims (too much, and risk not being able to meet specific goals.

Amplifiers are mostly private sector-based collaborations where several stakeholders come together via one structure. Sometimes referred to as “rapid partnering”, amplifiers are especially suitable in a crisis and thus were utilised in many countries during the COVID-19 pandemic (UN, 2021). Fuelled by a sense of urgency, these partnerships are often flexible in nature, use digital technology as a key tool for partnership management, and often adopt more innovative approaches than partnerships structured for the long-term.

Advantage: Due to the circumstances under which they arise, amplifiers are often highly flexible to changes in the environment (or the progression of a pandemic, for example).

Disadvantage: Often such partnerships, because they emerge in the context of a crisis, can be short-term. It is then difficult to transition into partnerships for the long term.

Table 2: Amplifiers and aggregators for social development

Amplifiers	Aggregators
Two or more partners combining resources to accomplish more in a shorter period than they could do alone	Multiple actors working together to address long-term, complex challenges that usually require changes at a systemic level
Requires co-creation and innovation over the short-term	Requires different actors bringing unique set of skills and resources to the table
Most applicable in times of crisis, where the brining together of complementary resources can increase immediate impact	Most applicable when dealing with complex developmental challenges
Example: Solidarity Fund (South Africa) during the Covid-19 crisis	Example**: TRECC** (Côte d'Ivoire), the **National Education Collaboration Trust** (South Africa**, Box 4**)

Box 4: National Education Collaboration Trust (South Africa) - convening stakeholders in an independent body for collaboration

About this case study

Established in 2013 in response the country's National Development Plan (NDP) and its call for heightened collaboration to improve South Africa's educational outcomes, the National Education Collaboration Trust (NECT) serves as a governance platform for joint education initiatives involving civil society, business, trade unions, and government. The Trust oversees the implementation of collaborative education programs, ensuring their alignment with national education reform goals.

It is an illustration of how an aggregator can be set up to bring quite different stakeholders, in this case business, government, trade unions and civil society, to consolidate and share funding for a social development concern of shared interest.

How the NECT arose

The NECT used the NDP as a basis of its programme designs (Khosa, 2023:30). A specific NDP provision linked to the establishment of the NECT, is the proposal for establishing "a national initiative involving all stakeholders to drive efforts to improve learning outcomes in schools, starting with the worst performers" (NPC, 2012, p. 314). The NECT therefore had legitimacy from the outset, as it arose from the direct mandate of the NDP and the South African government at a national level.

The NECT was first initiated through a long dialogue process with stakeholders from government, the private sector, civil society and trade unions. Crucially, three major figures from various sectors, the Minister of Basic Education, the CEO of a large South African Bank and an education development specialist (who would later become the CEO of the NECT), were responsible for the initial planning of the dialogue. Due to their business connections, the organisers were able to get support from one of South Africa's national business associations, Business Leadership South Africa.

Following the dialogue, an Education Collaboration Framework was developed, which clearly lays out the intended roles, responsibilities and unique authorities and capabilities of each stakeholder (NECT, 2013:5).

What does the NECT do?

The NECT seeks to strengthen the coordination of private sector-funded education activities, promoting good social returns on investment for both private and public spending on education. The Trust also engages specialised service providers, managed by the NECT's education specialists, especially in remote areas through its district development program. It operates by pooling funding from government, the private sector and foundations each year to invest into its various programs. In 2022 alone, the private sector donated R50 million to the NECT (NECT, 2022).

The NECT has eight programmes, the largest of which is the District Improvement Programme, aimed at improving teachers' professional and leadership skills, supporting learner wellbeing, facilitating parent and community involvement, and improving government capacity with respect to the delivery of school materials and infrastructure (Human Sciences Research Council, 2022: 67). The mandate of the NECT is therefore broad and difficult to achieve given the structural inequality in South Africa, which permeates the schooling system.

Despite the broad mandate, the rollout of the District Improvement Programme was tackled in a very methodical manner. A sample of schools were profiled to gain an understanding of district capacities and school needs in terms of teacher training, materials and infrastructure. Lead agencies were appointed to work with districts to establish the structures of the program and to implement three-year plans on how districts would be improved (Human Sciences Research Council, 2022:70).

Another program of the NECT is the Education Dialogue SA, which facilitates critical discussions among influential stakeholders on key education needs and approaches. The Dialogue Group generates proposals for wider debate and advocacy, ensuring diverse perspectives are considered. Members derive from various sectors, including academia, government, trade unions, independent schools, civil society organisations, trusts and foundations, and youth organisations.

Why collaborate in a structure like the NECT?

Many South African companies consulted in the research of this project expressed a preference for collaborating with the NECT, rather than developing their own education projects, due to **its established networks and good relationship with government**.

From the stakeholders interviewed for this report who have an existing partnership with the NECT, the following reasons for participating in the aggregator body were mentioned:

- A proven track record and is well recognised throughout the country.
- A national footprint with great reach across provinces. This greater reach allows for more impactful initiatives in the keys of businesses; and
- Extensive experience and knowledge.

Challenges, risks and opportunities

In addition to its successful projects, the Trust plays a key role in the South African education system by bringing together a multitude of stakeholder and foster collaboration between them. However, in supporting broad collaborations and diversifying too widely in recent years, the Trust no longer plays a strategic role in the education sector, and the innovation of it. An independent evaluation of the impact of the NECT found that "is the lack of clear articulation regarding how the different activities of the complex organisation work together to help mitigate and stabilise some of the harmful effects of the unequal socioeconomic relationships in South Africa that play out in schools (Human Sciences Research Council, 2022:167).

Given that it was founded a decade ago, comparative collaborations were not as prevalent, and therefore it was innovative for its time. The Trust has been successful in scaling up initiatives across the country and embedding new approaches to teaching and learning into the Department of Basic Education (Human Sciences Research Council, 2022:168).

Lessons learnt

The NECT arose from a specific government mandate to improve education outcomes in South Africa**. In addition, its model of collaboration was also explicitly called for within the NDP**. As such, the collaboration started off with **great momentum and political legitimacy**.

Large collaborative structures run the risk of becoming too broad to achieve specific goals and targets.

Large-scale collaborations should pay close attention to the relationship it holds with government and should ensure that it does not take on too many functions of government itself, which could in turn stifle innovation with respect to meeting developmental objectives.

Partnerships for financial returns over the medium-term: Structuring social impact bonds

All the business stakeholders interviewed for this report indicated that their main mechanism of contributing to social development is through grants or in-kind donations. While there was acknowledgment of the potential that social impact bonds hold for development on the African continent, many of the stakeholders interviewed are only now becoming aware of the potential of social impact bonds. Some mentioned starting to attend courses on social investment (including social impact bonds).

In South Africa, one of the first social impact bonds was the ECD Social Impact Bond Innovation Fund (IBIF). The IBF consisted of a multi-sectoral partnership between the private sector and local government departments to help finance ECD in a sustainable manner. The project to which the outcomes of the bond was linked started in November 2017 over a three-year period. The goal of the project was to positively impact the cognitive and so-emotional development outcomes of low-income children in two communities of the Western Cape province.

More details on another social impact bond, the **Educate Girls Social Impact Bond in India (Box 5)** can be found in the case study below.

Box 5: The Educate Girls Development Impact Bond (DIB) in India

About this case study

This case study showcases the experience and lessons of the **Educate Girls Development Impact Bond (DIB).** It was the first DIB to launch worldwide in June 2015 (the programme to which the outcomes of the bond were linked ran from 2015-2018). The DIB was initiated with the intention to scale Educate Girls' (described below) impact, targeting the enrolment and improvement of education quality for 15,000 girls in Rajasthan, India. Despite significant government efforts, millions of eligible girls remain out of school in India, particularly in Rajasthan, which faces challenges of poor school access and low female literacy rates (Government Outcomes Lab, 2022). Since the launch of the DIB, other education-focused impact bonds like the Impact Bond Innovation Fund in the ECD space in South Africa have also been launched.

The purpose of this case study is it showcase how a complex financing arrangement like a bond can be used to collect additional funding (from private investors) for the provision of social development services like education.

How it works

Educate Girls employs an integrated community-based approach to deliver education to girls aged 6-14 in Rajasthan, India. Educate Girls enlists village-based volunteers known as 'Team Balika,' who serve as advocates for girls' education. Collaborating with Team Balika, Educate Girls develops community-based plans to identify and enrol out-of-school girls. The group of volunteers make door-to-door visits to encourage enrolment. They also collaborate with school management committees to enhance school improvement plans and implement activity-based remedial teaching in classrooms, specifically targeting students in Grades 3, 4, and 5. This collective effort aims to boost enrolment and retention of girls in government-run schools while ensuring effective learning outcomes for all children (Educate Girls, 2022). Their robust community connections uniquely position them to positively impact and convey the value of education in rural communities.

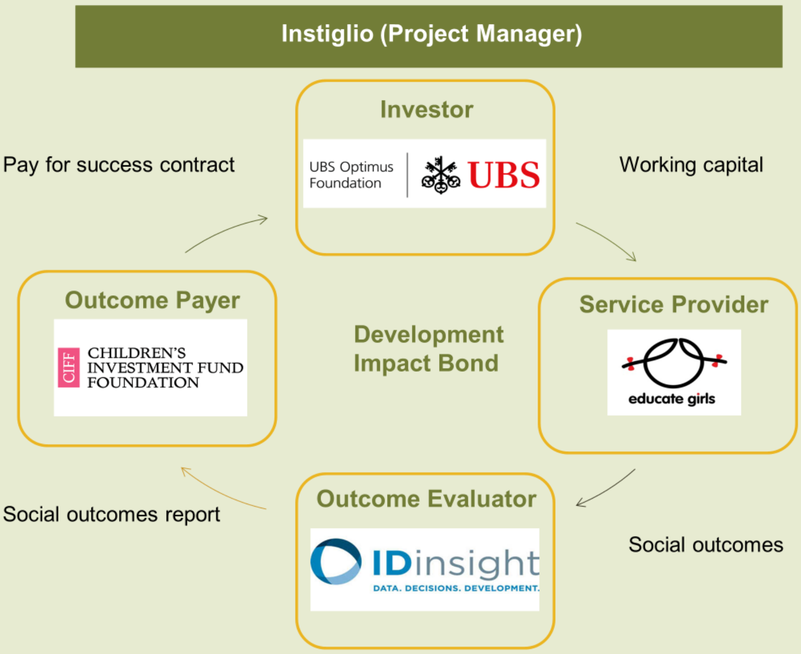
The DIB was designed to expand Educate Girls' impact, drawing investors such as the UBS Optimus Foundation based on the organisation's track record (Government Outcomes Lab, 2022).

Payment model

Educate Girls, in collaboration with the UBS Optimus Foundation (UBSOF), the Children's Investment Fund Foundation (CIFF), IDinsight, and Instiglio, formed the DIB Working Group. An advisory group was set up to provide governance and oversight of the project during its design and implementation phases, comprising of individuals from the following institutions: UK DFID, Center for Global Development, Results for Development, the World Bank Group, Mentor Growth Capital PwC, and Earth Capital Partners. The multi-party contract took several months to be drafted and agreed upon before it was ready to be implemented in 2015. In this results-oriented model, in which CIFF acted as the outcome payer, commits to reimbursing the investor, UBSOF, the initial investment along with additional returns, contingent upon the successful achievement of predetermined targets by Educate Girls, the service provider (Educate Girls, 2018).

Outcome metrics, developed with guidance from the Children's Investment Fund Foundation and audited by ID-Insight, focused on the enrolment of girls aged 7-14 into the programme and improving education quality in grades 3-5. Payments were split 80:20, with 80% tied to improved learning outcomes and 20% to Educate Girls' ability to identify and re-enrol out-of-school girls (access and retention) (Government Outcomes Lab, 2022).

The evaluation of these objectives was conducted by the independent evaluator, ID-Insight, throughout the three-year duration. The design of the DIB and ongoing performance management support for Educate Girls was provided by Instiglio, a consultancy specialising in results-based financing (Educate Girls, 2018)



Source: (Educate Girls, 2018).

Impact

The DIB surpassed its targets, achieving 116% of enrolment and 160% of learning targets in its final year. UBS Optimus Foundation recouped its investment with a 15% return (Government Outcomes Lab, 2022) (Government Outcomes Lab, 2022).

The DIB introduced **a shift from a classroom-focused to a group-focused approach,** emphasising competency levels, progress tracking, increased teaching sessions, and after-school support. There was also a concerted effort to enhance **student enrolment** in challenging-to-access districts through targeted outreach initiatives (StudyIQ, 2023).

Challenges, risks and opportunities

SIBs are complex and costly instruments. They require **significant transaction costs**, such as the fees of intermediaries and legal fees (OECD, 2016: 16). Because SIBs are a relatively new instrument, information on such fees are limited and can vary substantially across different SIBs. However, as the instrument becomes more mainstream, costs are likely to reduce as processes become more standardised.

Lessons learnt

- The DIB allowed Educate Girls to rigorously test their model transparently, ensuring performance management and evaluation against a control group for clear causal impact. This informed future scaling efforts (Government Outcomes Lab, 2022). IDinsight evaluated Educate Girls' impact by using a pre- and post-evaluation method for enrolment targets and a clustered, randomised control trial approach for learning gains. The evaluation included door-to-door surveys, verification processes, and ASER tests measuring proficiency in Hindi, English, and mathematics for Grades 3–5 (Innovative Finance for Education, 2020)
- Educate Girls has demonstrated strategic financial resource utilisation by implementing innovative approaches to scale and expand its impact. Through the pooling of funds and an emphasis on resource efficiency, the organisation has been able to amplify its reach and influence within the education sector.
- The DIB transferred scaling risk to investors, enabling Educate Girls to trial new methodologies without compromising their risk profile. The risk-free aspect for delivery partners was in *reputational*, not financial, terms (Government Outcomes Lab, 2022).
- The DIB's payment-by-results model and focus on outcomes provided **flexibility for program delivery**. This approach brought a positive shift in the organisation's focus and outcomes, allowing for improved results (Government Outcomes Lab, 2022).

3.2.3 Options for formal agreements

As discussed in the previous section of this chapter, PPP contracts are typically only useful under certain conditions and Memorandums of Understanding (MOUs) can also be employed if partners so choose. **However, all partners should be cognisant of the fact that contracts and agreements can be reneged upon.** It is therefore more useful to build and protect the trust which makes the partnership possible in the first place. While formal agreements might not be as useful in multi-sectoral partnerships, due to the inherent power imbalance between government and business, funding for programs can be structured in a strategic way to incentivise government contribution. For example, **the use of the GPE Multiplier Fund (Box 6),** necessitates that government contributes its part of the funding to secure the matched funding from the private sector.

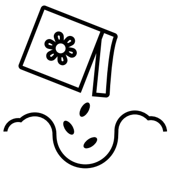
4. Developing and managing the partnership

The following chapter moves through the partnership lifecycle – from starting a partnership, managing it and overcoming obstacles within the partnership.

The importance of a ***problem-driven approach and government leadership*** *is highlighted for effective scalability, as exemplified by the Transforming Education in Cocoa Communities (TRECC) case study in Côte d'Ivoire. The chapter emphasises bridging short-term interests, transparent communication, and robust monitoring and evaluation. It advocates for flexibility, adaptability to different models, and proactive risk management.*

4.1 How to start partnerships: the beginning

Clarity



Define partnership goals and respective partnership roles. Be as clear as possible about what each stakeholder will be contributing and what their function will be within the project. When deciding on the roles of each partner, ensure that each partner has sufficient capacity and expertise to fulfil the commitment (Worsham et al, 2018: 23).

Facilitation

Identify a trusted broker. For example, in the case study of the **Transforming Education in Cocoa Communities (TRECC)** case study **(Box 6)**, the Jacobs Foundation was able to play an intermediary role due its prior relationship with both the government of Côte d' Ivoire and the cocoa industry. The Foundation was also able to further establish trust with government by setting up an office and employing staff in Côte d' Ivoire to illustrate its commitment to the initiative.

Consultation

Embark on an exercise in stakeholder mapping. Identify pre-existing partnerships and arrangements and consult with those stakeholders to make sure the scope and nature of a particular issue is sufficiently understood. The likelihood of achieving results in collaborations increases when those with a vested interest in the outcome actively contribute to the process.

Support

Initiatives need champions at all planning levels (for example, schoolteachers, trade unions, school directors and members of government). Identify these champions, build strong communication channels with them and involve them in the project from start to finish. Having champions at various levels inside and outside government will also shield the initiative from the effects of political turnover. For example, civil servants and technical experts are more likely to remain in their position irrespective of political transitions.

Thinking ahead

If a partnership intends for a program to be scaled in the future, it is important to lay out a clear scaling pathway from the outset of the project. Designing for scale necessitates that partners consider the broader environment and the extent to which it enables or does not enable a large-scale initiative (Curtis Wyss & Perlman Robinson, 2021:31). **The pathway should speak to the long-term view for the sector and emphasise sustainability.**

Box 6: Unlocking Potential: Public-Private Collaboration for Educational Transformation: Transforming Education in Cocoa Communities (TRECC) in Côte d'Ivoire

This case study on TRECC was informed by a short literature review and as well as one stakeholder interview with a key informant close to the programme. The case study provides an example of how both partnership and collaboration and the scaling of social development efforts through partnership and collaboration can lead to very large system-wide social development impacts, in this case in the education sector.

Lessons on the PEC have been highlighted both in the case study but also support some of the conclusions and recommendations presented in the main text of this report.

What is TRECC?

TRECC is a large-scale teacher training and education support programme which was introduced in 2018 to address the learning crisis in Côte d'Ivoire, where many children were not acquiring essential foundational skills like reading and arithmetic at the right time in their early primary years. Drawing inspiration from the Teaching at the Right Level (TaRL) model, PEC is designed to provide targeted assistance to third to fifth-grade students, and even older, enabling them to rapidly bridge gaps in reading and arithmetic proficiency should they have fallen behind (TRECC, 2023).

How did TRECC arise?

In response to the educational challenges faced by Côte d'Ivoire, particularly concerning primary school achievement, the government embarked on a collaborative effort to bridge learning gaps. According to the findings of the CONFEMEN Programme for the Analysis of Education Systems (PASEC 2019), primary school students in Côte d'Ivoire graduate with notable deficiencies in both French and mathematics. Specifically, 59.5% lack essential reading skills, and 41.2% have not attained proficiency in mathematics (TaRL Africa, 2022). Acknowledging the limitations of primary school achievement, the Ivorian government partnered with TaRL Africa and the TRECC initiative. Together, they obtained a solution by adopting the TaRL approach, an innovative accelerated learning model pioneered by the Indian education NGO Pratham. This collaboration aimed to address the reality that a significant percentage of primary school students lacked essential reading and mathematics skills upon completing their education. The resulting adaptation of the TaRL approach in Côte d'Ivoire is known as the PEC. PEC strategically targets students in grades 3 to 6, grouping them based on their actual learning levels, and implementing engaging activities during school hours to enhance literacy and numeracy skills (TaRL Africa, 2022).

The partnership between the Ivorian government, TaRL Africa, TRECC, and Pratham highlights a joint commitment to leveraging innovative solutions and private sector expertise to address educational challenges and uplift the quality of education in the country.

How does TRECC Work?

At the classroom level, TaRL is a teaching approach that evaluates children using a one-on-one assessment tool and groups them according to their learning level rather than their age or grade. Each group is taught starting from what they already know with level-appropriate activities and materials. The program's success lies in its ability to adapt to the Ivorian context, providing engaging, fun, and creative activities tailored to children's learning levels (TRECC, 2023).

Why is TRECC important?

Like many African and LMIC countries, Côte d'Ivoire faces a learning crisis, with a significant percentage of students not achieving sufficient literacy and numeracy thresholds at the end of primary school. PEC addresses this challenge by offering a tailored approach, ensuring that children who have fallen behind quickly catch up. The initiative focuses on the crucial early grades, aiming to provide foundational skills necessary for academic success (TRECC, 2021).

How was TRECC scaled up?

Several factors have contributed to the successful scaling of TRECC:

- **Problem-Driven Approach (PDA)**: PEC's design was rooted in addressing specific challenges in early-grade education, aligning with government objectives. This resonance led to government-buy in and eventually, government ownership of the project.
- **Government leadership**: Unlike other TaRL programs, the Ivorian Ministry of Education led the entire pilot and scaling-up process. Unlike some initiatives where government participation might be limited to endorsement or policy support, the Ivorian Ministry of Education took a hands-on approach in steering PEC from its initial pilot phase to its broader implementation. The Ivorian Ministry of Education's leadership in the PEC initiative serves as a valuable model for other governments considering similar programs. It showcases the importance of strong governmental commitment, ownership, and proactive involvement in driving successful education interventions, particularly in collaboration with external partners.
- Government leadership was involved not only providing the necessary approvals and support but also in **actively overseeing the design, testing, and subsequent scaling-up of the program**. The Ministry of Education's direct involvement in decision-making, resource allocation, and coordination demonstrated a commitment to addressing educational challenges in Côte d'Ivoire. This approach not only facilitated a smoother integration of PEC into the existing education system but also ensured a more sustainable and impactful implementation.
- **Starting with dependencies in the value chain:** The program dealt firstly with teacher training, and thus helped to address problem areas at the very start of the education value chain.
- **Collaboration with a wide set of partners**: The collaboration with industry partners in Côte d'Ivoire, including the government, industry, and funding partners, ensured local ownership and commitment to the program (TRECC, 2021).
- **Clear scaling pathway:** The scaling pathway was laid out from the project's beginning, providing a strategic roadmap for progressive expansion.
- **Objective evaluation:** The involvement of a neutral third party in assessing pilot results provided credibility and insights for refining and improving the program (Wyss & Robinson, 2021).

Programme success

The success of the TRECC program in the Ivory Coast can be attributed to its **positive outcomes** and **strategic expansion efforts**. The initiative was initially piloted in 50 schools, and its success in improving students' performance in French and mathematics prompted **its extension to 200 schools in 2020**. Encouraged by these positive results, the program has now expanded to involve **1,000 schools,** with the ambitious goal of reaching all 18,000+ primary schools in the country (TRECC, 2023).

The positive outcomes observed during the pilot phase were significant. After six months of intervention in the initial 50 schools, students showed remarkable progress in both French and mathematics. The percentage of students **able to read a short text increased from 14% to 51%**, and **those capable of solving subtraction problems rose from 12% to an impressive 63%.** Sustained by these achievements, the program continued to grow, supported by the Child Learning and Education Facility (CLEF) initiative, which aims to extend PEC to more than 5,000 schools in the next five years (TaRL Africa, 2022).

Currently implemented in approximately 1,000 schools across regions such as San Pedro, Soubré, Daloa, Bouaflé, and Divo, the PEC has demonstrated consistent improvement in students' abilities. The percentage of **students able to read a paragraph has increased from 13% to 36.5%,** while those capable of **performing a subtraction operation have risen from 21.5% to 51%** (TaRL Africa, 2022).These positive trends underline the program's effectiveness in enhancing numeracy and literacy skills in over 25,000 children (TRECC, 2023)

Key to the programme's success has been its comprehensive approach, including the training of 671 teachers, as well as 248 mentors (school directors and pedagogical advisors), and the training of 4 national trainers (TRECC, 2023).

TRECC's success in scaling can be further attributed to **its strategic focus on specific issues, gaining crucial government support and ownership, and implementing a well-structured teacher training program**. This case study serves as a compelling illustration of how targeted, collaborative, and well-planned initiatives can bring about positive and scalable changes in education, emphasising the importance of addressing key challenges and fostering a supportive environment for sustainable growth.

Challenges, risks and opportunities

One of the major challenges of a large-scale initiative that is running over a long period of time, is that the project needs to balance short-term milestones with long-term goals to keep the momentum going and keep actors invested in the initiative. This means that partners need to come with innovative ways of sharing annual updates and results, to track the progress in a public manner.

Large-scale initiatives involving many stakeholders often means that boards of companies and foundations will have less control over the direction of the program. Therefore, while it is extremely important to align on the core primary objectives of a project, foundations and businesses need to be very flexible with the secondary objectives or dimensions of a project.

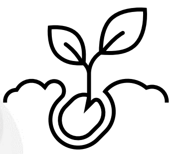
Lessons learnt

The key lessons from the scaling journey of TRECC in Côte d'Ivoire revolve around four critical themes for scaling success (Wyss & Robinson, 2021):

- **Institutionalisation** emphasises the importance of focusing on delivery at a large scale from the start, practical scalability of innovations, creating coordinating structures with a government mandate, and maintaining a phased approach.
- **Partnerships and collaboration** are highlighted. There exists a need for collective action, support for intermediaries, cultivating scaling champions, and fostering a mindset shift for effective scaling. The PEC example of how the government and private sector came together shows how partnership and collaboration can support large-scale impact through scaling of resources and efforts.
- In terms of **costs and financing**, the lessons stress the need for transparency in long-term government financing, support for sound cost projections, and exploration of pooled financing.
- **The adaptation and collaborative learning** theme highlights the benefits of integrating continuous learning into government systems, enhancing adaptive capacity, and investing in peer learning and exchange for collective problem-solving.

4.2 How to manage the success of the collaboration along the way

Create goalposts



Bridge short-term divergent interests by focusing the minds of all on the long-term. For example, aggregator partnerships need a long-time frame over which to achieve impact and systemic change. While the large-scale outcomes of a project might only be seen in 30 years, it is important to maintain momentum along the way. By **identifying and**

incorporating short-term and medium-term goals into the project design**, partnerships and momentum can be sustained.**

Track and measure

Select indicators that clearly measure short-term, medium-term, and long-term wins. Incorporate strong monitoring and evaluation assessments into the timelines of the project. These assessments need to be conducted by a neutral third-party.

Remain open

Be willing to explore different models and adapt as needed. For example, by being agnostic about the method of delivering a service and being more concerned with funding initiatives that are evidence-based over favouring a particular teaching method, implementing partners and business can illustrate their commitment to a cause.

4.3 How to manage potential risks in the partnership

Procedures and principles

Manage any potential conflicts of interests (COIs) by clearly establishing the key principles and definition of a conflict of interest. In addition to establishing a common definition for COI, identify and draw up a COI risk register which can be updating during the project (Stibbe & Prescott, 2020:21). This risk register should be an accompanied by a clear procedure for dealing with COIs as they arise.

Ongoing engagement

One can prevent the identified risks and COIS from occurring by setting up regular communication processes and channels to manage issues that may arise along the way. It is preferable to pre-emptively manage any risks in the context of the collaboration relationship, thereby preventing them from occurring. In addition to regular communication, partnerships need to invest in peer learning and the exchange of ideas. Bring together peers from a variety of multi-sectoral partnerships to share experiences to provide an opportunity to collectively problem solve.

Accountability

Ensure the partnership is set up in such a way that there exists no or minimal risk of corruption. Identified cases of corruption, even if small, can taint the whole partnership, at least at a perception level. There are various accountability structures which can be implemented in a multi-sectoral partnership, to varying degrees of difficulty. For example:

- Make sure that no meeting is attended alone. There should always be representation from each partner present at any given meeting.

- Consider setting up an independent funding structure, not directly tied to the accounts of any one partner.
- Have the project finances be audited by an external, independent organisation on a regular basis.

Independence

Untie funding from the political process. For example, by making use of the **GPE Multiplier Fund**, governments can fulfil their commitments independently from political priorities since the funding comes from international sources attached to the funding matrix. In contrast, national budgets are set on an annual basis and are often a site of political contestation. If funding is not pre-allocated through a pooled funding mechanism, such as the Multiplier Fund, partners need to renegotiate with government each year, leading to delays and a loss of momentum.

Governance

Set up a clear management and communication structure and ensure that the governance structure is well-understood by all partners. An example of what such a governance structure could look like is provided in
Figure **5**.

Figure 5: Governance structure of a multi-stakeholder partnership

5. Summary and recommendations for future partnerships

This report focused on best practices and actions that stakeholders from business, government and the broader philanthropy sector can take to bridge the existing gaps between the sectors and actively start building multi-sectoral partnerships for social development in Africa.

It provided clear examples and guidance on how this can be done. Here we share some recommendations on the first steps that can be taken both by business and government within their respective contexts on starting to build multi-sectoral partnerships for development. Some of these steps are likely to be small but will help to prepare the ground for these partnerships.

The social development challenges facing the world are large. These range from (but are not limited to) ageing populations and new infectious diseases posing increased health demands, improving access to and the quality of education across the whole education continuum, and the need for upskilling given the swift development of artificial intelligence and its impacts on labour markets. At the same time, governments in many LMICs are experiencing severe fiscal constraints and large debt burdens. New sources of funding need to be found. By partnering, governments and businesses can pool funds, expertise, new ideas, best practices and learn from each other to address these challenges.

This report contains recommendations and action-oriented advice aimed at both business and government audiences on how best to work with each other to achieve the social development outcomes that are needed to move societies forward. Some of these recommendations, as well as new recommendations for both audiences, are captured below. The recommendations for each audience have been structured according to three main themes:

1. **"Seeing":** Recognising the opportunities for collaboration;
2. **"What":** what agreements and structures to put in place; and
3. "**How":** the "how" of the collaboration.

5.1 Recommendations for business

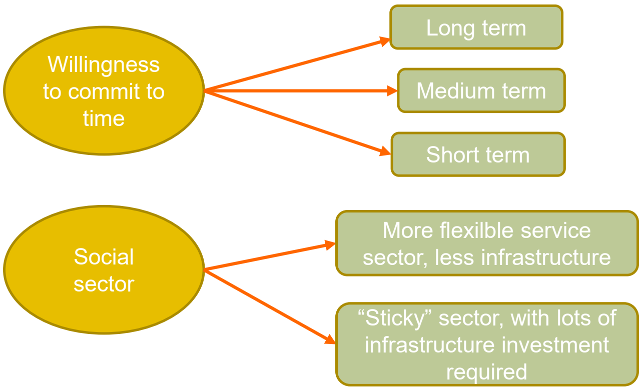
"Seeing"

1. Recognise the opportunities around more impactful social sector involvement which could be achieved by partnering with governments. This will require you to put aside your fears of getting caught up in government bureaucracy and having a partnering for impact mindset.
2. Actively pursue the opportunities for creating a better business environment that can flow from collaborative creating and funding social delivery programmes with governments.
3. Learn to speak the language of governments. This report has provided several examples of how businesses need to frame the possibility of partnership when engaging with government.

The "What"

4. Consider collaboration with government both in existing collaboration structures AND by setting up new structures and agreements. This report provided an overview of formal, legal structures like PPP agreements, as well as more informal approaches.
5. Explore and learn about the various legislative tools and formal and informal approaches that are available to partner with governments. Assess these options relative to your business's needs and way of doing business to find an approach that works for you.
6. In exploring available tools and informal approaches, consider the timeline of your involvement in the sector you are choosing to partner on with government. Will you be partnering for the short term (<3 years), medium term (3-5 years) or long term (>5 years)? The term of your partnership and your willingness to commit to the long-term, which will be dependent on the nature of the social delivery sector (sticky or more flexible), is likely to influence your choice of the tools and structure of the partnership. These critical decision nodes will help you give shape to a better designed partnership agreement and approach.

Figure 6: Critical decision nodes for structuring a partnership agreement with a government partner



The "How"

7. Integrate ESG metrics, also with a specific focus on the Social in ESG, into CSI approaches.
8. Have or involve an ESG expert in the company board to build the bridge between CSI activities and ESG.
9. Depersonalise CSI focus areas to ensure that the longevity and sustainability of initiatives are not at risk when there is leadership change within the company and have a clear strategy visibly communicated to all stakeholders. Depersonalisation is easier when clear structures and accountability pathways for CSI are established, both within and outside the organisation.
10. Invest in grant coordination to make all CSI efforts more leverageable and to start thinking beyond only company-level projects and initiatives to collaborate at a higher level (national or even global). As

companies scale their involvement in the social sector, grant coordination will become more and more critical.

11. Prioritise simpler initiatives, some potentially beyond the comfort zone of the company, which are aligned with existing government and ministry's strategies and policies. While quantifiable metrics are important for reporting to the businesses' boards, a broader, more conceptual approach to M&E may need to be taken, at least initially to accommodate these initiatives and to build trust with your government partner.

5.2 Recommendations for government

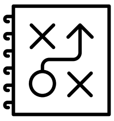
"Seeing"

1. **Recognise and embrace the opportunities of working with businesses to achieve social development goals.** Given the growing demands on governments, they can no longer achieve social objectives alone.
2. **Learn to speak the language of businesses.** This report provided an overview of the relevant framing when engaging in dialogue with business.

The "What"

3. **Design clear structures and collaboration mechanisms open to private sector involvement:** To find out what the private sector or business are willing and able to offer in terms of social development, governments need to establish forums for communicating and sharing ideas (as a starting point).
4. **Create multi-stakeholder platforms where business can systematically engage with national development priorities:** While communicating forums with the private sector are a starting point in moving towards multi-sectoral collaboration, more permanent multi-stakeholder platforms may be required to create a known "space" for collaboration.
5. **Decide on the period of collaboration with the private sector.** Government timelines tend to be long-term (10-15 years) but to build trust with the private sector, government may want to consider shorter term milestones which could form exit points if not met.
6. The time horizon of collaboration, together with the sector in which collaboration is occurring in should provide **an indication of how much flexibility will have to be built into the collaboration structure.** Be open to creating flexible, nimble structures for engagement.

The “How”



7. **Be open to taking risks and experimentation.** Collaboration with business bring the opportunity to learn about an innovation culture, but to experience this learning governments will have to take on some risk in structuring the collaboration.
8. **Move beyond siloed ways of working within an across government departments to ensure greater sustainability and assist with capacity challenges:** Traditional ways of social delivery, both within and across government departments, may make it hard to identify the types of social development problems that can benefit from multi-sectoral partnerships. To identify the relevant challenges to take to the private sector, first have the relevant discussions in the appropriate inter-governmental forums.
9. **Make accountability processes clear to all stakeholders, internal and external, from the outset.** This report has described several ways how this can be done.
10. **Strengthen the internal M&E function and the ability to measure and understand the success (or failures) of collaborative initiatives**.

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