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Sustainability 4.0 and Impact Readiness

SDC's Potential Levers and Measures to Foster Sustainability in the Private Sector

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Practical Project in Development Cooperation

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CEP	Competence Centre for the Engagement with the Private Sector
CEPS	Centre for philanthropy studies
FDFA	Federal Department for Foreign Affairs
FOEN	Federal Office for the Environment
PPDC	Public Private Development Cooperation
PPDP	Public Private Development Partnerships
PPP	Public Private Partnerships
RM	Relationships Manager
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goal
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGC	UN Global Compact
UNHCR	United Nations High Commissioner for Refugees
WBCSD	World Business Council for Sustainable Development
WWF	World Wildlife Fund

1 Introduction

"Sustainable development is the pathway to the future we want for all. It offers a framework to generate economic growth, achieve social justice, exercise environmental stewardship and strengthen governance." (Ban Ki-Moon, 2013)

To pursue this pathway of sustainable development, the SDGs (Sustainable Development Goals) have been adopted in 2015 and are to be achieved by all UN members around the world by 2030. This 2030 Agenda is a milestone in sustainable development and determines the worldwide applicable context for efforts to find common solutions to the globe's greatest challenge, such as extreme poverty, climate change, environmental degradation as well as health-related crises. It is the first time that the fight against poverty and sustainable development have been placed on the same agenda. The Agenda is composed of 17 independent development goals with further targets. (FDFA, November 7, 2016) The last goal serves the successful implementation of the other SDGs and includes the revitalization of Global Partnership for Sustainable Development (FDFA, November 10, 2016).

It has become clear that the accomplishment of the Agenda 2030 is only possible by close cooperation with the private sector. It is also the Swiss Federal Council's strategic priority to intensify partnerships with the private sector. Various advantages result from public-private-partnerships, such as more outreach and innovation, greater impact, better quality and more sustainable solutions. Additionally, it is possible to mobilize private resources for sustainable development projects. (Favre & Stein, 2017, p. 2) Hence, for the achievement of the SDGs it is crucial for the SDC (Swiss Agency for Development and Cooperation) to set up partnerships with sustainable private actors. The Competence Center for the Engagement with the Private Sector (CEP) has been founded to support this process of establishing sustainable partnerships between the public and private sector to pursue sustainable development projects.

Therefore, the CEP as our customer commissioned us to develop a practical project regarding Sustainability 4.0 and Impact Readiness of the private sector. In the context of this consulting mandate we addressed the question of how businesses transform from the paradigm of the "Business of Business is Business" (Sustainability 0.0) into a social business (Sustainability 3.0) or into a social enterprise (Sustainability 4.0). We also focused on the question of how the SDC could actively foster company's impact readiness to strategically address societal challenges.

To answer these questions, we first look at the current collaboration of SDC with the private sector and how the criteria of the partner assessment could be improved. Afterwards, we elaborate the theoretical foundation regarding business sustainability and what kind of different sustainability levels exist. We then turn towards practice and look at different companies which already are on a high sustainability level and analyze how they became truly sustainable businesses. We also evaluate various organizations and networks engaging in sustainability and social entrepreneurship activities. Thereby we gather the critical success factors of these case studies and identify general levers which helped those corporations in their achievement of true sustainability. To each of these levers we then derive two or three specific measures which are within the area of SDC to promote impact readiness and true sustainability of private actors. Finally, we try to evaluate how the cooperation of the SDC with companies differs depending on which level of sustainability the business is located. Therefore, the different measures are assigned to the related sustainability level.

2 Public Private Development Partnerships & Cooperation

The importance of partnerships between the public and the private sector in the development cooperation has increased because there exists the general assumption that the SDGs can only be achieved with a cooperation between the private and the public sector (SDC, August 31, 2016, p. 5). First, such a cooperation has more outreach, higher impact, better quality, is more innovative and offers more sustainable solutions. Secondly, it allows better mobilization of private resources like knowledge or human resources, organizational capacities and financial resources. Lastly, as noted in the Dispatch on Switzerland's International Cooperation 2017-2020, it is also the Federal Council's strategic priority to intensify partnerships with the private sector. (Favre & Stein, 2017, p. 2) Therefore, Public Private Development Partnerships (PPDPs) have become a very important tool in development cooperation, especially to achieve the SDGs (SDC, August 31, 2016, p. 5).

PPDP differs from the classical notion of Public Private Partnerships (PPPs), which "is a well established international method with agreed standard processes and governance standards, traditionally in the infrastructure area". In contrast to PPDPs, the activities of PPPs must not necessarily focus on development impact. (SDC, August 31, 2016, p. 10) "PPDP re joint investments of development agencies and the private sector, they are an instrument of development cooperation" (SDC, March 2015, p. 3). Such partnerships aim at generating a positive impact for the social, environmental and/or economic situation in developing countries (SDC, March 2015, p. 3). The private and public actors agree on a formal, collaborative arrangement which is based on a common vision or shared values as well as mutual goals. The partners share the financial risks and costs and provide complementary resources as well as skills. Both actors are held accountable for the accomplishment of the agreed results and the partnership aims at the achievement of certain development goals. (SDC, August 31, 2016, p. 8)

Theses collaborations with the private sector should enable to harness the core competencies and resources of the private actor to realize development goals. The fundamentals of PPDPs are the cost-sharing or co-investment between the public and the private sector as well as a focus on the core business of the company. (SDC, August 31, 2016, p. 42)

According to the SDC (August 31, 2016, p. 7) exist three main reasons for PPDPs:

- Impact reasons: Through pooling of interests, competencies and resources of the involved partners great additional value and/or development impact can be created
- Political reasons: Between 2017-2020 the SDC aims to double the number of cooperation with the private sector
- Financial reasons: In order to achieve the ambitious SDGs the gradually declining public money could be complemented or replaced with financial contributions from the private sector.

Based on those three reasons, the SDC identified three main requirements which have to be met when entering a partnership with a private actor. They should facilitate “future strategic decisions, management, knowledge exchange and political communication related to PPDPs”. These are the requirements identified by the SDC (August 31, 2016, p. 7):

- Improving effectiveness and transparency
- Reducing complexity and transaction costs
- Mitigating operational and reputational risks

Engagement with the public sector includes two different forms: Public Private Development Partnerships and Public Private Development Cooperations (PPDCs). Both are very useful forms of collaboration but have different intensities. (Favre & Stein, 2017, p. 4) PPDPs imply a higher complexity, more risks but also more chances and leverage. A PPDC on the other hand is less complex because it only implies an arrangement between a private and a public actor to achieve a development impact goal. This means, it could also be a mandate to a company or only a financial contribution by a firm to a project. This differentiation is very important. Because of PPDP’s greater leverage, risks and complexity, the implementation and management of such partnerships requires certain tools and guidelines as well as greater attention. (SDC, August 31, 2016, p. 9-10)

The relevance of Public Private Development Partnerships and Cooperation has become clear to the SDC but they are also associated with a certain level of risks. We are therefore going to look at the criteria the SDC applies to mitigate these risks when entering a partnership or cooperation with a private company. Afterwards, we will evaluate, whether these criteria are sufficient or if they could be improved.

2.1 Risk Assessment – Current Situation

2.1.1 Introduction and Definition of Risk Assessment Guidelines

The SDC has risk assessment guidelines, which provide guidance on the establishment of partnerships between the private sector and the SDC itself. The document contains the types of partnerships, the SDC's criteria as well as the general process for establishing such collaborations. The risk assessment guidelines help to evaluate private partner's activities, also those outside the alliance, which could be exposed to social, environmental and governance issues that might involve reputational risks for the SDC. It allows the SDC to systematically manage and monitor institutional risks, such as reputational loss or political damage, while entering a partnership with a private company. The assessment facilitates the decision-making regarding the engagement with private partners and supports a dialogue with the partner on critical development issues related to the SDC's values and objectives. (SDC, March 2015, p. 3)

Through a partnership with the private sector, the SDC intends to "promote effective initiatives with a lasting impact on a broad scale", to influence the business model of private firms to maximize their positive effect at the environmental, social and economic level and to minimize their negative externalities or to "gain access to knowledge and expertise, mobilize resources and promote innovation". Depending on the objective the SDC wants to achieve, they can engage in different forms of partnerships such as the provision of services, mobilization of financial resources, exchange of knowledge and generating innovation, influencing the regulatory framework or lobbying. (SDC, March 2015, p. 4)

2.1.2 General Criteria

The SDC (March 2015, p. 4) uses the following reference framework with four different issue areas when deciding on a partnership with the private sector:

- *Environment: Application of the precautionary principle – promotion of greater environmental responsibility – implementation and dissemination of technology that is respectful of the environment.*
- *Human rights: Promotion and protection of and respect for international law on human rights - prevention of complicity in human rights violations.*

- *Labor law: Freedom of association and the right to collective bargaining – elimination of all forms of forced or compulsory labor – abolition of child labor – elimination of discrimination in employment and professional life.*
- *Governance: Action against corruption, including extortion and bribery – promotion of gender equality.* (SDC, March 2014, p. 4)

Through a due diligence process, the SDC assesses whether a potential partner manages these issues in a way that is in line with the requirements. Some criteria of the risk assessment are a condition *sine qua non* and for others, full compliance is not possible. Hence, the due diligence process also assesses a potential partner's capacity and willingness to improve its practices and not only the current compliance. It is also important that not only the company's activities are assessed but also the risks that arise from a PPDP. This means that the SDC must be unbiased and cannot engage in a partnership that leads to significant market distortions. Finally, the benefits, which might arise from a partnership, must always be set against the risk associated with the potential partner. If the expected benefits from a partnership are high, then the SDC could also accept more risk. (SDC, March 2015, p. 5)

2.1.3 Exclusionary Criteria

Business activities and practices that are considered unacceptable by the SDC and with which they do not want to be associated fall under exclusionary criteria. This includes among others the violation of human and children rights, the use of forced labor, systematic corruption, activities damaging certain protected species, involvement in illegal logging, illegal or uncontrolled use of fire for forest clearance, violation of UNESCO World Heritage Sites, the manufacture, sale or distribution of armaments, weapons or their components as well as the production, sale or distribution of illegal or banned products and materials. (SDC, March 2015, p. 5-6)

For most exclusionary criteria, there is some latitude of judgement. A partnership might still be considered if it is intended to improve the activities of the potential partner or the industry and if the potential partner obligates itself to address those issues, to define clear goals, including a time frame and has implemented feasible measures. The potential partner is also obligated to deliver evidence to the SDC that such measures are in place and that some progress has been achieved. The SDC must apply a sound judgement to these considerations and it has to avoid partnerships with private organizations that have continually been exposed to controversies regarding these issue areas. For potential partners who manufacture, sale or distribute armaments, weapons or their components as well as those who produce, sale or distribute illegal or banned products and materials, the SDC applies blanket exclusion from a potential partnership. (SDC, March 2015, p. 6-7)

According to the SDC (March 2015, p. 7-8) "a number of sectors and activities are controversial *per se* or face a particularly high risk of being associated with controversial practices". Potential partners from these sectors must be considered with more attention when deciding about a partnership and are subject to specific criteria as well as higher degree of due diligence. These activities and sectors are ranked in different risk categories and each category has to meet certain criteria. Under the risk category 1 fall the sectors and activities agriculture and fishing, chemicals, forestry, large infrastructure, metals and mining as well as oil and gas. Potential partners that fall under this category should meet the following criteria: being among the industry leader on sustainability issues, following industry best practices, ideally being certified and not being exposed to a high level of controversy. Those firms should not be involved in projects or activities that involve major resettlements as well as in unsustainable and/or highly controversial production methods.

The risk category 2 is composed of the activities and sectors pornography and prostitution, gambling and casinos as well as manufacture, sale or distribution of replica arms for children, tobacco or alcohol. The SDC should not enter a partnership with any actor engaged primarily in those activities. However, if the activity is only a very small part of the company's primary operations a sound judgement must be applied when considering a potential partnership. (SDC, March 2015, p. 8)

Under the risk category 3 falls the production, sale or distribution of equipment or provision of services to support police/law enforcement activities, including surveillance equipment and the related services. Since those activities can be related to oppression by the state and the violation of human rights the SDC should not engage with actors primarily involved in these activities. (SDC, March 2015, p. 8)

2.2 Risk Assessment – Target Situation

The just mentioned general and exclusionary criteria are sufficient for a risk assessment that aims at systematically managing and monitoring institutional risks for the SDC. There are also certain sustainability requirements. For example, the SDC's intention in a partnership is to maximize the positive environmental, social and economic impact and to minimize the negative externalities of the private partner. There are also certain general criteria regarding environmental, human rights, labor law and governance standards. Additionally, sectors or companies exposed to a particularly high risk should be among the industry leaders on sustainability issues, follow industry best practices, ideally being certified and not being exposed to a high level of controversy. Those firms should not be involved in projects or activities that involve major resettlements as well as in unsustainable and/or highly controversial production methods.

Anyways, we think that the current SDC risk assessment criteria should not only focus on the risk aspect and on how the potential partner minimizes its own negative externalities. Since it is the SDC's goal to find out how they can support private actors to move towards true sustainability, the criteria should also focus on what those private partners can positively contribute to the solution of certain social or environmental problems. The risk assessment as it is now, still uses an inside-out perspective. If the goal of the SDC is to help companies shift towards more sustainable business practices and to apply an outside-in perspective, the SDC should also define some "impact criteria" in their partner assessment. Such criteria, that focus on using the company's business activities to address a social or environmental problem, could be based on the SDGs.

The SDGSs, which were adopted in September 2015, are composed of 17 goals and each one has specific targets, which must be achieved. The aim is to end poverty, protect the planet and ensure prosperity for all. The SDGs must be achieved by all UN member states by 2030. The defined goals are ambitious and as it already has been mentioned, they can only be achieved with the involvement of the private sector. (CEP, April 25, 2017)

Figure 1: SDGs, Source: (UN, September 25, 2015)

There is no doubt that the private sector must be included into the work of SDC. It is therefore proposed to work with companies, that consider the SDGs as part of their business strategy. Private actors should try to see the SDGs as potential sources of innovation and business opportunities and incorporate the achievement of specific SDGs into their corporate activities. The second option would be to specifically develop projects with the focus to work towards the achievement of a specific SDG and then find a matching partner from the private sector. One idea would be that the Memorandum of Understanding between the SDC and the private actor contains a clear statement about which SDG is aimed to be achieved through this partnership. This second proposal is oriented on a positive partnership approach, which means that the SDC actively looks for the right partner to achieve a certain SDG. In our view, it also makes sense to differentiate whether a potential partner is from an industrialized or a development country. The SDC should apply stricter criteria regarding sustainability to private actors originating from an industrialized country than to companies from developing countries.

3 Business Sustainability

In order to categorize companies according to their different levels of sustainability, a suitable framework is needed. Therefore, the present paper relies on the business sustainability typology by Dyllick and Muff. Dyllick and Muff (2016) developed a four-step typology of business sustainability (business sustainability 0.0, 1.0, 2.0. and 3.0). The last level signifies "true business sustainability". (p. 163) In discussion with Dr. Lars Stein and based on additional research, we further developed the Dyllick and Muff typology and added the business sustainability 4.0 according to the purpose of this paper.

Business-as-Usual (Business Sustainability 0.0)

On the level of business sustainability 0.0, companies pursue purely economic interests. External costs typically resulting from this approach are not understood, measured, or declared. The companies operate within an inside-out perspective. Shareholders, management and costumers are the main beneficiaries of the economic value. (Dyllick and Muff, 2016, p. 163) The quote of Economics Nobel Prize winner Milton Friedman (1970) "the business of business is business" describes this economic paradigm nicely. Jack Welch as CEO of General Electrics was a prominent advocate of this business model. (University of St. Gallen, 2016)

Refined Shareholder Value Management (Business Sustainability 1.0)

Companies with a refined shareholder value management take first steps towards sustainability by acknowledging new challenges to business from exchanges that are outside of the market. Stakeholders like NGOs, media, legislation or government raise environmental and social concerns that create economic risks and opportunities for businesses. (Dyllick & Muff, 2016, p. 163). Even though companies react to social and ecological concerns, economic objectives remain the only priority. Sustainability management is a means to the end, with the end being economic success. Managers realize that they can safe costs, reduce risks and improve their attractiveness as an employer and differentiate themselves from competitors by using sustainability management. It is mainly about the changes and risks that stem from economical, ecological and social issues. An example is Walmart - the world's largest retailer. Walmart's sustainability strategy focuses on reducing energy, water, packaging materials and transport routes. (University of St. Gallen, 2016) Dyllick and Muff (2016) furthermore name SAM Group and PwC as examples of business sustainability 1.0.

Managing for the Triple Bottom Line (Business Sustainability 2.0)

On the level of business sustainability 2.0, companies are generating value not only for themselves but also for other stakeholders. Companies pursue a triple bottom line approach. The focus of value creation is no longer only centred on shareholder value, it includes also social and environmental values. These values are addressed through particular programs and the companies use roper reporting. (Dyllick & Muff, 2016, p. 165) The triple bottom line is imbedded in the structure of companies and defines and implements responsibilities and programmes accordingly. For example, Unilever, launched in 2010 its sustainability plan. The goal for 2020 is to double the sales while cutting the environmental footprint in a half and improving living conditions of a million of people around Unilever's supply chains. (University of St. Gallen, 2016)

All three levels of business sustainability share an inside-out view. The question how companies can avoid negative side-effects is important but does not go far enough. (University of St. Gallen, 2016)

Truly Sustainable Business (Business Sustainability 3.0)

Truly sustainable businesses are concerned with the question of how they can create a significant positive impact in critical and relevant areas for society and the planet. There is a shift from an inside-out to an outside-in perspective. The resources and competencies of a company are used to overcome challenges in its external environment. Serving the common good becomes the main purpose of a truly sustainable business. Changing the rules of the game is inevitable in order for truly sustainable businesses to create new space for economic and sustainable solutions and to scale-up the impacts. (Dyllick & Muff, 2016, p. 165-166). Especially start-ups and social businesses see these challenges as opportunities. They address societal and ecological issues while being aware of becoming profitable and self-sufficient at some point. One example is SV Group, a provider of catering services for companies in Switzerland. In collaboration with WWF (World Wildlife Fund), SV Group launched "ONE TWO WE", a food programme that helps clients provide healthy food to their employees while reducing their carbon footprint. Therefore, SV group directly addresses the sustainability issue climate change by making it an integral part of its offering. A second example is IKEA. Together with UNHCR (United Nations High Commissioner for Refugees), IKEA's foundation developed an emergency refugee shelter that costs only 1000 Euros per piece and weighs 100 kilograms and provides shelter for 5 people on 17,5 m^2. (University of St. Gallen, 2016). Societal challenges are manifold and span across various fields. Different business models and new forms of collaboration are needed to overcome those challenges. (University of St. Gallen, 2016)

The fact remains, that nowadays, there are still few companies on the level of business sustainability 3.0. Most of the companies are on the level of business sustainability 1.0. (University of St. Gallen, 2016) It is furthermore often the case that start-ups are social businesses from the beginning of their existence. Fewer cases are known where existing companies as a whole transfer to the level of business sustainability 3.0. It is more frequently observed that a small section of a company becomes a social business.

Regime-Changing Sustainable Business (Business Sustainability 4.0)

The continuum of different levels of business sustainability does not end with the business sustainability 3.0 of the typology developed by Dyllick and Muff. There is a business sustainability 4.0 which typically is associated with social enterprises. We call it Regime-Changing Sustainable Business. As we have seen above, businesses which are classified under business sustainability 3.0 are still classical, profit-oriented companies but they see social challenges as business opportunities. The business combines commercial and social goals in order to strengthen the core business but the entrepreneurial approach still follows an economic rational. The inner attitude of entrepreneurs, meaning the purpose of the business activity differs remarkably between business sustainability 3.0 and 4.0. Business sustainability 4.0 combines also both commercial and social goals but with an emphasis on the latter. Social entrepreneurs want to make the world a better place in their field of competence. The impact stands above everything else. Social entrepreneurs strive for a system change. Usually, profits are reinvested into the community or the company but this however should not be regarded as given. An example for a social entrepreneur is Elon Musk which wants to revolutionise the mobility industry and founded therefore inter alia Tesla Inc. Details on the case Tesla Inc. follow in chapter 4.1.4

The forms of social businesses as well as social enterprises differ widely but one cannot think of those two concepts as being clearly distinguishable. Due to the different forms of business models, those typologies should be considered as a continuum. A sharp distinction is not possible. The diagram below illustrates the five typologies and classifies them along the sustainability as well as the impact continuum.

4 Insights into Practice

This chapter examines different companies on their way towards a higher level of sustainability. The aim is to identify success factors as well as crucial hurdles these companies faced during their transformation. Besides that, we look at different organizations and networks that are active in the field of sustainable economy and are concerned with the promotion of social businesses and social enterprises. With the insights from the consideration of the companies and organizations respectively networks, levers are identified where the SDC has a sphere of influence. From these levers, we derive concrete measures on how the SDC can take action.

4.1 Sustainability Journeys of Companies

In this chapter, the development of five businesses towards true sustainability will be analysed with the aim to identify success factors. Two companies, IKEA and Vodafone, are operating on international level and already exist since decades. Another company, the SV Group, is from Switzerland and has a philanthropic origin. Furthermore, we looked at two rather new businesses. One of them is Tesla, with which we wanted to emphasize the important role of the entrepreneur Elon Musk. The other one is the social business Fairphone that aims, since its existence, for a positive impact on society and the environment.

4.1.1 IKEA

Ingvar Kaprad, a Swedish entrepreneur, started in the late 1940's the furniture business, with the idea to offer well-functioning home furnishing products of good design at prices much lower than competitors. In order to achieve this goal, they were willing to cut costs wherever possible except on ideas and quality. The IKEA concept aims to offer low-priced products that many people can afford. Today, IKEA is the world's leading home furnishing brand with more than 330 stores in 40 countries and with around 154'000 co-workers. (IKEA, 11th January 2014)

Sustainability Measures

Since decades IKEA focuses on measures to minimize its negative impact on the environment and society. Some examples of measures that IKEA already implemented are the commitment to children rights, the implementation of different social programs, the usage of fewer and safer chemicals in their products, the implementation of the circular economy approach, the foundation of initiatives (Forest Stewardship Council, Better Cotton Initiative), the partnerships with UNICEF, WWF and save the children. In 2000 IKEA launched IWAY, a code of conduct for its suppliers. Since 2009, IKEA has committed to invest EUR 2.1 billion in renewable energies. Yet, with all these initiatives, IKEA was still focusing on 'being less bad'. This changes through IKEA's Sustainability Strategy for 2020 which aims for a transformational change. Since then, IKEA is committed to having a positive impact on people and the planet. It seems IKEA realized that minimizing their negative impact is not enough. Instead IKEA wants to use sustainability to drive innovation, transform its business, steer its investments and discover new business opportunities. In the new strategy, IKEA sets out concrete targets focusing on a more sustainable life at home, resource and energy independence and a better life for people and communities. Furthermore, IKEA aims to increase cooperation with NGOs and UN bodies. (IKEA, June 2014) IKEA yearly publishes an extensive sustainability report. In its latest one IKEA refers to the SDGs and identified 7 goals where they can especially contribute. These include gender equality, affordable and clean energy, decent work and economic growth, reduce inequalities, responsible consumption and production, climate action as well as life on land. (IKEA Group, 2016) IKEA's head of sustainability mentioned that they do not see waste as a cost anymore instead it became a resource. IKEA already does a lot regarding waste reduction and recycling. The next step IKEA plans, is to use waste in its own operations. (BBC, 2017)

IKEA Foundation

The IKEA Foundation is the philanthropic arm of Stichting INGKA Foundation, the owner of the IKEA Group. The focus of the IKEA Foundation lays on supporting children living in poverty. Therefore, it funds programmes which address children's fundamental needs such as home, health, education and a sustainable family income, as well as helping communities to cope with climate change. (IKEA Group, 2016) It was also the IKEA Foundation that entered the strategic partnership with the UNHCR and together, they developed emergency shelters for refugees which will be explained subsequently.

Social Enterprise: Better Shelter

The social enterprise Better Shelter was founded in 2010 as a result of the partnership between IKEA Foundation and UNHCR. Better Shelter provides innovative shelter solutions for displaced persons. During the product development process engineers, other companies, institutions and designers were consulted and several prototypes developed. The insights and experiences of refugees in Ethiopia and Iraq were used to further improve the prototypes. Since 2015 thousands of these shelters are used as temporary homes, registration centres, medical facilities and food distribution points around the world. (Better Shelter, 2017a) Better Shelter offers an alternative to the tents, which are usually used in camps and only last a few months. The shelter solution of Better Shelter should last 3 years and therefore much longer than tents. In addition, shelters are also more efficient regarding costs. The walls and roof of the house are recyclable (Better Shelter, 2017b) which is important for the circular economy and for a resource conserving approach. It can be said, that IKEA showed with this Better Shelter existing ways for international companies to generate positive impact.

Insights
- Inclusion of SDGs - Circular Economy - Minimize negative impact (reducing waste, electricity consumption etc.) - IKEA Foundation - Partnership - Impact oriented social enterprise - Building prototypes - Inclusion of multiple actors during the product development

4.1.2 SV Group

In 1914, the Non-Profit Organization “Schweizer Verband Soldatenwohl” was founded with the aim to provide Swiss soldiers with balanced nutrition without alcohol for a fair value. Since then, the organization grew constantly. It first operated restaurants, then started to run cafeterias, which was a new concept for Switzerland. In 1987, the organization formulated its first environmental goals in the area of energy, waste and cleaning. At the same time, the organization started to sensitize its employees for these environmental issues. In the following years, they also expanded to Germany and Austria. In 1999, the organization was divided into a business, the *SV Group* and the *SV Foundation.* Today the SV Group operates staff cafeterias, canteens, restaurants and hotels with 8500 employees. (SV Group, n.d. a) The SV Foundation, the majority shareholder of the SV Group, builds the social anchor of the company. It supports various projects focusing on healthy and affordable nutrition for a broad swiss society. (SV Stiftung, 2017)

In 2013, the SV Group reformed the sustainability strategy for its catering services and started focusing its menu proposals on healthy, regional, seasonal and low-meat nutrition. The Impulse Group[1], who was also analyzing the SV Group, identified important factors, which lead to a successful implementation of the sustainability strategy (Green Economy Dialog Impulse Group, 2016):

- Commitment of the management
- Broad involvement and commitment of the employees
- External partnerships
- Consistent priority-setting based on relevance analysis
- Marketing of the added-value
- Market demand (major customers with a sustainability strategy)

The values of the SV Group show that the economy, environmental consciousness and social aspects are equally important. Besides the environmental approach, already described above, the SV group also follows a social approach to sustainability. Therefore, they enhance the responsible and respectful relationship with its employees. Furthermore, they support various educational programs and further trainings. (SV Group, n.d. b)

Climate Protection Program: ONE TWO WE

Maybe the only example for sustainability 3.0 on a scaled-up level in Switzerland is the SV-Group with its ONE TWO WE Program.

1A forum for dialogue initiated by the FOEN for the discussion of how to achieve a green Economy in Switzerland. The participants were coming from the private and public sector, as well as from the science.

The SV Group realized that around one third of environmental pollution in Switzerland is caused by food. Therefore, the SV Group considered it as their personal duty to set new standards in this area. In 2013, SV Group launched in collaboration with WWF Switzerland the program "ONE TWO WE" and was able to integrate climate protection on its own menu plan. (ONE TWO WE, 2013)

The program "ONE TWO WE" consists of a set of improvement options in four different fields: Food range, purchase, optimization at canteens and in logistics. The *food range* includes the assortment and variety, which targets more vegetarian instead of meat based meals. *Purchase* means a reduction of fruit and vegetables cultivated in heated greenhouses and other measures to mitigate environmental impacts. *Optimization at canteen* refers to the amount of food waste and energy efficiency. *Logistic* should be improved by reducing the share of air-freight food. (Doublet, Flury & Jungbluth, 2013, p. 4) The canteens can individually define improvements options they mainly want to focus on. Additionally, customers receive a seasonal food calendar, which illustrates, when products can be bought regionally in Switzerland with lower CO2 emissions. (Gepp, 2012).

WWF Switzerland supported the SV Group in the development of its climate protection program *ONE TWO WE.* In order to achieve the goals they have set, the SV Group has to evoke different consumer choices, such as a reduction in the meat consumption towards a more plant based menu choice. (ONE TWO WE, 2013) Until 2015, they have reached the following goals: Reduction of CO2 of 9% and participation of 106 restaurants. (SV Group, 2015)

Insights
- Commitment of the management and employees - Cooperation with the WWF - SV Foundation - Looking for a change in consumer behavior (less meat and more vegetarian meals) - Impact oriented: ONE TWO WE as a climate protection program

4.1.3 Vodafone

Vodafone started in 1985 in the UK as a small mobile operator and became one of the leading telecommunication providers in the world. They are mainly active in Europe, the Middle East, Africa and Asia Pacific. (Vodafone Group, 2017a) 70% of Vodafone's customers live in emerging markets. Giving individuals access to communication improves people's quality of life. Therefore, Vodafone sees its services as a contribution to sustainable living and helps to improve people's livelihoods. Vodafone aims for transformational solutions in partnerships with other sectors, for example with NGOs. They are especially focusing on the following sectors: agriculture, financial inclusion, health, education and employment. (Vodafone, n.d. a)

Since 2015 Vodafone developed a new Sustainable Business Strategy in which they put the focus on three global transformation goals until 2025. The goals are: Women's empowerment, energy innovation and youth skills and jobs. Vodafone identified these goals through assessing the risks and opportunities they are facing and through prioritising them. In addition, they enhanced their corporate transparency program, in which they concentrated on 4 areas that are in the focus of public debates. These 4 areas consist of taxation and total economic contribution; supply chain integrity and safety; mobile, masts and health; digital right and freedom. (Vodafone Group Plc, 2016) The Sustainable Business Reports fulfil the standards of the Global Reporting Initiative, which ensures the reporting of the most critical and material sustainability issues. Since 2000, Vodafone is yearly publishing these sustainability reports. (Vodafone Group, 2017b)

Vodafone's Farmers' Club

Vodafone Farmers' Club is a social business, which offers mobile services to help farmers increase their productivity. The Farmers' Club mobile service provides farmers with information they need, such as weather forecast, crop prices or harvest details. The customer use specially designed rugged mobile phones that are hard to damage. (Vodafone, n.d. b) In 2009 Vodafone started its Farmers' Club in Turkey, where one quarter of the population works in the agriculture sector. It has been shown that the Farmer's Club in Turkey has benefited 1.2 million farmers, which could expand their incomes due to additional information provided by the mobile service. The Farmer's Club was then expanded to India, Ghana, Kenya and Tanzania. The services offered by the Farmers' Club varies in each country and is available in the local languages. (Vodafone Group, 2015) Vodafone addresses with the Farmers' Club the global challenge of food production and security. With this initiative, Vodafone responded to a global problem and offered an innovative solution. The Farmer's Club already helped many farmers to increase their income and therefore positively impacts society.

The Farmers' Club is only one example, which shows Vodafone's impact oriented approach. Another one is the connected farmer alliance, which consists of a partnership between Vodafone, US Agency for International Development and the NGO Techno-Serve. This alliance aims to increase the productivity and incomes of half a million smallholder famers across Kenya, Mozambique and Tanzania. (Vodafone, n.d. b)

One of the greatest problems Vodafone is facing with those kinds of projects is the up-scaling. The challenge consists of turning small pilot projects into long-term financially viable customer propositions. To overcome these difficulties, it is helpful to focus on the key factors, which made pilot programs and partnerships successful and trying to apply them again when pursuing new ideas. (Vodafone, n.d. b)

Insights
- Aiming for transformational change - Cooperation with other sectors - Foundation of a social business - Generating a positive impact - Partnerships with the public sector and NGOs - Difficulties in up-scaling

4.1.4 Tesla

Tesla was founded in 2003 by a group of engineers in Silicon Valley who wanted to prove that electric cars could be better than gasoline-powered ones. Tesla's goal is to produce cars without compromise. Every new car generation would be more affordable and therefore helps the company to move towards its mission: "to accelerate the world's transition to sustainable energy". (Tesla, 2017)

Tesla started as a start-up and had difficulties producing its first series of cars since most of the production was outsourced to different locations and the construction of the cars occurred not in an own factory. The entrepreneur Elon Musk, CEO and main investor of Tesla, solved this problem through buying a factory site. But further financial problems remained and Musk decided to invest another 20 Million dollars in the company. Finally, the production of the first series could start and in 2008 the first Roadsters have been sold. The reviews of the car were very good and the automobile industry took notice of the start-up. Tesla's involvement in the area of electric cars triggered a change also within bigger car companies, which also started to produce their own electric cars. So the industry started to transform. Tesla could have reached profitability if it focused on the Roadster and its battery pack business. But Musk was not willing to give up its ambition of transforming the industry towards electronic transportation. For this reason, Musk did not want to sell fast cars to rich people. Instead Elon Musk aims to produce an affordable family car. Tesla was already several times close to bankruptcy but Musk continued to invest as he really believes in his vision. (Davis, 2010)

So far, Tesla is still following the ordinary business model of the car industry. They sell cars to people who own and control the vehicle. But Musk believes in a future where consumer behavior changes drastically and the focus lays no longer on the ownership but instead on the accession of cars.

Musk's plan to turn Tesla into a truly clean vehicle is only possible if electricity comes from renewable energies. For this reason, Tesla combines the selling of their cars with the installation of solar panels on houses (Gans, 2016). Batteries stand often in the critic for not being a clean alternative regarding its disposal. But the batteries Tesla uses are not classified as hazardous substances and therefore it would be safe to dispose them in landfills. It does not make sense to just dump them, as it is possible to recycle them. Here we see that Tesla is thinking in a circular economy approach and sees the 'old' batteries not as trash but as resources, which can be sold to recycling companies. (Tesla, 2006)

Insights
- Strong commitment of Elon Musk - Mission: Transition towards a world based on renewable energy - Aiming to transform the industry - Financial problems - Circular Economy Approach

4.1.5 Fairphone

Fairphone started in 2010 in the Netherlands as an awareness raising campaign, where they tried to call attention to the conflict minerals in all the electronic devices. In 2013, the start-up Fairphone was founded and the production of the first phone was financed through a successful crowd-funding. They pre-sold 25’000 phones at the price of 325 Euro, before even a prototype existed. (Schiele, 2016) In December 2013, the first phones were delivered. 60’000 copies of the Fairphone 1 have been sold. Since December 2015, the Fairphone 2 is available. (3sat, 2017)

Since the beginning Fairphone is structured as a social enterprise. They have a strong commitment to make impact. The profits they generate are invested in projects that share the same values and in 2015 Fairphone became a certified B Cooperation. (Fairphone, 2015) Fairphone aims to generate a positive impact “in how phones are made, used and recycled”. They know, change cannot happen overnight, but still they believe that a demand for fair products exists. The goal of Fairphone is “to create a positive social and environmental impact from the beginning to the end of a phone’s life cycle”. In order to achieve this aim, they create long lasting designs with the focus on reparability. Furthermore, Fairphone uses fair materials. This means, they provide a transparent supply chain and procedure materials which are good for the people and the planet. (Fairphone, 2016) Their main focus lays here on the source of the materials. Fairphone intends to use only materials that are coming from non-conflict mines. (Holligan, 2015) The start-up also ensures good working conditions through safeguarding long-term relationships and a collaborative approach to improvements. Moreover, Fairphone tries to implement the circular economy approach and therefore encourages to reuse and repair the phones and also to improve the recycling options for the phone. (Fairphone, 2016)

Insights
- Innovative financing solutions - Impact oriented since its existence - Transparent supply chain - Circular Economy approach - Social Enterprise with B Cooperation certification

4.1.6 Insights from the sustainability journeys

After analysing these five companies and its development towards a more sustainable approach certain patterns stand out. These insights can be listed as the following:

- **Foundation**: All of the bigger firms have a foundation, which deals with the charity work of the business. In the case of IKEA, the Foundation played a crucial role in the development of the Better Shelter project.
- **Cooperation with NGOs and the public sector**: New impact oriented business opportunities are often only feasible through cooperation with other sectors.
- **Establishment of a social business or enterprise:** Impact oriented businesses are often a social business from the beginning of its existence. International companies do also use the form of social business and enterprise for its business area which is impact oriented. (Examples: IKEA and Vodafone)
- **Changing consumer behaviour or transformation of the system:** Impact oriented solutions often imply a transformational change. The most ambitious example here would be Tesla with the aim of transforming the transport industry.
- **Commitment of the management and employees:** Especially the case of Tesla showed how important the commitment of the management is for its further development. Also the SV Group emphasis that sustainability has to be lived from the top and has to be involved in the business culture.
- **Challenges for start-ups**: The start-ups Fairphone and Tesla showed both financing challenges. Fairphone came up with an innovative idea, the crowd-funding and Tesla survived thanks to Elon Musk. Also the up-scaling for start-ups proved to be difficult. Successful pilot projects and prototypes do help to overcome this problem and make the up-scaling easier.
- **Inclusion of the SDGs in the sustainability strategy**: The SDGs offer good guidance in order to develop a true sustainable business.
- **Minimizing negative impact:** This factor is not enough in order to become truly sustainable. But it is a crucial step for the achievement of the sustainability level 2.0. It includes measures like reducing packaging, becoming more energy efficient, guarantee a sustainable supply chain, produce more durable goods etc. With these actions the companies are starting to implement the circular economy approach. IKEA, Tesla's battery and Fairphone are very advanced in this area

4.2 Organizations and Networks

In the subsequent chapters, we look at different organizations and networks that are active in the field of sustainable economy and are concerned with the promotion of social businesses and social enterprises. The key insights that we gain from the examination of these organizations will then be used as the basis for our levers and measures.

4.2.1 Ashoka

Ashoka is pioneering the field of social entrepreneurship since its foundation by Bill Drayton in 1980. It is now the largest network of social entrepreneurs. The network has helped define social entrepreneurship.

Ashoka is finding, selecting, and supporting the world’s leading social entrepreneurs, the so-called Ashoka Fellows. Ashoka’s vision is a “Everyone A Changemaker” world. The goal is a world where every young person becomes an adult Changemaker, capable of taking creative action to solve social problems. Over 3’300 Ashoka Fellows implement system-changing solutions to human and environmental problems in 93 countries.

Ashoka has four areas of focus and investment: Building Ashoka’s collaborative fellowship networks, contributing to the creation of a world where every child practices empathy, ensuring that society actively values the skills that teens must master and practice to become Changemakers, and enabling business, government, and civil society to engage in open teams to achieve their organizational targets while pursuing a shared goal. (Ashoka, n.d. a)

The SDC is already working with Ashoka within the scope of Public Private Development Partnership by promoting social entrepreneurship in Latin America with a budget of 6’620’000 CHF. According to the SDC website the programme contributes to existing efforts of private sector organizations, in particular Ashoka and Hystra, in identifying and supporting more social entrepreneurs in Latin America. (SDC, January 2017) The SDC makes an additional contribution in Southern and Eastern Africa with the aim to identify and support social entrepreneurs. Since this is no core competence of the SDC, it supports Ashoka network and specialized consulting companies like Hystra. (SDC, May 2017)

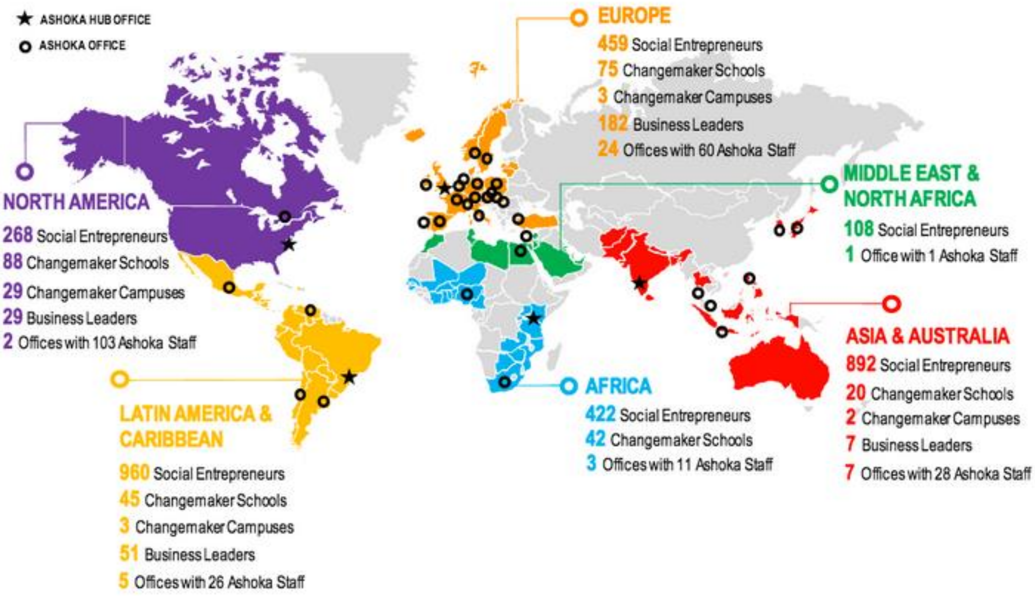

Figure 2: Presence of Ashoka around the world, Source: (Ashoka, n.d. b)

4.2.2 Yunus Social Business

“A charity dollar has one life, a social business dollar can be invested over and over again.” (Yunus Social Business, 2017)

Yunus Social Business is a non-profit venture fund. They are convinced that business can be used to solve human problems. Yunus Social Business has been founded in 2011 by Saskia Bruysten, Sophie Eisenmann and Nobel Peace Laureate Muhammad Yunus. Their mission is to promote social business as a sustainable alternative to long-term aid, bridging between business and philanthropy. The in-country teams organize regular workshops and social business accelerator programmes for local entrepreneurs.

Yunus Social Business turns philanthropic capital into investments in sustainable social businesses that provide employment, education, healthcare, clean water and clean energy to over a million people worldwide. Once the financing of those businesses is repaid, the donation can be used to support more social businesses. The most promising companies with the greatest potential social impact are identified. The selected companies have the possibility to attend social business accelerator or join the direct investment track. Before a final investment decision is made, Yunus Social Business applies rigorous financial, operational and technical due diligence. Yunus Social Business offers loans to social entrepreneurs that are too big for microfinance or too risky for commercial funding (200’000-500’000 $). They support social businesses that provide income generation to the poorest members of communities around the world and to those that provide fair and affordable access to the products and services many take for granted. Yunus Social Business finances businesses in the following four sectors: Agriculture and Livelihood, Education and Training, Energy and Environment and Health and Sanitation. (Yunus Social Business, 2017)

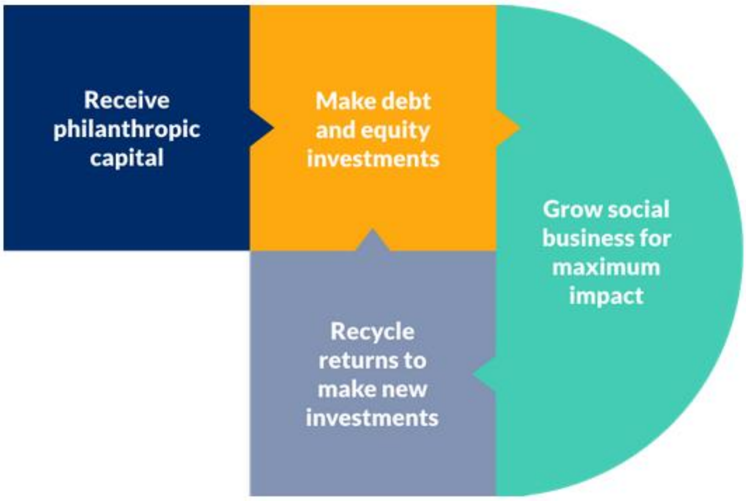

Figure 3: The investment model of Yunus Social Business, Source: (Yunus Social Business, 2017)

4.2.3 Öbu

Öbu is the Swiss Association for a Sustainable Economy. It counts about 360 members including companies, organisations and institutions. These members strive for a flourishing economy while taking up their ecological and social responsibility. Based on the St. Gallen student initiative Oikos and the engagement of professor Thomas Dyllick, 50 companies founded Öbu in 1989.

Öbu assists its members with exploiting sustainability management as a strategic instrument in the further development of their company. Therefore, Öbu provides know-how and practical implementation tools, promotes the spreading of best practices, analyses promising solutions for global challenges and puts the topic sustainable economy on the political agenda. Furthermore, Öbu is a global network partner of the World Business Council for Sustainable Development (WBCSD) and member of UN Global Compact (UNGC). The activities of the association are aligned with the SDGs. Öbu focuses in the next years on four topics: circular economy, sustainable supply chains, changing work places and sustainability communication. To achieve its goals, Öbu organises events and fosters its network to facilitate the exchange between different kinds of stakeholders. (Öbu, n. d.)

4.2.4 B Corporation

The vision of B Lab is that "one day companies compete not only to be the best in the world but the best for the world" (B Lab, 2017). B Lab envisioned and created a new type of company, called a B corporation in July 2006. These corporations should create benefits to all stakeholders, not only to the shareholders. (Pippin & Weber, 2016, p. 56) The non-profit B Lab certifies for-profit B Corps. These companies must meet rigorous standards of social and environmental performance, legal accountability, and transparency (B Lab, 2017).

Pippin and Weber (2016, p. 56) state that in order to become a B corporation, a company must:

- be accountable to and consider its impact on all stakeholders;
- publish a public report of overall social and environmental performance assessed against a third-party standard;
- achieve a verified passing score on the B Impact Assessment, and assessment of the company's impact on its workers, society, and the environment;
- pay B Lab certification fees.

The first company was certified as a B Corp in 2007. By now, there are more than 1'600 certified B Corps from 42 countries and over 120 industries, which turn the community into a global movement to redefine success in businesses. B Corps use the power of business to solve social and environmental problems. (B Lab, 2017)

Between 2006 and 2010, B Lab drafted model legislation and pushed state legislatures in the US to legally create a new corporate form – the benefit corporation. As outlined by Pippin and Weber (2016, p. 56) most states' benefit corporation laws require that:

- the company have a public benefit purpose;
- offices and directors are held accountable to consider the effect of their decisions on various stakeholders;
- the company publish an annual benefit report based on third-party standards, available to all stakeholders on a public forum;
- only shareholders and directors have the right of action, which can be for violation or failure to pursue the sated public benefit;
- a change of the company's public mission can only take effect after a 2/3 majority vote of all shareholders.

It is beyond the scope of this paper to elaborate whether it would make sense to create a new legal form for these benefit-driven corporations following B Lab's model legislation in Switzerland. Nevertheless, it can be stated that it is an interesting approach and should therefore be examined. (B Lab, 2017)

4.2.5 Skoll Foundation

The vision of Skoll foundation is to live in a sustainable world of peace and prosperity. The foundation invests in, connects, and celebrates social entrepreneurs and innovators who help to solve the world's most pressing problems. Jeff Skoll established the Skoll Foundation in 1999. Skoll Foundation identifies the people and programs already bringing positive change around the world and empowers them to extend their reach and deepen their impact. Skoll foundation has invested approximately $ 400 million worldwide. Among other things, 122 social entrepreneurs and 100 organisations on five continents have been presented with the Skoll Award. (Skoll Foundation, 2015a) To cover the whole work of the Skoll foundation would go beyond the scope of the present paper. Of particular interest for this paper is the Skoll Award and the Skoll World Forum on Social Entrepreneurship.

The Skoll Award

Each year a selected group of social entrepreneurs is honoured with the Skoll Awards for Social Entrepreneurship. The innovations of these social entrepreneurs have already had significant, proven impact on some of the world's most pressing problems. Trough the award, Skoll Foundation invests directly in the promise of even greater impact at scale of these innovations. To scale-up their work and increase their impact, the Awardees receive each $ 1.25 million and three-year core support investment. Social Entrepreneurs are awarded that focus on the issue areas of Environmental Sustainability, Education, Economic Opportunity, Health, Peace and Human Rights, and Sustainable Markets. (Skoll Foundation, 2015b)

The Skoll World Forum on Social Entrepreneurship

The Skoll World Forum on Social Entrepreneurship brings together delegates from nearly 65 countries where they can share, collaborate, innovate and advance social entrepreneurship. It is the aim to accelerate entrepreneurial approaches and solutions to the world's most pressing problems. Therefore, it brings together social entrepreneurs with essential partners. (Skoll Foundation, 2015c)

4.2.6 Schwab Foundation for Social Entrepreneurship

The Schwab Foundation for Social Entrepreneurship is a not-for-profit, independent and neutral organisation and has been founded in 1998 with the purpose to advance social entrepreneurship and to foster social entrepreneurs as an important catalyst for societal innovation. The foundation is under the legal supervision of the Swiss Federal Government and headquartered in Geneva. The foundation identifies and highlights the world's leading social entrepreneurs, builds a community and fosters the peer-to-peer exchange, connects social entrepreneurs at the regional and global meetings of the World Economic Forum and works with universities to provide scholarship opportunities to the selected social entrepreneurs, to name some of the main activities. (Schwab Foundation for Social Entrepreneurship, n. d.) Of particular interest for the present paper is the fact that Schwab Foundation for Social Entrepreneurship is based in Switzerland and in addition to that its close collaboration with the World Economic Forum.

4.3 New Insights

The consideration of the above described organizations and networks led to the following general insights:

- These organizations can be potential partners for the SDC and for the private sector.
- These organizations can support the SDC with know-how and expertise through their vast experience in their field of action.
- Given the fact, that these organizations had long been active in their field of expertise, they are very well connected and have a large national or international network from which the SDC could profit.

Furthermore, each organization led to the following specific insights relevant for the SDC:

- Besides the large network and knowledge of Ashoka, Ashoka Fellows could be used as best practices.
- Yunus Social Business could serve as a source of inspiration for an own SDC Fund. Furthermore, it could be a source of financing for social businesses and social enterprises.

- Öbu as a Swiss association might be an interesting collaboration partner regarding knowledge and expertise.
- Certified B Corps could serve as best practices. Of special interest is furthermore the legal form of benefit corporations.
- The Skoll Foundation is particularly interesting because of its Award for Social Entrepreneurs and the Skoll World Forum on Social Entrepreneurship. The former could be an inspiration of doing a similar SDC Award or the general aspect of fostering the visibility of social entrepreneurs and financing business with a large social impact. The latter could be interesting in terms of networking and bringing together the essential partners.
- The Schwab Foundation for Social Entrepreneurship is particularly interesting since it is based in Switzerland and could therefore serve as collaboration partner on sight and on the other hand because it is collaborating closely with the World Economic Forum which is a key platform for networking.

5 Levers and Measures

Following the insights we gained by considering the above described companies and organizations respectively networks, this chapter will focus on the levers we identified in accordance to these insights. The levers must be understood as points where the SDC can help to promote the sustainability development as well as the impact readiness of companies. For each lever, two or three measure have been derived which give the SDC and the CEP an inspiration on how to tackle these problems.

5.1 Reduction of Negative Externalities

An important factor for businesses to achieve the sustainability level 2.0 is to reduce its negative impact. The route examples, especially the case of IKEA, made clear how crucial this step is in order to move from a sustainability level 1.0 towards the level 2.0. A complete reduction of negative externalities cannot be achieved and requires constant improvements. For this reason, we identified ‘Reduction of negative externalities’ as a lever, through which business sustainability can further be improved.

But not only the routes of the different businesses draw our attention to this lever, also the Federal Council's Sustainable Development Strategy 2016 – 2019. This strategy is oriented towards the Agenda 2030 and identifies one sphere of activity within the production process. It states, that during the whole supply chain the environmental pollution must be kept low and natural resources have to be conserved. (Federal Council, 2016, p. 9-15) Furthermore, a new report from the Federal Office for the Environment (FOEN) focuses on a resource conserving approach to the economy and consumption and this can only be achieved if the companies take action in minimizing their negative impact. (Go-for impact, p. 5) As the federation also puts emphasis on minimizing negative impact, we think it is a good idea that the SDC tries to actively support this approach.

5.1.1 Supply of Sustainable Products (Circular Economy)

One purpose of the PPDPs is to deliver development products (Baselinereport, 2016, p. 12). Concerning this, our idea was that the SDC encourages the companies it cooperates with for an implementation of the circular economy approach. This means, companies consider already during the product development process what happens once the product achieves its end-of-life cycle. The product should then not be seen as waste but rather as resources and one should think about a way to reintroduce it back into the circular economy. For instance, this could be achieved through reusing or recycling of the products. Other aspects of the circular economy include the construction of long living and easy to repair products. In our opinion, the SDC should try to influence companies regarding product packaging and the kind of material they use to deliver sustainable products in development cooperation.

5.1.2 Introduction and Implementation of Environmental Standards

Environmental policies are missing or do only exist on paper in a lot of countries. This means, for example, waste and recycling systems are not in place or hazardous materials are not prohibited. So even if companies only use materials which are recyclable, the products finally end up in landfills or will be burnt. To improve this situation, we think that the SDC should push for the introduction and application of environmental standards in its priority countries. A cooperation with SECO does make sense in our opinion, as they are already active in this area. Therefore, the SDC could benefit from SECO's experience in setting environmental standards in foreign countries. (SECO, 2016) The SDC should coordinate its efforts with SECO in order to avoid double engagement and to bundle resources.

5.2 *The Role of Foundations*

In our case studies, we could observe that it is relatively difficult to bring a whole company on the sustainability level 3.0 / 4.0. It is more realistic if a small part of the company starts to operate towards true sustainability. We have seen that companies which engage in true sustainability often establish a foundation, which is dedicated towards charity activities in the beginning. Later, the foundation is used as the basis for the development of a social business or social enterprise. IKEA's foundation, for example, has existed for several years and supported various charity projects. Afterwards, a social business with a project related to IKEA's company expertise has been established out of the foundation. Foundations can be useful because they can focus on other aspects than the traditional business activities and develop a social business or social enterprise related to the company's expertise. Hence, we identified two potential measures for the SDC to become active within this area.

5.2.1 SDC Support in the Usage of Company's Expertise within a Foundation

If the SDC wants to pursue a certain sustainable development cooperation project and looks for a potential partner it must try to find a private actor which brings the necessary expertise. The project should be related to the company's business to achieve the greatest impact. Once such a private partner with relevant expertise has been found, the SDC could encourage the company to set up a foundation. This has different advantages. As we have described, it is very difficult to bring a whole company on sustainability level 3.0 / 4.0. Therefore, the foundation could focus on activities related to the sustainable development cooperation project while using the company's expertise. Companies are often too busy following their daily business and the pursuit of sustainable development projects has lower priority. Hence, it is useful to set up a foundation which is only dedicated towards the implementation of a sustainable project in cooperation with the SDC and simultaneously can use the expertise of a private company. The foundation could also build the basis for a future social business or social enterprise. Furthermore, foundations create tax advantages for the company. If a Swiss company donates money to a foundation with a charitable purpose this amount is exempted from tax. Additionally, through the establishment of a foundation and the transfer of capital the company reduces its assets and thereby also its property tax. (Bürgi Nägeli Rechtsanwälte, n. d.)

It is important that the SDC points out the advantages of a foundation towards its private partners while always keeping in mind that the foundation could serve as the basis for a future social business or social enterprise. The emergence of a social business out of a foundation might be challenging but the SDC could support this process with other measures proposed in this paper, such as the cooperation with other actors, best practice examples or seminars and knowledge transfer.

5.2.2 Platform for Foundation Coordination

In Switzerland exist already about 13'000 foundations (Stiftung Schweiz, n.d.). Those foundations often operate uncoordinated and inefficiently. The SDC should therefore not only try to set up new foundations but rather focus on the cooperation of existing ones. The SDC could create a platform for foundations operating in development cooperation. In the area of development cooperation exist already more than 600 foundations in Switzerland (Stiftung Schweiz, n. d.). The SDC should try to group the largest foundations in this field and build a platform for those. This platform could generally serve two purposes. Firstly, it could serve as a pool for the SDC with potential partners for development cooperation projects. When looking for a new partner, the SDC would already have a pool of foundations supporting various projects in development cooperation and this could facilitate the process of setting up a project and of finding a suitable partner. Secondly, the platform could serve also as a network for similar foundations. Through such a network, foundations could try to cooperate with each other as well as create greater impact and leverage through bundling of resources, capacities and expertise.

To implement this measure, the SDC should try to work together with SwissFoundations, the Association of Swiss Grantmaking Foundation, as well as the centre for philanthropy studies (CEPS) at University of Basel. The CEPS is an interdisciplinary research and executive education institute. It provides executive education and consulting services. The SDC could take advantage of those services and offer courses, seminars or networking events together with CEPS.

5.3 Commitment of the Management

Wirtenberg et. al (2007 cited in Wirtenberg, Russell, Lipsky, 2009, p. 11) conducted a study about the most sustainable companies and thereby identified a "pyramid" of seven core qualities related to a successful implementation of a sustainability strategy. At the foundation of this pyramid are the deeply held organizational values, senior management support and the strategic centrality of sustainability within the corporation. This makes clear that the management has a key role in the development towards a sustainable enterprise.

Even though, the companies analysed within this study of Wirtenberg et al. were not social businesses / enterprises, it is still an interesting result because we observed something similar in our case studies. As we have shown in the example of SV Group, the commitment of the management as well as the employees has been crucial for their transformation towards a business on the sustainability level 3.0. Within SV Group, sustainability is truly lived at the top level of the management. It is very important that sustainability is deeply anchored in a company's culture to be implemented credibly and successfully. Tesla is also a good example where the company's success has only been possible due to commitment of its founder and manager, Elon Musk. Therefore, we identified three different measures for the SDC in this area.

5.3.1 Financing of Education Programs Abroad with Focus on Sustainability

One part of the SDC's budget is already dedicated towards educational programs in development countries. It is also one of the SDGs to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". In one of the sub goals it is defined that the learners should acquire knowledge and skills which are necessary to encourage sustainable development and sustainable lifestyles. (UN General Assembly, 2015, p. 17)

Therefore, it would make sense for the SDC to either increase the budget or dedicate a part of the existing budget towards educational programs in the area of sustainability in SDC's priority countries. Different ecological issues like the circular economy and recycling, the usage of hazardous chemicals and materials or the problems associated with burning of waste or toxic substances could be addressed. In many countries, a basic understanding of sustainability is often missing and therefore we think it could be very useful to make ecological issues and sustainability part of their education.

5.3.2 Education in Switzerland

Switzerland is well known for its strong science location which generates "future-proof solutions" and contributes to the solving of global problems. Education enables people to act on their own responsibility and ensures the distribution of knowledge and practical implementation through training. (Go for Impact, p. 7 & 18) Therefore, it is very important that the SDC tries to invest in good educational programs regarding sustainability to spread knowledge and awareness among the future business leaders. It might be helpful to work together with the State Secretariat for Education, Research and Innovation to mutually work on an educational program on sustainability. The SDC could also work closely with Swiss Universities on research programs related to sustainability in development cooperation.

5.3.3 Seminar in Collaboration with Credible Partners

As it has already been explained, knowledge and education of the management are crucial to commit them towards more sustainability. But managers are often busy in their day-to-day activities and might not have enough in-house skills available for implementing a true sustainable strategy. Managers might not have the time and willingness to spend a lot of effort into gathering information and gaining expertise for the development of sustainable projects. Hence, it is all the more important that managers have easy and good access to information, know-how and education in the area of sustainability.

To facilitate this education, know-how and information gathering process of the management, the SDC could offer some seminars in cooperation with credible partners. The SDC should invite private sector actors, which might be interesting for a development cooperation project. Such seminars should serve as a source of inspiration, identify best practice examples of social businesses or enterprise as well as provide extensive information, know-how and technical assistance to managers.

Suitable partners for such seminars would be Öbu, Ashoka, B Corporations and Schwab Foundation. Those organizations have a lot of experience in the field of sustainability and social enterprises. Öbu could provide know-how and implementation help, spread best practice examples and establish a network in the field of sustainability. Ashoka is a pioneer in the area of social entrepreneurship and could provide know-how, an extensive network of social entrepreneurs as well as best practice examples in this field. Schwab Foundation is based in Switzerland and the SDC could therefore profit from the foundation's great network of social entrepreneurs and its close cooperation with the World Economic Forum when offering seminars to the private sector. In seminars together with B Corporations, best practice examples of Social Business / Enterprises could serve as an inspiration to managers. With the help of these organizations it is possible to demonstrate best practice examples, to provide know-how and expertise as well as to broad networks. Susanne Wittig[2] confirmed us, that for a sustainable development of companies it is essential to highlight the opportunities of sustainable projects and show best practice examples and innovations of other social businesses or social enterprises as an inspiration. Companies should not see sustainability as a must but rather as a chance and should try to learn from others. It is also very important that companies implement sustainability strategies related to their business strategy and stick to their corporate culture.

5.4 Financing

As the closer examination of the four companies has shown, financing is a key issue when it comes to the successful emergence of social businesses/social enterprises as well as in the phase of up-scaling of existing businesses in order to increase their positive impact. Susanne Wittig underlined that the finance industry does already offer some sustainable investment opportunities but is still far from being where it should be. This is also true for the Swiss financial community. The Go for Impact report (Go for Impact, p. 7) also identifies the need of an innovative financial sector that supports investments in sustainable products and services and dedicated project partnerships between business and science. Therefore, it can be said, that there is a need for action in financing. Hereinafter, there are two measures presented how the SDC could contribute to improve the current financing situation which companies face on their way to become more sustainable.

5.4.1 SDC Social Business/Social Enterprise Fund

The Yunus Social Business non-profit venture fund is an interesting source of inspiration for a SDC Fund. Yunus Social Business turns philanthropic money into investments in social businesses. These investments are offered to social entrepreneurs that are too big for microfinance or too risky for commercial funding. Dr. Lars Stein and Peter Beez classify the Yunus

2 Susanne Wittig is a shared value advisor, founder of the company Impact Relation GmbH (establishing partnerships to create social & economic impact) as well as member of the board of Ashoka Switzerland. For this practical project, we had an interesting conversation with her and she gave us very helpful inputs.

Social Business approach as rather radical. It is still very hard to find individuals and firms who are willing to invest money without getting any return and no security of getting the money back. These concerns should be taken into account when establishing a SDC Fund. Nevertheless, we still think the idea of establishing a SDC Social Business/Social Enterprise Fund is a very promising approach. Especially because, as outlined before, the financial market is still lagging behind in the provision of such financing and the SDC could take a leading role in this regard, by proving that it works. As it is rather hard to make individuals and firms invest into a fund without any return, the SDC fund should be constructed in a manner that allows returns to the investors even if they are much lower compared to conventional funds. Furthermore, to guarantee a successful launching of the fund, the SDC must apply very strict eligibility criteria. The SDC should therefore collaborate with the Swiss financial sector and aim for an exchange with Yunus Social Business.

5.4.2 System-Change Grant

During our research, we came across Skoll Foundation, which honours each year social Entrepreneurs with an Award. Each awardee gets $ 1.25 million to increase its social impact. First, the idea was to recommend the establishment of an own SDC Social Enterprise Award. During discussions with Dr. Lars Stein and Peter Beez, the concern was mentioned that already a lot of awards exist and that the impact of such a SDC Award was questionable. However, the idea of a system-change grant came up. The idea goes as follows: The SDC identifies a key issue for which there is a need of a system-changing solution and it then tenders this issue publicly in order to look for potential partners capable of providing such a solution. If the SDC finds a partner with a suitable solution it would assign a grant which enables the partner to achieve the foreseen system-change with its solution.

5.5 Cooperation between Different Actors

During our practical project, it became clear that cooperation among different kinds of actors is very important for the development towards true sustainability. For the successful foundation of a social business or social enterprise a partnership with other actors can be crucial. For example, SV Group entered a partnership with WWF which helped them transform their traditional business towards a social business on sustainability level 3.0. Also, IKEA formed a partnership with UNHCR and mutually they were able to set up the social business

Better Shelter. Both transformations might not have been possible without the involvement of different kinds of actors and the usage of each's individual expertise and resources.

In an Interview with Susanne Wittig we received similar information. She also argued that bringing the right actors at one table can have a huge impact on sustainable development. According to Wittig, the development of a new truly sustainable business segment is only possible through cross-sectoral partnerships among different actors, such as private sector, NGOs, public sector etc. Thus, it is very important that the SDC is trying to build cooperation between different actors and therefore we identified two potential measures.

5.5.1 Relationship Manager

One idea would be to define "Relationship Managers" (RMs) within the SDC who are responsible for the communication, cooperation and networking with private actors. This means one RM would always be responsible for a certain group of private actors as well as NGOs. Our idea would be to have one RM per global cooperation department. This means one for Climate Change and Environment, one for Agriculture and Food Security, one for Health, one for Migration and Development and one for Water, which would make five RMs in total. Depending on the sustainable development project the SDC wants to pursue, the responsible RM could contact potential private partners and facilitate the partnership development and cooperation among public and private. It is very important that those RMs understand the public as well as the private sector very well. Ideally, they would have worked already in both sectors and have the ability to build up an extensive network. Those RMs might directly be integrated into the CEP and support this department.

It is also possible to set up something like a "one stop centre" within the SDC or CEP with the goal to provide a contact point for private actors, who would like to become active in sustainable development projects. RMs would also be part of this centre. Companies could receive information, technical assistance, contacts and further support services from the public sector. Such a one stop centre could facilitate the cooperation because private actors directly know whom to contact. Furthermore, the public sector could build up an extensive network of potential private partners.

5.5.2 Networking Events

To intensify the cooperation between different actors the SDC should organize networking events. The SDC could bring together actors not only from the public and private sector but also from science and society. This is also a point Susanne Wittig put a lot of emphasis on. She argues that in the process towards sustainable development it is already a big step to bring the right actors from different sectors together at one table and connect those.

As already mentioned, during our research for this project we came across the report Go for Impact by FOEN in collaboration with actors from the private and public sector, science and society. FOEN set up a Green Economy Dialogue Impulse Group. The goal of this initiative was to discuss “how the transformation to a resource-conserving and efficient approach to the economy and consumption can be tackled expediently” and they developed an integrated model, which shows ways in which the sustainability challenge can become an opportunity. (Green Economy Dialogue Impulse Group, 2016, p. 10) We think it is an interesting approach because FOEN included various actors from different sectors in this process and could also serve as an inspiration for the SDC.

In our opinion, the SDC should also regularly organize events related to a specific topic in the area of sustainable development cooperation with actors from the private and public sector, science and society. Such events could serve different purposes, such as networking between different actors, directly addressing certain problems or to provide information on a specific topic. Key is to build and maintain a great network among different kind of actors because this challenging development towards true sustainability cannot be tackled by any single actor alone.

6 SDC's Cooperation with Companies on Different Sustainability Levels

Due to the fact that companies are on different levels of sustainability, the collaboration of the SDC with these companies looks different on every level. It is for this reason that we assigned the different levers and the derived measures to the five respectively four stages of sustainability. The result of this allocation can be seen in the following graph.

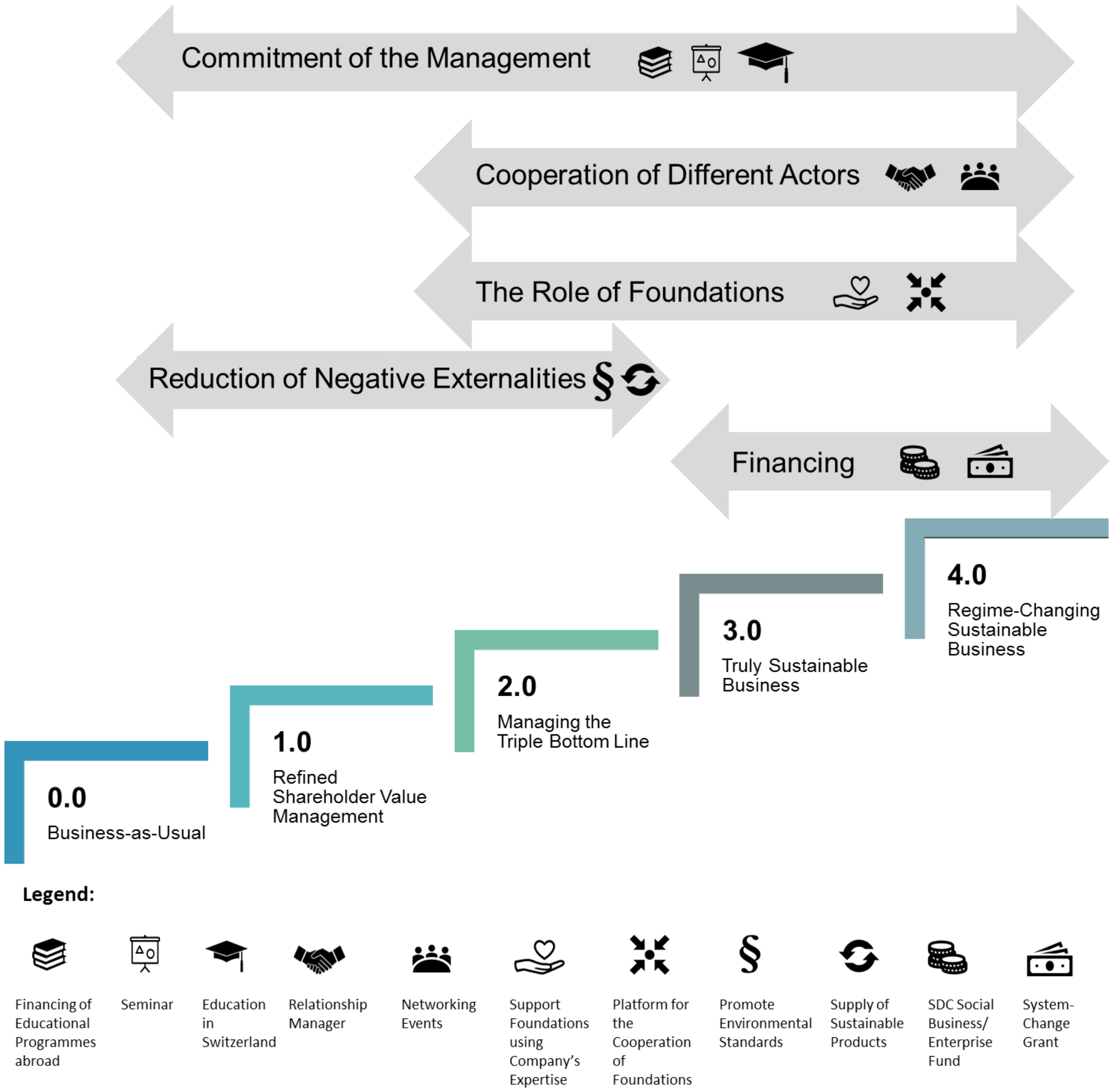

Figure 4: Levers and Measures on the different Levels of Sustainability (Own Graph)

The figure shows that the SDC should focus its work on the collaboration with companies on business sustainability 1.0-4.0. Even though the SDC should not completely exclude the collaboration with companies on the level of business sustainability 0.0, the collaboration with those firms will not be expedient considering the SDGs and may furthermore result in a reputational damage for the SDC. The graph above shows that the derived measures focus mainly on the level of business sustainability 2.0 and 3.0. This can be explained by the following two factors: on one hand, most of the companies are still on the level of 1.0 and must therefore first reduce their negative externalities and on the other hand existing firms face a big hurdle when transforming their business from an insight-out to an outside-in perspective. Therefore, the three levers 'commitment of the management', 'cooperation of different actors' as well as 'exploit business expertise' and the respective measures are to be applied on the sustainability levels 2.0, 3.0 and 4.0. The lever 'minimize negative externalities' and the respective measures should be used in the collaboration with companies on the level of sustainability 1.0 and 2.0. Companies on these two stages of sustainability must minimize their negative impact before a transformation towards the level Truly Sustainable Business becomes possible. Lastly, the lever 'financing' and the respective measures are suitable for the cooperation with truly sustainable business and regime-changing sustainable business. It has been identified that social businesses or social enterprises are form the very beginning of their existence on the sustainability level 3.0/4.0 and they often face quite severe financial difficulties in the early stages. Furthermore, when those businesses reach a certain size and it would be desirable to increase their positive impact, the scaling-up often fails due to a lack of financial resources.

It is obvious that the SDC cannot apply the measures to each firm. Characteristics and circumstances of firms must be taken into account when applying those measures. The measures should be seen as a source of inspiration and with a more precise consideration it should be the aim to tailor measures best fitting the SDC's own resources, expertise and culture as well as the ones of its partners.

7 Conclusion

The impact of climate change, environmental degradation, poverty as well as health-related crisis troubles people, businesses and politics around the world. The need for action led to the establishment of the SDGs on an international level with the aim "to end poverty, to protect the planet and to ensure prosperity for all" (UN, 2015). The implementation of these goals is now in the responsibility of the countries. As we have seen, a lot of companies, social businesses, social enterprises, NGOs and different organisations already address sustainability.

For these reasons, it is critical that the SDC establishes a more sustainable approach in development cooperation. One of the measures the SDC focuses on is the establishment of further PPDP and PPDC. For the selection of its partners, the SDC already applies a risk assessment, which is in general a useful tool. Our analysis however showed that the current risk assessment does not include sufficient sustainability criteria. Here we see room for improvement and propose an orientation by means of the SDGs.

The concept of business sustainability 0.0 – 4.0 helps to understand which approach towards sustainability the companies pursue. But the classification of companies within this typology should be seen as a guideline and not in absolute terms. The limitations of the concept have to be considered when applying or working with it.

Furthermore, it became clear that most of the companies are still located on the business sustainability level 1.0. Businesses with a refined shareholder value management are still far from an impact driven perspective. To promote sustainability efforts and the impact readiness within these companies will be challenging. Our analysis of the sustainability journeys showed that it is very unlikely that a complete company turns towards sustainability 3.0. Instead we see a tendency that companies establish social businesses in cooperation with NGOs or that one business activity focuses on the impact readiness.

The investigation of the sustainability journeys provided us with first insights and hints about important factors during the development towards a higher level of sustainability. The insights from the different companies and organisations led us to the identification of five levers. We see the biggest potential of action in the reduction of negative externalities, the role of foundations, the commitment of the management, the financing as well as cooperation between different actors. However, in order to identify the exact triggers for the decision undertaken within the firms, a further intensive examination of the companies would be necessary. Furthermore, our proposed measures for the SDC are no panacea for business sustainability instead they should be seen as a source of inspiration and as a starting point for further considerations. As a final recommendation, we advise the SDC to work closely together with other actors and join forces with them in order to achieve true impact.

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