



Ministry of Foreign Affairs

# *Inclusive PPP's*

*Emerging best practices drawn from the Netherlands Sustainable Water Fund (FDW) and the Facility for Sustainable Entrepreneurship and Food Security (FDOV)*

*Commissioned by the Netherlands Enterprise Agency*

*>> Sustainable. Agricultural. Innovative.  
International.*

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# INTRODUCTION



FWD12CO01- INTELLIGENT WATER MANAGEMENT - COFFEE SECTOR IN COLOMBIA

In response to the Netherlands Enterprise Agency (RVO) request for offer for the assignment “Target Groups of FDW and FDOV projects”, BoP Innovation Center and MDF have conducted an analysis of the inclusiveness of the DGIS-funded public-private partnership (PPP) instruments FDW (Sustainable Water Fund) and FDOV (Facility for Sustainable Entrepreneurship and Food Security).

## ABOUT FDW AND FDOV

Both FDW and FDOV are PPP instruments that aim to bring government bodies, industry and non-governmental organisations (NGOs) or knowledge institutions together to form a collaborative venture with the Dutch Ministry of Foreign Affairs to address a global issue. FDW aims to contribute to water safety and water security in developing countries, while FDOV encourages PPPs in the field of food security and private sector development in developing countries (see the specific result areas of each facility below in chapter 2).

## STUDY OBJECTIVES

This study is not meant as an (impact) evaluation that assesses the results achieved so far under FDW and FDOV. The overall goal of the study is to gain more insights and a better understanding of inclusiveness <sup>(1)</sup> in the PPP project portfolio, which will contribute to increased insights into: **1)** the specific characteristics of the beneficiaries and other target groups in the current FDOV and FDW portfolio;

**2)** and possible trickle-down or indirect effects (the potential and/or progressing additional impact on indirect target groups)

## METHODOLOGY AND APPROACH

The study takes the *appreciative inquiry*<sup>(2)</sup> approach, concentrating on projects that show strong potential to reach inclusiveness as a basis to better understand best practices. To gain insights into these best practices, the study **maps and analyses planned and implemented strategies to reach and engage poor and vulnerable groups.**

The starting point is to understand what the desired positive outcomes and intended target groups are, as they have been identified in the official notices on FDW and FDOV by RVO. For the desired positive outcomes, the result chain of FDW and FDOV is presented below in a simplified form.

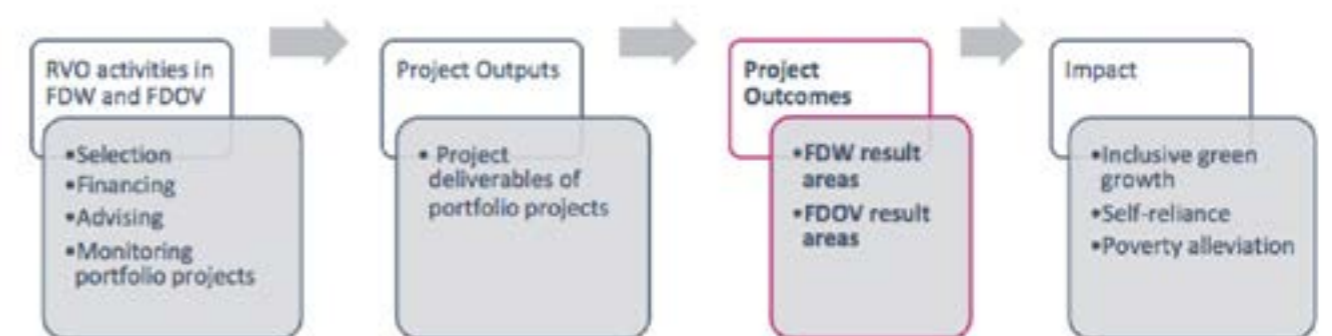


Figure 1: merged versions of FDW and FDOV result chains by RVO

PPP Instrument	Result Areas
FDW Result Areas	<ul style="list-style-type: none"> <li>Improved access to drinking water and sanitation</li> <li>Efficient and sustainable water use, particularly within agriculture</li> <li>Improved river basin management and safe deltas</li> </ul>
FDOV Result Areas	<ul style="list-style-type: none"> <li>Improved/increased supply of food for national and international markets</li> <li>Better access to agricultural services, inputs and production technologies</li> <li>Efficient integrated value chain development</li> <li>Improved availability of affordable and nutritious food for local consumers</li> </ul>

Outputs of PPPs lead to the desired outcomes, which are specified by result areas in FDW and FDOV<sup>(3)</sup> (see above). Through these outcomes, FDW and FDOV aim to contribute to the impact areas of sustainable economic growth, self-reliance and poverty alleviation.

In terms of the target groups, for FDOV these are “poor households, subsistence farmers and fishermen, vulnerable groups, local SMEs and local government staff<sup>(4)</sup>”. According to the FIETS<sup>(5)</sup> framework used in these policy instruments, vulnerable groups include – but are not limited to – “women and indigenous peoples<sup>(6)</sup>”. FDW target groups are similar but slightly different, framed as “poor households, small farmers and fishermen, local SMEs and to some extent local government authorities. Vulnerable groups, such as the poorest people, women and girls, or ethnic groups are also targeted.”<sup>(7)</sup>

Based on the above, the leading questions are:

• *What poor and vulnerable groups are targeted and how do FDW and FDOV projects aim to include them in inclusive business models?*

• *What are the best practices to successfully reach and engage these groups?*

The questions have been approached through the following steps:

- 1) Desk research to understand the broader framing of inclusiveness and further define what is generally understood as “poor and vulnerable groups”.
- 2) Portfolio analysis to better understand target groups and planned pathways to reaching these target groups in the current FDW and FDOV portfolio (based on a sample of 21 projects: 11 FDW, 10 FDOV).<sup>(8)</sup> The analysis can be found in annex 3.
- 3) Interviews with project advisors at RVO and project managers at the lead organisations of the different PPPs of ten selected projects (5 FDW, 5 FDOV). A list of the ten projects can be found in Annex 1, including the names of the interviewees.
- 4) A sense-making workshop with RVO project advisors, which took place following the analysis of the outcomes of the previous steps to better understand and prioritise the study findings.



FDW12KE03 - FINANCIAL INCLUSION IMPROVES HEALTH AND SANITATION - KENYA

The outcomes of these steps are presented in the rest of this report. First, the findings from the desk research are presented, defining inclusiveness and target groups and describing potential for trickle-down or indirect effects for inclusiveness. Second, an overview of best practices is presented, including references to the ten projects on which the best practices are based. The report concludes by drawing conclusions and sharing recommendations on improving the potential for inclusiveness and turning best practices into common practices. In annex 3, the outcomes of the portfolio analysis are presented, providing a contextual description of the portfolio (the kind of settings in which the portfolio takes place) but also observations related to target groups and signs of inclusiveness<sup>(9)</sup>.

# INTRO TO INCLUSIVENESS



FDW12SA01 - A GREEN SUSTAINABLE AND SAFE WATER SOURCE - SOUTH AFRICA

The concept of “inclusiveness” does not have a universal definition, and more often the idea of “inclusive development” is used. The Dutch **Include Platform** (set up by the Dutch government as the knowledge platform on inclusive development) in its study **Beyond buzzwords: “what is inclusive development?”** compares definitions given to “inclusive development”, but they also refer to “pro-poor growth” and “inclusive business”.<sup>(10)</sup>

## DEFINING INCLUSIVENESS

For the purpose of this study, given that both FDW and FDOV aim to involve the private sector in PPPs which should be based on a business case, we use the concept of “inclusive business” to specify “inclusiveness”. The most used definition of inclusive business is from World Bank/IFC in 2011:

*“Inclusive business is a private sector approach to providing goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the base of the economic pyramid by making them a part of a company’s core business value chain as suppliers, distributors, retailers, or customers.”*

In this definition, inclusive business targets the poor and vulnerable by involving them in the value chain in different **roles**, describing the target group as the “base of the

*economic pyramid*” (BoP), and differentiating between roles as suppliers, distributors, retailers and customers. Going beyond this definition by World Bank/IFC, socially-vulnerable groups such as women and other disadvantaged groups and the broader social concept of communities are important. To make the above-mentioned roles more specific to FDW and FDOV, we distinguish the roles of smallholder farmers, micro-entrepreneurs, employees, consumers and communities.

In summary, **in this study inclusiveness is understood as targeting the BoP, with a specific focus on women and other socially-vulnerable groups and within the broader context of communities, as well as engaging them in the value chain as smallholder farmers, micro-entrepreneurs, employees or customers.**

## DIFFERENTIATING TARGET GROUPS

BoP segment by living standard	Characteristics of the segment
Low-income	<ul style="list-style-type: none"> <li>• Around 1.4 billion people globally</li> <li>• Live on \$3 to \$5 a day pp typically, with semi-regular incomes from working in both the formal and informal economy</li> <li>• Have a couple of years of secondary education</li> <li>• Families often own consumer goods, i.e. bicycles, televisions, phones</li> </ul>
Subsistence	<ul style="list-style-type: none"> <li>• Around 1.6 billion people globally</li> <li>• Live on \$1 to \$3 a day pp typically, with irregular incomes as day labourers (e.g. by assisting in trade or farming)</li> <li>• Poorly educated</li> <li>• Active in the informal market as both producers and consumers</li> </ul>
Poverty	<ul style="list-style-type: none"> <li>• Around 1.6 billion people globally</li> <li>• Live on \$1 to \$3 a day pp typically, with irregular incomes as day labourers (e.g. by assisting in trade or farming)</li> <li>• Poorly educated</li> <li>• Active in the informal market as both producers and consumers</li> </ul>

### BoP (consumer)

The IFC define the BoP as “men and women who are low-income or who lack access to basic goods and services”. They often experience economic and social exclusion. At the same time, the BoP is a dynamic concept that justifies a more detailed segmentation. In this study, we use the segmentation by living standard provided by Rangan et al. (2011)<sup>(11)</sup>.

### Smallholder farmers

Produce food on a small scale with limited external inputs. There is no universally-accepted definition of a smallholder farmer. ‘Small’ may refer to production factors such as available capital goods or the amount of land. Land size is most commonly used to determine “small”. The Food and Agriculture Organization of the United Nations (FAO) has adopted a 2-hectare (ha) threshold as a broad measure of a small farm.

### Micro-entrepreneurs

There is no one clear definition of micro-enterprises. One definition that comes close to the context of FDW

and FDOV is “a business operating on a very small scale, especially one in the developing world that is supported by microcredit.”<sup>(12)</sup> They are often informal and have few or no employees (other than owners) and little or no capital. Micro-entrepreneurs can be market sales ladies, water kiosk owners, pit latrine builders, distributors, etc.

### Community

BoP consumers, smallholder farmers and micro-entrepreneurs all play their role in the broader context of a community (the village they live in, the tribe they belong to, etc.). Sometimes it makes more sense to approach a community as a group rather than the individual people. This is especially the case for larger interventions in a particular environment or geographical area (e.g. Integrated Water Resources Management (IWRM), coastal areas). The same can be said for the context of households, especially when empowering women and improving nutrition and access to safe water.

## INDIRECT EFFECTS

The “poverty” and “subsistence” groups in the previous BoP segmentation as well as the target groups described previously, can be both directly targeted and indirectly reached (through “trickle-down” effects<sup>(13)</sup>) by PPPs. In this case, the positive impact of actively targeting the “low-income” segment (which might make more sense from a company perspective) could “trickle-down” or be

transferred to “subsistence” or “poverty” segments that they work with in their value chain, or that are involved in their communities or households. Some examples of what these indirect effects could look like in the agri-food and water sectors are presented below, based on intended indirect effects identified in project documentation that was studied for the portfolio analysis.

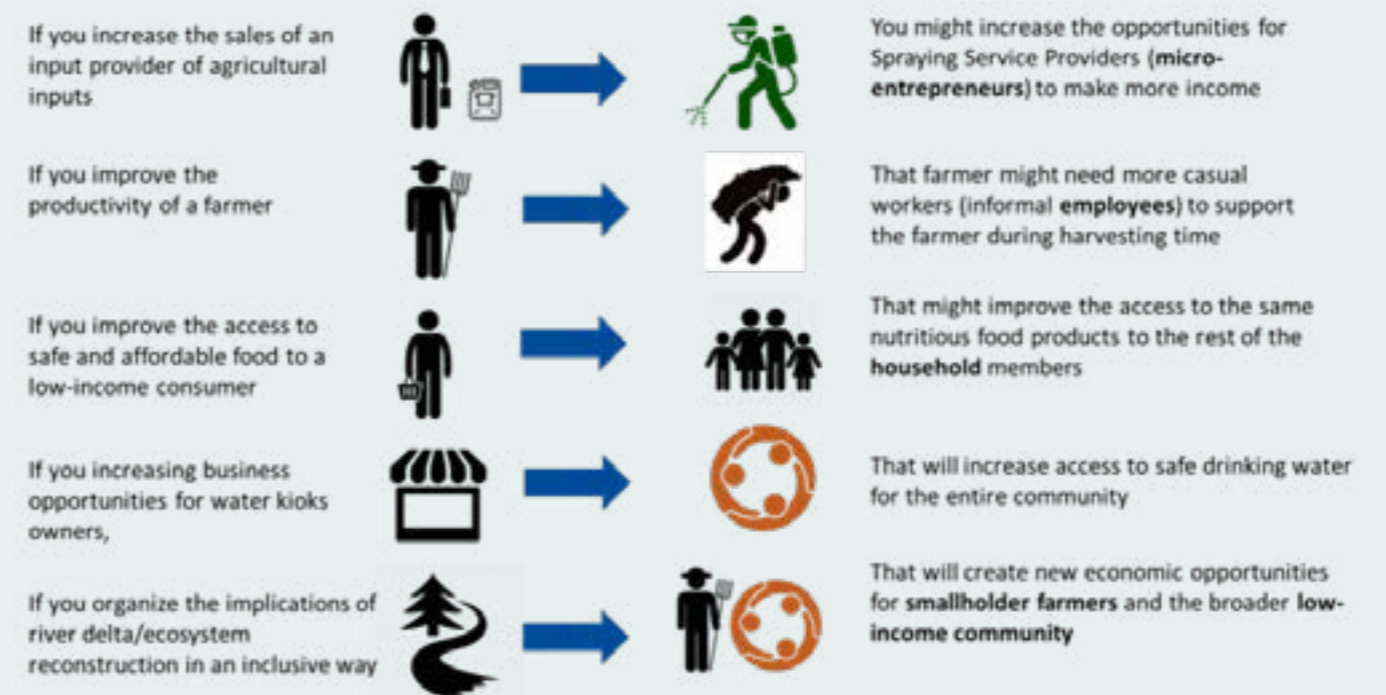


Figure 2: examples of indirect effects

## SIGNS OF INCLUSIVENESS

Four A's	Characteristics of the segment
Affordability	Target groups are (financially) capable of buying the product/service or applying a practice that is presented by the PPP. It is not too expensive relative to income or payment conditions/financing opportunities match with income dynamics
Awareness	Target groups are aware of the product, service or practice and its attributes. They know of its existence and understand its attributes and functionalities
Availability	Target groups have actual access to the product, service or practice, whereby it is available for them to buy. They do not have to travel long distances to buy it.
Acceptability	Target groups have no objections to adopting/using the product, service or practice. There is sufficient connection with perceptions, customs and behaviours.

To understand how FDW and FDOV can contribute to inclusiveness, we use a set of indicators for change – or **signs of inclusiveness** – that provide a framework to understand how PPPs can provide their products (such as improved seeds), services (such as access to loans) or practices (such as training in good agricultural practices) in an inclusive way, while also making business sense. A recognised framework for this are the 4As:<sup>(14)</sup>

To complement this consumer-focused framework to make it more applicable for other target groups, the growing prosperity framework by Acumen and Bain & Company<sup>(15)</sup> can also be used. In addition to Prahalad's 4As, they also define a "fifth A" as:

Fifth A	Characteristics of the segment
Advantage	The (perceived) benefit derived from this product, service or practice. Target groups understand how using the product, service or practice will improve their livelihood.

# OVERVIEW OF BEST PRACTICES

## BEST PRACTICES IDENTIFIED

Out of the 21 projects selected for the portfolio analysis (see annex 3), ten projects were selected as demonstrating the most (promising) inclusiveness results. These projects were subjected to an appreciative inquiry (see chapter 2), from which a range of best practices were extracted, prioritised and clustered. The resulting seven 'best practices' considered worthy of becoming 'common practice' to further strengthen inclusiveness are presented below. A more detailed description of all ten cases with their individual best practices can be found in Annex 2.



FDW12KE03 - FINANCIAL INCLUSION IMPROVES HEALTH AND SANITATION - KENYA

## Making access to finance more inclusive

Access to finance for the target group plays an important role in the success of many FDW and FDOV projects. The extent to which a project succeeds in making finance accessible to the poorer segments of the targeted community can therefore determine the level of inclusiveness achieved. This requires dedicated and often creative efforts, as the poorer target groups are often excluded from accessing finance. The absence of collateral to guarantee a loan and the lack of confidence in their ability to repay makes this target group too 'risky' to be considered for traditional financing instruments.

However, a range of successful creative practices were found to mitigate those risks so that access to finance could be made more inclusive. These practices are presented below, with the remark that each of these practices was tailored to the specific nature and context of the project in which it was identified:

- Group loans, whereby access to finance is provided to a group that has a collective responsibility to meet

the conditions of the loan. In this way, the lender relies on the financial strength of the group rather than an individual, while social pressure within the group helps to ensure the individual compliance of each of the group members

- Making loans conditional upon the involvement in the project (Benin FDOV14BJ54 and Ghana FDOV12GH01) or the quality of products being purchased (Indonesia FDW14RI14). By complying with these conditions (e.g. participation in training, or procuring a particular type of input or product, like sustainable latrines) that are deemed to be conditional for the success of the project, targeted individuals can gain access to finance without having to offer collateral.
- Offering progressive lending schemes, which implies starting with a small loan amount and inherent small risks, which can be gradually increased based on proven performance.
- Where groups of farmers supply a larger off-taker (aggregator or processor), it is also beneficial to this off-taker that these farmers have access to finance. Therefore, these off-takers are sometimes willing to put up a guarantee agreement with a bank, so that

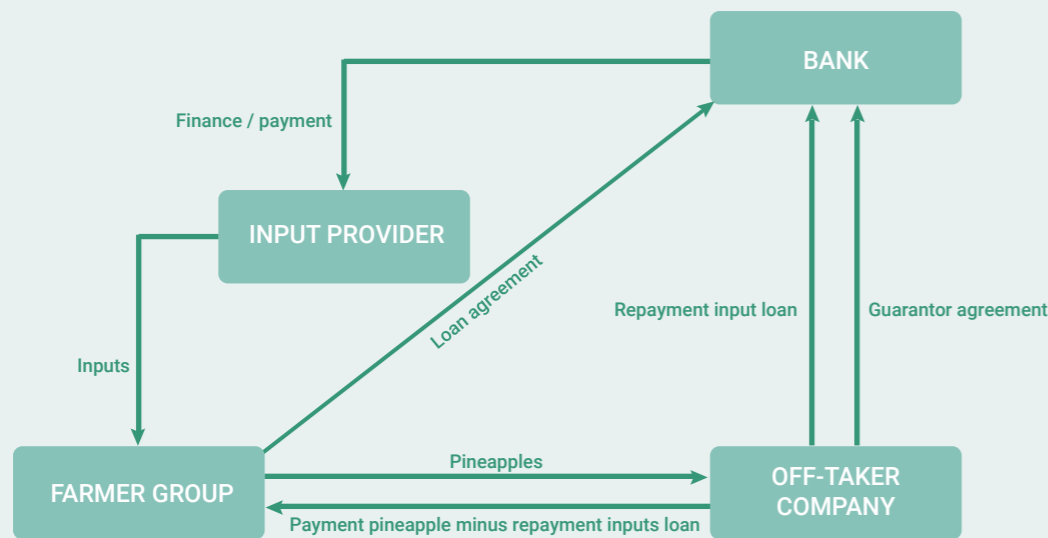


Figure 3: example of value chain financing arrangement

### EXAMPLES FROM ELSEWHERE

#### FARMERS SAVE WITH THEIR PHONE

In Kenya, Dutch company Agri-Wallet is scaling their mobile solution, enabling farmers to save part of their income from product sales in their M-pesa account. These savings are secured and can only be spent at selected input dealers, providing an easy-to-use solution to stimulate farmers to save part of their earnings for inputs for next year's crop cycle.



this bank feels confident about providing a loan to a farmer group. Instead of issuing the loan directly to the farmers, the bank would use that loan to pay for the inputs that the farmer receives from an input provider (i.e. seeds, fertilisers). The loan would then be settled by the off-taker through deducting the loan amount (in tranches) from the payments that it makes to the farmers for the harvest supplied to the off-taker. With this money, the off-taker repays the loan to the bank on behalf of the farmers. This is so-called value chain financing (see example in Figure 3)

- Lease to own/reverse factoring, in which the investment in – for instance – agricultural machinery does not need to be paid up front, but instead is paid in (affordable) tranches up until the point at which the end user has fully paid off the entire purchase amount (sugarcane project in South Africa FDW14SA19, and maize project in Ghana FDOV12GH01).

- In-kind financing, whereby the loan is directly used to pay for agricultural inputs that are to be financed (i.e. money flows directly from bank to supplier of agricultural inputs). In this way, the

risk that money is used for other purposes than originally intended is mitigated.

- Adaptation of loan duration and grace period to the growth cycle of the crop for which the loan is to be used. In this way, the moment of repayment is linked to the moment when the farmer can reasonably be expected to have a positive cash flow.

Practices related to 1) promoting savings (South Africa, FDW14SA19) to reduce dependency of external financing and 2) improving financial literacy by training target groups to gain a better grip on their financial situation, educating them about the importance of savings and the risks of lending money are complementary to the above-mentioned best practices to improve the inclusiveness of access to finance.

#### SUGGESTED Further reading

[2SCALE Access to Finance paper](#)

[Rural and Agricultural Finance \(RAF\) Learning Lab](#)

[IFC AGRICULTURAL LENDING: A How-To Guide](#)





FDW12SA01 - A GREEN SUSTAINABLE AND SAFE WATER SOURCE - SOUTH AFRICA

### Dedicated steering towards inclusiveness results

The FDOV and FDW frameworks pursue a combination of goals including an inclusiveness ambition that is to be addressed in each individual project application. However, the way in which this inclusiveness ambition is subsequently managed and monitored differs between projects. Best practices in this connection can be found in projects that operate an M&E system that pays specific attention to the intended inclusiveness results. In such cases (maize project in Ghana FDOV12GH01, dairy project in Vietnam, FDOV12VN03), this resulted in monitoring efforts revealing that targets in terms of participation (regarding female farmers and smallholder farmers) were not met.

The reasons for this shortfall were subsequently examined and remedial action (adaptation of conditions to participate) was taken, resulting in a remarkable improvement in participation (e.g. increase in female participation from 5% to 20% within one year in Ghana as a clear inclusiveness result).

This not only required a dedicated M&E effort but also following this through with additional analysis and decision-making within the context of a project management framework that was sufficiently flexible to allow for a change in project design to the benefit of inclusiveness results.

Interestingly, in two cases of projects having such an 'inclusive' M&E system, *impact investors were actively involved as project partners*, which illustrates that the composition of the partnership is another 'best practice' to be considered (see best practice 6 below).

Access to finance for the target group plays an important

#### [SUGGESTED further reading](#)

[Asian Development Bank \(ADB\): Inclusive Growth Criteria and Indicators](#)

[World Economic Forum \(WEF\): Inclusive Development Index](#)

### Tailor to specific target groups

In a number of projects, pursuing inclusiveness means that a relatively disadvantaged target group is specifically being targeted, particularly women and youth. Targeting a specific group often requires incorporating special measures/activities into the project design to optimise the project's inclusiveness results. Specific examples of this include:

- Taking specific skills/traits of the target group into account when shaping the project's business case (e.g. women being more accurate in administration or less likely to change jobs, see the cashew case in Benin FDOV FDOV14BJ54, and the coffee project in Colombia, FDW12CO01).
- Designing the project while deliberately taking into account additional, often care-related responsibilities that female workers and farmers have next to their work. In the Colombia case, *organised day care for the children* of the women who were employed was part of the project.
- Targeting specific groups continues throughout the project cycle, i.e. this is not only mentioned on paper during the project design, but also receives dedicated attention during the management (monitoring) and implementation of the project (see also best practice 2).

In other cases, the engagement of women is implied because of their role in the value chain (e.g. in South Africa, 40% of farmers are women, so targeting farmers meant that they were automatically included). However, even in such cases it may be useful to distinguish roles and undertake a deeper analysis of gender dynamics to ensure that the inclusion of female farmers is not only achieved in numbers but also considers the quality of their inclusion.



FDW12CO01 - COFFEE PROJECT IN COLOMBIA

Another related best practice was found in some projects specifically targeting youth (Indonesia and South Africa). In those cases, interventions go beyond the primary beneficiaries and include *opportunities for training (including scholarships), internships and access to jobs for young people and the next generation in the community*. Devoting such attention to the next generation not only makes sense for the longer-term results of the project but also stimulates the interest and willingness to participate among the targeted community as a whole.

#### [SUGGESTED further reading](#)

[2SCALE thematic report on gender](#)

[Agdevco Successful models to empower women in outgrower schemes](#)

[UNICEF gender-responsive WASH: Key elements for effective WASH programming](#)

## Sustaining capacity-building efforts for low-income groups

Capacity building (of individuals and organisations/institutions) is often at the core of FDW and FDOV projects and a large part of budget is spent on reaching a broad target group of beneficiaries. Certain projects can even be seen to engage extra efforts to reach low-income target groups that otherwise would not easily be reached (e.g. SEVIA project (FDOV12TZ01) in a relatively remote part of Tanzania). The challenge here is to sustain capacity-building efforts for low-income recipients who cannot afford this kind of capacity building on their own.

Different practices to face this challenge were found. For instance, in the SEVIA project, *the capacity building is not only driven by the public or subsidised actors in the PPP*, such as Wageningen University, but equally by the private partners, Rijk Zwaan and East West Seeds. Capacity-building activities are part of their business model, so they have a commercial motive to sustain this beyond the duration of this project.

Another practice found is the *integration of capacity-building activities in the curriculum of other learning*

*institutions* that are not necessarily part of the PPP (involvement of UNU/AMREF academy in the FINISH project in Kenya, FDW12KE03).

The above practices relate to the capacity-building of smallholder farmers, families/communities (South Africa, FDW14SA19) and micro-entrepreneurs (FINISH Kenya) who were targeted by the project but not part of the PPP responsible for the project. Another more integrated way of capacity building involves including the target group as part of the PPP (potato project in Ethiopia). In this project, the personal development of the targeted employees (= inclusiveness result) of the lead company is part of the project design. This results in the provision of trainings and other capacity-building activities for the benefit of all employees of the company and not only the (higher) management staff.

### *SUGGESTED further reading*

[IDH: driving innovations in smallholder engagement](#)

### EXAMPLES FROM ELSEWHERE

It can be interesting to look at the opportunities to have target groups pay for part of the capacity-building activities (or other costs associated with this, e.g. transport costs or materials). After all, it is an investment in their professional growth. An example comes from Ghana (not FDW/FDOV), where trainees were asked to finance their own transport costs as a show of commitment and to reduce the costs of the programme. Only in exceptional cases – and upon a written request – could trainees be reimbursed for transport costs. Furthermore, building upon their experiences in FDOV projects, Wageningen UR/CDI and Solidaridad in Kenya are reviewing the sustainability of their training approaches and identifying opportunities concerning how these approaches can be made more future-proof.



FDW12KE03 - FINISH PROJECT - KENYA

## Using the strength of the broader community

In many projects, inclusiveness means targeting specific poor or vulnerable segments of society. At the same time, these target groups cannot be separated from their community, meaning that better inclusiveness results can be achieved if the wider community becomes part of an intervention. This notion is acknowledged and operationalised by various projects that adapted a more “integrated approach” harnessing the strength of the broader community.

One example of this is from Malawi (FDW12MW01), deliberately involving the richer and more powerful members of society. In practice, this meant that access to safe drinking water for the poor was not only pursued by increasing coverage of the water supply infrastructure but also by making large water consumers (often the government and in this case the army) aware of their consumption patterns, while offering technical solutions to reduce spilling. Given the scarcity of safe drinking water, their reduced water consumption allowed for increased access to safe drinking water for the poorer families in that area.

Another example was found in Indonesia (FDOV12VN03), where a broader agreement with community leaders was sought to realise a project that would ensure a safe water delta for all, but for which individual farmers would have to give up land. In this agreement, fair compensation for these farmers was negotiated, whereby having this agreement with the community rather than individual farmers resulted in broader support and more easily enforceable compliance with the agreement.

In the dairy project in Vietnam, an example of a regional approach was found, even going beyond



FDW12MW01 - WATER DEMAND SERVICES - MALAWI

the community level. This project required increased collaboration among different stakeholders active in the region to increase the production of dairy. Connecting and organising these actors (companies, individual farmers, service providers and others) at the regional level through so-called dairy zones meant that smallholder dairy farmers felt a joint responsibility together with the larger players, which enabled them to become better equipped to work together.

### *SUGGESTED further reading*

[World Food Program \(2016\) Community Based Participatory Planning](#)

[CLTS Knowledge Hub: Community Led Total Sanitation](#)

[Global Water Partnership: Community-based Water Supply and Management Organizations](#)

### Composition of the right partnerships

As obvious as it may be, shaping a partnership with a genuine interest in inclusiveness results is crucial. To ensure that the PPP is composed and organised in such a way that it will deliver on inclusiveness, a number of good practices were found, including:

- Consortium partners with a demonstrated track record of working together on the same topic, while being familiar and having connections with the project area (water project in Malawi).
- A lead partner who pursues inclusiveness as part of its core mandate (i.e. not just for the sake of this project), working with partners who accept this as key deliverable of the project (Malawi, FDW12MW01).
- The inclusion of local partners with active connections with and sufficient trust among the target group (South Africa, FDW14SA19 and Colombia, FDW12CO01).

A related set of best practices concerns the inclusion of government as partners in the PPP for reasons beyond securing a “license to operate”. Examples of more active government involvement include:

- *Using existing government structures (in this particular case of community health workers) to reach remote rural areas that would otherwise be impossible for projects to reach given resource limitations (Kenya, FDW12KE03). Building on existing structures also makes it easier for the public partner to make a contribution given that no additional resources are needed.*
- Involving the government to add legitimacy and/or increased understanding of the specifics of the target group to the project. This not only facilitates the reach and sustainability of the project but also allows for a better tailoring of interventions to the specific needs and contexts (e.g. engaging community leaders in the bio-rights project in Indonesia).

*SUGGESTED further reading*

PPP lab: Partnerships for Inclusive Business Development

2SCALE Insight Paper (2017) Partnership Governance

EXAMPLES FROM ELSEWHERE

It can be interesting to look at the opportunities to have target groups pay for part of the capacity-building activities (or other costs associated with this, e.g. transport costs or materials). After all, it is an investment in their professional growth. An example comes from Ghana (not FDW/FDOV), where trainees were asked to finance their own transport costs as a show of commitment and to reduce the costs of the programme. Only in exceptional cases – and upon a written request – could trainees be reimbursed for transport costs. Furthermore, building upon their experiences in FDOV projects, Wageningen UR/CDI and Solidaridad in Kenya are reviewing the sustainability of their training approaches and identifying opportunities concerning how these approaches can be made more future-proof.



FDW12CO01 - COFFEE PROJECT IN COLOMBIA

### Getting the message across and the target group on board

Realising inclusiveness ambitions requires projects to successfully convey message to the target group to secure their interest and cooperation. Various best practices can be found in this regard that illustrate the importance of using clear, known and trusted communication channels and partners (rather than relying on outsiders without connections or roots in the community).

Well-known community health workers (Kenya, FDW12KE03) and well-established local NGOs (Indonesia, FDW14RI14) were used to voice the intentions, expectations and potential benefits of the project. In some cases, the help of community leaders/chiefs was also called upon to give weight and credibility to the message of the project. Yet another example (Vietnam, FDOV12VN03) relied on the involvement of lead farmers as role models/change agents. However, their involvement goes beyond conveying a message, as they were also involved in training their peers (training-of-trainer approach). This resulted in a larger reach of the project than what could have been achieved through

the direct training of farmers. In this connection, it is important to note that this ‘lead farmer’ approach only works if it is clear what benefits they can gain.

Besides a careful selection of communication channels and partners, useful practices can be found in the way in which messages are shaped and conveyed, taking into account language, literacy rates and/or cultural considerations. In particular, the practice of using simple language and visualisations can make a major difference in getting the message across among poorer segments of a community (Colombia, South Africa and Burundi).

Finally, the practice of creating a sense of belonging by giving the project a visual identity (branding) proved effective in getting the target group on board (Colombia and SEVIA in Tanzania). Among others, this was achieved through creating project logos, project attire, etc

*SUGGESTED further reading*

IDEO: human-centred design

USAID E3 Water Office: Water currents; WASH & Human-centred design

EXAMPLES FROM ELSEWHERE

Many choices on a project are already made during its design. To ensure that the target groups will be reached, it is important to understand the individual needs and desires of the target group and make this the starting point for designing project activities. Having a so-called **human-centred design (HCD)** of project interventions can help to further build this dynamic in FDW and FDOV projects. Interesting examples beyond the scope of the FDW and FDOV portfolio taking this HCD approach to the next level are companies such as **Mr. Green in Kenya** (waste recycling) and **Proximity Designs in Myanmar** (agrifood technology).



MR. GREEN - WASTE RECYCLING IN KENYA



FDW12KE03 - FINISH PROJECT - KENYA

## Looking for the indirect/trickle-down effects

One of the goals of this study was to gain an insight into the extent to which FDW and FDOV projects have “trickle-down” or indirect effects that improve inclusiveness. In the project documentation received for this assignment, in several project proposals and M&E documentation a description is provided of assumed or expected indirect effects such as access to better or more affordable food products for consumers as a consequence of increased agricultural productivity on consumer level (Ghana, FDOV12GH01). However, the logic of these effects remains implicit and is often not articulated in a theory of change or results framework, describing the expected changes that are needed for these indirect effects to become reality. This may be understandable given that most of these changes lie beyond the scope of the project itself.

In order to better explain how PPP instruments such as FDW and FDOV indirectly improve inclusiveness, information is needed about the actual occurrence of these indirect effects and the pathways through which they are realised. Unfortunately, it appears that measuring these indirect effects receives little to no attention during project implementation. In the interviews for the best practices, no interviewees were able to provide evidence that these indirect effects had materialised, as their focus has been on living up to their output-level commitments (i.e. the direct results as presented in their project application). A positive effort in the right direction can be found in the FINISH project in Kenya (FDW12KE03), where there was an explicit push to introduce indicators for reaching the poor to be measured by the water service provider (WSP), making an explicit effort to measure indirect effects beyond the PPP project scope. However, the results of these efforts are not (yet) available

## EXAMPLES FROM ELSEWHERE

### COST-EFFECTIVE WAYS TO MEASURE INDIRECT EFFECTS

An interesting example here is how a group of impact investors (a.o. ICCO Investments and Bamboo Finance) have used a cost-effective text messaging service developed by Dutch company TTC to investigate the indirect effects (or as they call it, higher effects) of their investments made in local companies that provide products and services to low-income consumers.



In other words, more in-depth case studies would be needed to reconstruct the actual pathways of change that resulted from and can be (partly) attributed to the FDOV/FDW projects. If indirect effects are not built into project design and/or M&E systems, it is very difficult to make meaningful observations on indirect effects. This observation is in line with the broad evaluation of the food security policy of DGIS (2012-2016) recently performed by IOB, which analyses all activities and projects implemented during that period. In this 221-page document, the authors indicate that in most – if not all – food security projects implemented, “indirect effects have rarely been built into project design or into monitoring and evaluation”<sup>(16)</sup>. This means that “important indirect, structural effects through increased food availability and employment remain speculative, as these have not been included in project design, monitoring, and evaluation.”<sup>(17)</sup>

# CONCLUSIONS AND RECOMMENDATIONS

*In this final section, conclusions and recommendations are drawn from the analyses described in the report. It should be noted that these analyses are based on a limited number of cases. To provide an even deeper understanding of the inclusiveness dynamics of the FDW and FDOV portfolio's, a more detailed study that can cover the entire portfolio's would be needed*



FDOV12VN03 - DEVELOPMENT OF A SUSTAINABLE DAIRY SECTOR - VIETNAM

## Conclusions and recommendations from the portfolio analysis

From the general analysis of the portfolio, looking at how the countries where FDW and FDOV projects take place in relation to how these countries score on development indicators, it can be concluded that the majority of projects take place in countries that score relatively low on human development indicators (i.e. in a context where the need for such projects is greatest). The only recommendation that could be made here, if the goal of FDW and FDOV were to focus more on establishing projects in fragile countries in the future, that the “entry barriers” to submitting an application for these countries is lowered, and to carefully look at the role of private and public partners in such setting.

Looking more specifically at the detailed portfolio analysis based on 21 selected PPPs from both portfolios, it can be concluded that the majority of the FDW and FDOV portfolio target poor and vulnerable groups directly and show signs of inclusiveness in their strategies of engaging them in value chains.

The objective of FDW is to reach poor households, small farmers and fishermen, local SMEs and to some extent local government authorities, as well as vulnerable groups, such as women and girls and vulnerable ethnic groups. The review of the eleven FDW projects reveals that these groups are indeed directly targeted. Among the sampled FDW projects, there is an orientation towards the community as a whole, while also targeting specific groups within these communities, such as farmers, fishermen, women and youth (for specific sub-

interventions within the projects).

The official target groups identified for FDOV include poor and vulnerable groups, specifically referred to as “poor households, subsistence farmers and fishermen, vulnerable groups, (...) e.g. women and indigenous people”.<sup>(18)</sup> According to the findings of this study, in most projects smallholder farmers are indeed directly targeted. Many projects also aim to engage other vulnerable groups such as women and youth as farmers or employees. In the FDOV portfolio, there is a lesser focus on the target groups of consumers, who are often considered as an indirect beneficiary. It is recommended for FDOV to steer for a more explicit and pro-active focus on consumers in ongoing projects and project proposals, especially when there is a focus on nutrition in these projects.

As the FDW portfolio demonstrates examples of projects that pursue a holistic approach (covering most of the 5As) to reach low-income consumers, it is recommended that such examples are used to inspire the (future) FDOV portfolio to develop more projects with a similar holistic consumer focus.



FDOV12VN03 - DEVELOPMENT OF A SUSTAINABLE DAIRY SECTOR - VIETNAM

## Conclusions and recommendations from the best practices

Clearly many good and useful practices can be harvested from the existing FDOV/FDW projects that – when turned into more common practices – can help to further improve the inclusiveness results of the ongoing and future project portfolio.

The 5 A's of Affordability, Awareness, Availability, Acceptability and Advantage showed to be a good framework to distill best practices from the projects. The framework can be seen as a valuable tool for partnerships to design their project and related activities, and to monitor results.

Such good practices can be found in the following areas:

- **The design of the technical approach**, i.e. ways of improving access to finance, tailoring to the needs and context of more specific target groups and the creation of sustainable capacity-building approaches.
- **Shaping the implementation arrangements**, i.e. the composition of partnerships and inclusion of wider communities.
- **The management of interventions**, i.e. dedicated M&E systems that are followed through in decision-making and the communication strategies used to get the target group interested and on board.

At the same time, it is acknowledged that each 'best practice' has to be tailored to the specific nature and context of the individual intervention. In doing so, the best practices can offer useful guidance in dealing with some of the particular dilemmas that RVO and its implementing partners face in formulating, appraising, selecting, managing and implementing the FDOV and FDW project portfolios.

Next to the best practices described in chapter 5, below we present conclusions and recommendations concerning how a (non-exhaustive) range of dilemmas or trade-offs that emerged from the interviews can be addressed from an inclusiveness perspective. The first three dilemmas relate to the selection of projects, while the subsequent dilemmas relate more to the selected technical approach within the projects.

1. **Selecting projects aimed at production for export versus production for local markets.** While both type of projects have their benefits, in terms of (potential) inclusiveness, it is recommended to prioritise projects aimed at production for local markets as they are likely to have more direct effects than export-oriented projects (e.g. increased accessibility and affordability of quality food products). Of course, export-oriented projects with a viable business case

can certainly also lead to direct inclusiveness results (e.g. increased employment in the supply chain). However, inclusiveness effects in terms of increased access and affordability would be largely indirect and therefore less easily managed and achieved.

2. **Selecting business- versus NGO-led PPPs.** One of the best practices relates to the composition of the partnership, with the lead agency considering inclusiveness as part of its core mandate. Traditionally this may more likely be the case for NGOs as lead partners compared with companies or other partners, although with the emergence of social entrepreneurship and impact investing this certainly will not apply in general anymore. Also, including businesses who have a direct interest in working with target groups (e.g. seed companies and their extension teams) can add to sustainable business. Therefore, being business- or NGO-led may not be a helpful criterion for prioritisation; rather, more weight could be given to the partnerships' track record in pursuing and realising inclusiveness results, as it appears that prior experience in dealing with inclusiveness is certainly a contributing factor for success.
3. **Selecting projects with a 'wide' versus 'deep' reach.** Projects differ in terms of their reach: some aim at directly reaching a large target group offering a

single product or service requiring limited follow-up action or engagement, while others work with a small or selected target group (e.g. model farmers in Vietnam, or training trainers that will subsequently train farmers), with whom they work intensely over a longer period. The latter often rely on a demonstration effect through which the larger target group may be reached indirectly. From an inclusiveness perspective, it is not immediately clear which approach would work best, but it is recommended that projects relying on an indirect demonstration effect pay more attention to monitoring on this indirect effect and if needed, steer on adjusting processes in such a way that the indirect effect materializes.

Dilemmas related to the technical approach taken include:

4. **Preferring 'free' over 'sustainable' capacity building.** Most of the FDW and FDOV projects that are trying to reach a large number of beneficiaries with capacity building or training provide such training for free, covered by the project budget. This reduces the barriers to attending for beneficiaries as they do not have to commit any resources (other than time) to strengthen their capacities. This can be seen as an inclusive approach, although it also raises questions about sustainability. The best practice study revealed a number of cases where this dilemma has been



FDOV12TZ01 - SEEDS OF EXPERTISE FOR THE VEGETABLE INDUSTRY OF AFRICA - TANZANIA



FDOV14BJ54 - CRACKING THE NUT - BENIN

circumvented, by either making capacity building part of the business case of the private sector partner (SEVIA Tanzania (FDOV12TZ01) in the understanding that trained farmers are more likely to buy high-quality seeds) or integrating it in the service package of a local knowledge partner (FINISH, Kenya (FDW12KE03). It would be recommended for more projects to look for these type of arrangements to “embed” the cost for training in the broader structure of the partnership. Free or paid-for services is in a way not the main dilemma, but rather how to sustain practices and ensure that these are locally embedded (i.e. through business or government agencies).

5. **Applying fixed versus flexible contracting.** Some projects work through ‘contract farming’, whereby smallholder farmers would receive a contract to supply a larger company with their produce, sometimes expanded with additional benefits such as access to credit arranged through this company. Even though these arrangements give the farmers a level of certainty in market access, it can also risk farmers being ‘locked-in’ to the contract, thus limiting their possibilities to sell to other companies or adapt to market developments as they see fit. There are best practices within the FDOV and FDW portfolio that try to find a middle ground in this and

focus on having a contract with smallholder farmers while allowing for a certain level of flexibility (maize project in Ghana (FDOV12GH01) and potato project in Ethiopia (FDOV14ET06) to supply to others. In these projects, contracts were reviewed towards the end of the growing season and adjusted based on current market prices.

A related dilemma concerns the lack of compliance with contracts by smallholder farmers if they can secure a better price elsewhere (side selling). An interesting example of companies trying to avoid this side selling was found in the cashew project in Burkina Faso (FDOV14BJ54), where farmers were supported to acquire quality certification for their product and the company would offer a price premium for the products of certified farmers.

It is recommended that more of these practices are introduced in the portfolio. This will help to find the right balance in involving the target groups of smallholder farmers, by giving the farmers sufficient certainty of market access, whereas at the same time allowing for flexibility in going for other market opportunities

6. **Projects empowering women in traditional roles versus breaking role patterns.** In pursuit of inclusiveness, many FDW and FDOV projects set

criteria for the involvement of women in their PPPs, and some follow a proactive approach to achieve this. Quite often this is motivated or approached based on stereotypes or conventional/traditional roles for women, which leads to typical “female” tasks such as cleaning and grading cashew nuts in factories. In this way, involving women becomes integral to the regular business case without challenging traditional gender roles. At the same time, creating new opportunities for women in new roles or positions in the value chain may have stronger potential to move towards gender equity, and in that sense create a stronger inclusiveness of women on the longer run.

However, challenging traditional roles or experimenting with new roles may involve more risks and costs, and that can be challenging to the business case of the companies involved in the project. An interesting example in dealing with this dilemma can be found in the cashew projects in Burkina Faso and Benin (FDOV14BJ54), where the project experimented with creating new opportunities for women. While working with traditional gender roles in the core of the business (factory workers), the projects experimented with creating new opportunities for women around the “edges” of the business case (working at the farm level – which is normally dominated by men – in the production of cashew apple juice).

- (1) As described in chapter 3.
- (2) <https://www.centerforappreciativeinquiry.net/more-on-ai/what-is-appreciative-inquiry-ai/>
- (3) Whereas the result areas of FDW are directly taken from the policy framework for FDW as published in Staatscourant, the authors decided to use a different set of result areas for FDOV than established in the policy framework, as these result areas were broad and limited in their use to interpret the potential for inclusiveness in the FDOV portfolio. The mentioned result areas are from the mid-term review of the FDOV portfolio by KIT.
- (4) <https://english.rvo.nl/sites/default/files/2014/08/FDOV%20policy%20English%20version.pdf>
- (5) The FIETS framework offers criteria to assess the sustainability of the projects in the financial, institutional, ecological, technological and social dimensions.
- (6) <https://english.rvo.nl/sites/default/files/2014/08/FDOV%20policy%20English%20version.pdf>
- (7) <https://english.rvo.nl/sites/default/files/2016/08/FDW16%20Policy%20Framework%20EN.pdf>
- (8) While aiming for a sample that shows the diversity of the portfolio in 1) different result areas of both FDW and FDOV, 2) target groups identified, 3) size of the projects and 4) their geographical spread, the principles of appreciative inquiry and practical budgetary considerations meant that the authors agreed with RVO to conduct the portfolio analysis based on a 21-project sample. This means that the representativeness of the portfolio analysis for the full FDOV and FDW portfolio is limited.
- (9) These signs of inclusiveness are described in chapter 2.
- (10) Include Platform (2017) Beyond buzzwords, what is inclusive development? P. 19
- (11) Rangan, V. K., Chu, M., Petkoski, D. (2011). [The Globe: Segmenting the Base of the Pyramid](#). Harvard Business Review, June 2011.
- (12) Oxford Dictionary definition of a micro-entrepreneur.
- (13) For a further explanation of "trickle-down effects", see for instance <https://www.economicshelp.org/blog/174/economics/trickle-down-economics/>
- (14) Prahalad, Di Benedetto and Nakata (2011) Bottom of the Pyramid as a source of breakthrough innovation
- (15) <https://acumen.org/wp-content/uploads/2014/11/GrowingProsperity-Agriculture-Report.pdf>
- (16) [IOB \(2018\) IOB Evaluation: Food for thought. Review of Dutch food security policy 2012-2016, p. 152](#)
- (17) Idem, p. 21
- (18) <https://english.rvo.nl/sites/default/files/2014/08/FDOV%20policy%20English%20version.pdf>





## Annex 1: FDW and FDOV project analysed in this study

The 21 selected projects that were the basis for the portfolio analysis are:

<a href="#">FDOV12VN03 Development of a sustainable dairy sector in Vietnam</a>	<a href="#">FDOV12MW01 Going Nuts</a>
<a href="#">FDOV14ET06 Potato processing Ethiopia</a>	<a href="#">FDOV14BT46 Inclusive Milk Supply chain Development in Bhutan</a>
<a href="#">FDOV14GT03 Every Bean has its Black</a>	<a href="#">FDOV12GH01 Sustainable Maize Program in North Ghana</a>
<a href="#">FDOV14KE63 Food for All Project Kenya</a>	<a href="#">FDOV14IN49 Reducing Food Wastage in India</a>
<a href="#">FDOV14ZW37 Development of sustainable bean value chains in Zimbabwe</a>	<a href="#">FDOV12TZ01 Seeds of Expertise for the Vegetable Sector in Africa</a>

<a href="#">FDW12CO01 Intelligent Water Management</a>	<a href="#">FDW12MW01 Malawi Water Demand Services to Mitigate Water Shortages</a>
<a href="#">FDW12KE03 Financial Inclusion Improves Health and Sanitation</a>	<a href="#">FDW14SA19 Reducing the water footprint of smallholder sugarcane producers</a>
<a href="#">FDW14BO11 AQUACRUZ</a>	<a href="#">FDW12GH06 Mobile Monitoring of Rural Water and Sanitation Services that last</a>
<a href="#">FDW12ET06 Source to tap and back</a>	<a href="#">FDW12BD03 Climate Change and Water Supply in the Mekong Delta</a>
<a href="#">FDW14RI14 Building with Nature Indonesia</a>	<a href="#">FDW16007IN Pollution Prevention and Water Reduction in Leather Cluster</a>
<a href="#">FDW14PH03 Sustainable and pro-Poor water supply in Cebu</a>	

Subsequently, we conducted interviews with the following RVO project advisors involved in these projects: Wenneke Bosshart, Carmen Heinze, Ella Lammers, Ianthe Nieuwenhuis, Gabor Szanto, Jan van Saane, Peter Spierenburg, Michiel Slotema, Jan Paul van Aken, Sietske Boschma, Amarens Felperlaan.

For the in-depth interviews on ten shortlisted projects that led to the identification of the best practices, the following ten PPPs were used (+ names of interviewees per PPP):

PROJECT NUMBER	INTERVIEWEE PROJECT OWNER
<a href="#">FDOV12TZ01 Seeds of Expertise for the Vegetable Sector in Africa</a>	Flip van Koesveld, WUR
<a href="#">FDOV14ET06 Potato Processing in Ethiopia</a> <a href="#">FDOV14BJ54 Cracking the Nut</a>	Eric de Vaan, Veris Investments Wietse van Tilburg Includvest
<a href="#">FDOV12VN03 Development of a sustainable dairy sector in Vietnam</a>	Harm Dijkstra, FrieslandCampina
<a href="#">FDOV12GH01 Sustainable Maize Program in North Ghana</a>	Abdulahi Aliyu, Solidaridad
<a href="#">FDW14RI14 Building With Nature Indonesia</a>	Fokko van der Goot, Ecoshape
<a href="#">FDW12KE03 Financial Inclusion Improves Sanitation and Health</a>	Valentin Post, WASTE
<a href="#">FDW12CO01 Intelligent Water Management</a>	Rodrigo Calderon and colleagues
<a href="#">FDW14SA19 Reducing the Water Footprint of Smallholder Sugarcane Producers</a>	Johnson Bungu, Solidaridad
<a href="#">FDW12MW01 Malawi Water Demand Services to Mitigate Water Shortages</a>	Margot Bolwerk, PLAN

## Annex 2: One-page description of 10 selected cases from FDW and FDOV

### FDW12C001 Intelligent Water Management - Coffee Sector Colombia



Increasing awareness about new farming methods, technology and sustainable water use by coffee farmers in Colombia.

**Challenge:** How to persuade small-scale farmers to accept and embrace more sustainable (less water-consuming) technologies in coffee farming while enhancing the production of high-quality coffee for international export.

**Solution:** The project seeks to primarily promote sustainable water use as well as supporting the improved income generation of farmers through new farming methods and technology.

The capacity of farmers and communities at large (including children in schools) is improved through training provided by local extension workers. Farmers are supported to write business plans for which they can receive funding to install new equipment with the aim of improving water (re-)use.

**Inclusiveness results:** The project enables smallholder farmers (between 1.5 to 10 HA) – mostly family businesses led by women – to access and implement new farming methods and technologies and use new types of seeds to enhance their yield and reduce water use. The project aims to demonstrate to farmers the benefits of reducing their water use by re-using waste water and using waste products to produce biogas for cooking. The subject of water is used as a common subject to bring together members of the community, which has a history of conflict.

Indirect results include improved income through the increased production of coffee.

#### Remarkable best practices:

- An integrated approach is taken where all partners have a clear role and the ownership is placed with the farmers first.
- The project is given a clear identity and brand and efforts to raise awareness are tailored to the communities by including relevant visuals (possible for illiterate community to understand) and role models, making it a project that people want to be part of.
- Local presence and trust building is achieved through extension workers who are accessible and available during and after completion of the project.
- The activities reach beyond the farmers themselves and include deliberate efforts to create awareness on sustainable water use and make available water filters for the children of farmers.

## FDW12KE03 Financial inclusion for sanitation and health, Kenya



Improving the health status of 40,000 people from low-income communities in Kilifi and Busia county in Kenya by sustainably expanding access to and demand for sanitation facilities through tailored sanitation loans.

**Challenge:** How to improve the limited (financial) capacity of low-income consumers to adopt improved health and sanitation practices, as well as the poor availability of quality sanitation products.

**Solution:** The project aims to provide access to affordable sanitation loan products and increase awareness of the need for sanitation through a CLTS+ approach targeting poor households, while also improving the availability of quality sanitation systems through involving and training local toilet construction entrepreneurs.

The project has an explicit focus on sustainability through close collaboration with the government and providing clear incentives for community health volunteers (local government staff) to create demand for sanitation.

**Inclusiveness results:** Thus far, the project enabled the installation of 5,000 toilet systems reaching 40,000 people. The tailored sanitation loans have made it possible for poor households to access loans without needing to have assets through a group lending setup. In parallel, micro-entrepreneurs – including young people – have been trained in the construction of quality toilet systems.

Indirectly, the improved access to sanitation has led to improved health through a reduction of cholera and diarrhoea. A social impact survey is being conducted to also assess the wider social impact on target communities (e.g. improved income through improved health and ability to work).

### Remarkable best practices:

- To ensure sustainability and the active involvement of existing government structures, deliberate efforts are made to put in place appropriate (monetary) incentives to motivate community health workers/volunteers to continue CLTS+ efforts, such as introducing a commission paid for by the entrepreneurs.
- The project is exploring options to continue training programmes (at a cost) after the project is completed by integrating them into the programme offer of Amref University.
- Partners in the consortium represent government, NGOs, knowledge institutions and the financial sector. The participation of impact investors enables strong monitoring and steering for social impact.

## FDW14RI14 Building with nature, Indonesia



Supporting the revitalisation of 6,000 ha of aquaculture ponds along a 20 km coastline with erosion risk, with the aim of enhancing coastal security for 70,000 vulnerable people in Central Java and provide them with a long-term perspective for sustainable economic development.

**Challenge:** How to adjust the ecosystem to ensure safe and adaptive coastlines while ensuring that local communities have sufficient economic opportunities to earn an income.

**Solution:** The project is implemented using the *building with nature* approach, as an integral coastal zone management approach that provides resilience by combining technical interventions, rehabilitation of land and enabling sustainable land use.

Farmers are given “bio-rights”, which means they have to give (part of) their land back to nature, and in return receive compensation and training, so they can sustainably use their land through diversified aquaculture. In addition, communities benefit from employment creation for maintenance and operations of dams. The project is oriented on vertical scaling by involving stakeholders at the local, district and national (government) levels.

**Inclusiveness results:** The ten communities where the project is implemented have become increasingly vulnerable through rising sea levels and land erosion. The project is strongly oriented on improving the resilience of the target communities through building dams and revitalising the damaged coastline. For the technical improvements in the environment to be sustainable, community members are involved in their role as farmers (fishermen) and employees for maintenance and operations. Farmers benefit from training in coastal field schools and have been able to increase their production by 2-3 times.

Indirectly, it is expected that participating farmers will increase their income through diversifying and increasing their aquaculture production.

### Remarkable best practices:

- This project takes a “livelihoods” approach and makes deliberate efforts to ensure that farmers can earn an income through bio-rights and enhancing capacity in diversified aquaculture, enabling them to make sustainable use of their land and avoid further damaging the coastal zone.
- Local leaders are actively involved at the community (so-called champions), district and national government level to manage the implementation and scaling of the *building with nature* approach in other vulnerable areas.
- The project ensures a strong continued local presence by working through local organisations and ensuring clear messaging, which facilitates trust building and commitment.

## FDW14SA19 Reducing the water footprint of smallholder sugarcane producers, South Africa



Improving the awareness of farming practices and access to affordable loans (for irrigation water and inputs) for 1,240 sugarcane farmers (40% female) in South Africa.

**Challenge:** How to make farmers who do not own land (i.e. no collateral) bankable and more resilient to weather changes to enable sustainable access to irrigation infrastructure and agricultural inputs.

**Solution:** The project aims to empower farmers through training and access to finance to strengthen their farms and improve sugarcane production for international export.

Building on the limitation of the local context whereby farmers do not own land but have the right to occupy, loans to purchase agricultural equipment are made available and usage is strictly supervised to ensure that it is correctly applied to enhance production. Irrigation infrastructure has been established and maintained by local community members.

Deliberate efforts are made to engage children (youth) of farmers in the operations and maintenance of the systems and education opportunities are offered to expand the impact beyond the farmers to their children.

**Inclusiveness results:** 1,240 smallholder farmers (between 1 to 30 HA) have improved awareness of farming practices and access to affordable loans (40% female).

Through greater yield (5-10% increase) and the limited extent to which farmers were affected by the drought, the incomes of farmers have increased by 27-30%, enabling them to invest in their families – including schooling – and purchasing equipment for the farm and household.

### Remarkable best practices:

- The project's unique approach to make farmers who do not own land bankable through special loan products and supervision enables farmers to improve their yield and increase their income.
- The project works with local service providers who use recognisable examples and role models and understand how the community lives. They adapt services to the local context and ensure a continued local presence beyond the project.
- The project seeks to directly engage the family of farmers by providing employment opportunities to the youth/children of farmers for operations of the newly-established irrigation systems, as well as providing bursaries for youth in the community, thereby reaching the next generation of farmers.

## FDW12MW01 Water demand management to mitigate water shortages, Malawi



Increasing water-use efficiency by 10%, while increasing the water coverage of 45,000 (low-income) people and improving access to appropriate sanitation for at least 4,900 people.

**Challenge:** How to persuade current water users to care and cooperate in reducing their water usage and enable increased water coverage of low-income households.

**Solution:** The project deliberately designs an integrated approach involving multiple actors, all of whom have a stake in local water supply and consumption, including large water consumers, the government, land owners and low-income households.

Large water consumers (e.g. army, hospitals, affluent households) are sensitised about their own water consumption based on technical leakage studies and stimulated by new rules and regulations to reduce their water consumption. The capacity of relevant government agencies (water board and city council) to manage and maintain an improved water supply is strengthened, while the water supply and sanitation infrastructure is expanded by water kiosks and communal toilet blocks tailored to improve access by low-income households. Land owners are involved to secure the necessary space for the expanded infrastructure.

**Inclusiveness results:** Through an integrated project targeting multiple stakeholders, access to safe drinking water and sanitation for low-income households has been improved, as well as increasing water-related employment opportunities, including the management and operation of water kiosks and toilet blocks and increased staff capacity in the water board due to increased income resulting from reduced non-revenue water.

Indirect results (not measured) are expected in terms of economic development due to a reduction of water-borne diseases that hamper productivity.

### Remarkable best practices:

- The lead agency considers inclusiveness as part of its core mandate, teaming up with partners who besides their interest in commercial viability are also willing to give space and attention to the inclusiveness ambitions of the project.
- The Dutch partners had worked together before and both have a local presence and track record, ensuring an in-depth understanding of the local context and the necessary local connections to make things work.
- The effect on low-income households is an integrated part of the project approach, for which a dedicated set of activities is included in the project plan. In other words, the project does not rely on a hypothetical 'trickle-down' effect but rather deliberately includes this a part of the project.

## FDOV14ET06 Potato processing, Ethiopia



Improving awareness about farming practices, the availability of inputs and access to the market for smallholders, while increasing the accessibility of formal jobs in low-income communities for men and women. The potato processing factory aims to source 100% from local smallholder farmers. Due to a crisis of a potential supplier network, it started collaboration with one commercial farmer who works with many smallholders. Through this main contact, the project aimed at organizing the supply of high quality seeds to these smallholders, as well as sourcing from smallholders. However, this model created too much dependency on one contact. Besides, the factory is aiming to build long-term relationships with farmers to secure sustainability of supply. The project also looks into the position of the farmers since they already have access to market through informal, 1-off agreements with potato traders. Fix contracting can be disadvantageous for them because they may receive better offers from traders.

### **Challenge:**

How to ensure 100% sourcing of potato from local smallholder farmers for the potato processing factory, in such a way that farmers feel committed to supply the factory without getting too dependent on this particular supply channel?

**Solution:** The project identifies three ways to diversify the ways of collaboration with smallholders, two of which have already been piloted during one season.

- 1) Fix group supply agreement through one contact  
Although the factory contracted the group of farmers prior to harvest, in the end it paid more than the predefined price to ensure a reasonable turnover for farmers and a mutually-beneficial relationship.
- 2) One-time premium offers based on demand  
Other farmers outside of the first farmer group were also visited, trained and offered high-quality seed varieties at the beginning of the season. Based on demand, they were visited again and entered into one-time agreements. The factory also aims to develop these relationships into more formal, long-term ones.
- 3) Identifying ways to collaborate with existing supply networks of another factory that sources complementary crops.

**Inclusiveness results:** In the first season, the factory managed to secure its supply locally from the farmers, mostly (around 75%) from smallholders.

### **Remarkable best practices:**

To successfully engage and benefit smallholders, projects need to:

- have a clear inclusiveness objective (sourcing 100% from smallholders), to avoid mission drift due to unforeseen challenges. Also ensure that this objective is fully integrated into the management metrics of the company, and ideally into reward systems such as bonuses etc.
- think through the business case for the farmers, so that it also makes business sense to the farmers to provide the processor with potatoes, instead of “simply” selling the potatoes on the open market.
- design for flexibility, so that farmers do not get locked into single contracts with buyers, and have limited capacity to respond to market and production dynamics

## FDOV12GH01 Sustainable maize programme in North Ghana



Increasing the awareness of good farming practices and the affordability of inputs through engaging groups of smallholders (18% women) in an input credit scheme.

**Challenge:** How to increase the involvement of women in conservation farming of maize in Northern Ghana to a level of at least 18%?

**Solution:** The goal of the project was to improve maize farming in northern Ghana by engaging at least 18% women in conservation farming by involving them in a farmers' association in small groups of ten, organising them in cooperatives and supporting the cultivation on areas of 2 ha per farmer. Members receive inputs on group credit and technical support for maize production and the group in turn repays the input credit in maize at harvest.

In the first years, it was a challenge to attract women, given that less than 5% of farmers were women. Therefore, as part of the regular M&E processes the project sought to identify the main reasons why they do not join. Accordingly, the land size requirement was deemed excessive in particular for women. Moreover, a reluctance to take group credit was expressed because they perceived the high risks of a member failing to repay, with women feeling that their interests would likely be suppressed by men in the group.

Subsequently, after the NGO partner discussed these findings with the cooperative partner, the land size was reduced from 2 HAs to 1 HA for women and an individual lending scheme was implemented.

**Inclusiveness results:** In a one-year period, female participation increased from less than 5% to more than 20% as a result of the above-mentioned changes.

### Remarkable best practices:

- Specific inclusiveness target – i.e 18% female participation
- Dedicated monitoring of inclusiveness target, including follow-up research among target group to determine remedial action
- Allow for flexibility in project design so that in the intermediate, project can be adjusted to reach certain goals. In this particular case, the flexibility to change the design of the training interventions allowed the project to reach the goal of gender inclusion.
- When involving both women and men, analyse whether a differentiated strategy is needed. If necessary, apply positive discrimination.



## FDOV14BJ54 Cracking the nut – cashew processing in Benin and Burkina Faso



Promoting an inclusive and competitive cashew sector in Benin and Burkina Faso, in which smallholder farmers, processors and service providers are enabled to increase productivity and efficiency in a collaborative way.

**Challenge:** How to enable farmer cooperatives to grow through improved access to finance, given the reluctance of micro-finance institutions to lend to smallholders.

**Solution:** The processing factory stepped in as a facilitator between micro-finance and the cooperatives, through which the micro-finance institutions are in contact with the factory and do not have to go the “extra mile” to conduct business directly with smallholders. The way of organising lending is also tailored to the country context: while in Benin farmers are contracted individually, in Burkina Faso cooperatives manage credit. To facilitate gradual financial inclusion and reduce risks, cooperatives are graded by a local NGO based on their readiness to manage credit, with the number of stars reflecting how much credit they can receive. The NGO coaches them to reach the best level, whereby they can ultimately become self-sustaining without NGO support.

**Inclusiveness results:** Through positive experiences conducting business with the farmers in this new setting, micro-finance institutions have since started direct agreements with smallholder farmers, through which the cashew value chain has become more inclusive.

### **Remarkable best practices:**

Engaging vulnerable groups in business models requires extra efforts. For many businesses, involving such groups is only a “nice to have” opportunity which does not seem to be worth making these efforts. For other businesses, such as the cashew processing factory in this case, engagement and development of these groups (here, smallholders) is fundamental.

- To make value chains more inclusive, such businesses should take on extra activities to facilitate inclusion on the long term – the same cannot be expected from businesses falling to the former category:
- PPPs need to be clear about which of the business-oriented partners are in which of these categories.
- Besides, with project funding, NGOs can bridge the gaps these businesses can't fix by themselves, with the aim of making this support redundant on the longer term.

## FDOV12TZ01 Seeds of Expertise for the Vegetable Industry of Africa (SEVIA) Tanzania



Improving farmers' access to practical knowledge, skills and information about vegetable production free of charge, improving awareness about farming practices and quality inputs for smallholders and thus indirectly improving the availability of vegetables for local consumers.

**Challenge:** How to effectively create benefits for a large number of smallholders despite their participation being limited to on-farm training and demonstration.

**Solution:** Seeds of Expertise for the Vegetable Industry of Africa (SEVIA) engages with smallholders through on-farm demonstrations that are tailor-made for the specific community. Accordingly, SEVIA has developed a standard process for entering a new community, which includes conducting research on the current farming practices based on ten indicators. Trainers have access to modular training material and are encouraged to choose the most relevant topics for the community, focusing on low-hanging fruits and small steps rather require limited effort for the farmers to gain a significant impact from them.

### **Inclusiveness results:**

The project has exceeded its target to train 30,000 farmers, including very small farmers with land sizes from 1,000m<sup>2</sup> to a maximum of 2 ha. The quality and quantity of produce has increased, while post-harvest losses have been reduced.

### **Remarkable best practices:**

- Focusing on local varieties reduces entry barriers for very small farmers with limited investment capacity and this improves the potential for inclusiveness.
- Even though the project focuses on one dimension of the 5As framework: awareness, by tailoring training, it ensures the affordability, availability and acceptability of inputs and practices showcased during demonstration.
- The standardised process of training design enables replication while keeping content tailor-made.

## FDOV12VN03 Development of a sustainable dairy sector, Vietnam



Professionalising smallholder dairy farmers and making family farms more sustainable so that they can farm themselves out of poverty and give Vietnamese consumers better access to more affordable, safe and nutritious dairy products.

**Challenge:** How to improve the dairy farming activities of smallholder dairy farmers, including increasing their quality of production while reducing the high costs aggravated by daily market price developments.

**Solution:** The project provides training and demonstration, as well as facilitating access to finance for farmers to invest in their improved farming practices. It also aims to organise and set up so-called dairy zones, as geographical zones that bring the different stakeholders in the dairy sector closer together to collaborate more actively and synchronise their activities.

**Inclusive results:** Through the project, the number of farmers involved in training has been increased from 14 to 149 farmers.

### Remarkable best practices:

- The project demonstrated flexibility by overhauling its strategy halfway through the project, by prioritising training over investments. Planned demonstration centres with new dairy technologies were postponed to make project budget available to focus more on training, as well as relaxing the selection criteria to allow more smallholder farmers to join the project.
- Together with local banks and Rabobank Foundation, a financial setup was designed to overcome the doubts that local banks had about financing the investments of these farmers. In this construct, this was planned to be offset through guarantees by the off-taker and the provision of higher risk financing by Rabobank Foundation.

## ANNEX 3: Portfolio analysis

As presented on the [IATI page of RVO](#), the FDW and FDOV portfolios encompassed a total of 77 PPP projects<sup>1</sup> at the time when this study was conducted. Within the scope of this study, we first conducted an overall analysis of the entire portfolio of 77 projects, focusing on the target countries and their characteristics according to global development indicators. The outcomes of this are presented in section 4.1.

Given the scope of the assignment, it was not possible to delve deeper into all 77 projects. Instead, a representative selection of 21 PPPs from FDW and FDOV was made and agreed on with RVO, which were analysed on more detailed aspects such as specifics of the target groups. For these 21 PPPs, we received project plans and baseline studies and/or M&E frameworks, which were used as the basis for this portfolio analysis. The outcomes of this are presented in section 4.2.

### Overall analysis of portfolio

The entire portfolio of both FDW and FDOV comprises 77 projects taking place in 30 different countries, the majority of which are based in Africa and Asia. The eligible country lists feature 64 (FDW) and 66 countries (FDOV), respectively. In 28 of these eligible countries, FDW or FDOV projects have been or are being implemented.<sup>2</sup>

From an inclusiveness perspective, it would be preferable to see FDW or FDOV PPPs take place in countries where the developmental challenges are relatively large (compared to others), where specific circumstances hinder development (such as in post-conflict countries) or where income inequality within the country is very high (measured by the Gini coefficient<sup>3</sup>). To understand the extent to which the 28 countries relate to this, it was decided to benchmark the 28 countries to different indicators that are set for development (taken from the Human Development Index of UNDP) and specific challenges in the domains of food and water, more specifically the prevalence of undernourishment (FAO/World Bank) for FDOV projects and access to water (WHO/UNICEF Joint Monitoring Programme) for FDW projects.

#### *General context*

For the general benchmarking, we took the scoring in the Human Development Report 2016 and analysed the extent to which FDW and FDOV PPPs are taking place in countries that score below average on indicators such as income, education and health<sup>4</sup>. Where available, we have used the average for developing countries as our benchmark to compare against.

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<sup>1</sup> Numbers as IATI page data indicated at the time of portfolio analysis, November 2017.

<sup>2</sup> Countries that are on the list but where no FDOV or FDW projects are currently being implemented are: Afghanistan, Albania, Angola, Armenia, Bosnia, Cambodia, Cape Verde, Chad, Djibouti, Eritrea, Gambia, Georgia, Jordan, Kosovo, Laos, Lebanon, Liberia, Libya, Macedonia, Madagascar, Maldives, Moldova, Morocco, Mongolia, Nepal, Niger, Pakistan, Peru, Sao Tomé, Senegal, Sierra Leone, Somalia, South Sudan, Suriname, Thailand, Togo, Tunisia and Yemen.

<sup>3</sup> <http://hdr.undp.org/en/content/income-gini-coefficient>

<sup>4</sup> The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living. See <http://hdr.undp.org/en/content/human-development-index-hdi>

INDICATOR	AVERAGE DEVELOPING COUNTRIES	% OF FDW/FDOV PROJECT COUNTRIES ABOVE AVERAGE
Human Development Index	0.668	79%
Inequality in life expectancy	19.6	76%
Income inequality	40	55%
Gender inequality	0.469	69%
Prevalence of malnourishment	23	36% (FDOV only)
Access to water	34	55% (FDW only)

*Table 2: Overview benchmarking FDOV/FDW project countries against developing country average*

Almost 80% of PPPs are implemented in a country that scores below the overall Human Development Index average of developing countries<sup>5</sup>. Similarly, almost 80% of projects take place in countries where inequality regarding life expectancy is high. Inequality in income is also high in the majority of the countries where the projects are implemented. In terms of gender equality<sup>6</sup>, 53 PPP projects are implemented in a country that scores below the average for developing countries on gender inequality, reconfirming the strong room for improvement on this front.

Despite not being listed in the table, given that education is an important driver for development and many FDOV and FDW focus on capacity building, it is worth mentioning that almost 75% of projects are implemented in countries where less than 50% of the population has gone through at least part of secondary education.

#### *Prevalence of malnourishment*

Even though globally the prevalence of malnourishment has seen serious improvement over the past decades, indicating the progress towards SDG 2, on average still 23% of the population in LDCs is malnourished<sup>7</sup>. Sixteen out of 44 FDOV projects (around 36%) take place in countries, such as Ethiopia and Malawi, where the prevalence of malnourishment is higher than this average for developing countries.

#### *Access to water*

In LDCs, on average only 34% of the population has access to safely-managed water on their premises. For rural areas, where many FDW projects take place, this figure is 25%. In comparison, 18 of 33 projects take place in a country where less than 34% of the population has access to safely-managed water (WHO/UNICEF 2017<sup>8</sup>).

<sup>5</sup> Among these are Rwanda, Uganda, Benin, Malawi, Ethiopia, Mali, DR Congo, Mozambique, Burundi and Burkina Faso, all of which score below 0.500 on the HDI.

<sup>6</sup> The gender inequality index is a composite measure reflecting inequality in achievement between women and men in three dimensions: reproductive health, empowerment and the labour market. Human Development Report 2016.

<sup>7</sup> <https://data.worldbank.org/indicator/SN.ITK.DEFC.ZS>

<sup>8</sup> Report on Progress on Drinking Water, Sanitation and Hygiene: 2017 Update and SDG baselines. Geneva: World Health Organization (WHO) and the United Nations Children's Fund (UNICEF), 2017. Licence: CC BY-NC-SA 3.0 IGO.

## *Fragile country settings*

In terms of the extent to which FDW or FDOV projects are taking place in conflict-prone or fragile countries, when looking at the [Fragile States Index 2017](#) it becomes clear that a relatively small percentage of FDW and FDOV projects take place in fragile states. Preliminary research findings of [research](#) commissioned by the Food & Knowledge Business Platform indicates that companies see the potential of conflict as a serious risk for the profitability and operations of their company. For this reason, companies might be less inclined to engage in PPPs in conflict-sensitive countries, thus explaining the limited portfolio of FDW and FDOV projects in fragile countries.

If there is an ambition to have a greater number of PPPs active in fragile countries in both FDW and FDOV, it would be important to establish a more detailed level of understanding of the specific dynamics of doing business in conflict-affected countries, as well as designing the criteria of FDW and FDOV in such a way that it takes this into account. Specifically the role of the different partners (public/private) should be looked at carefully.

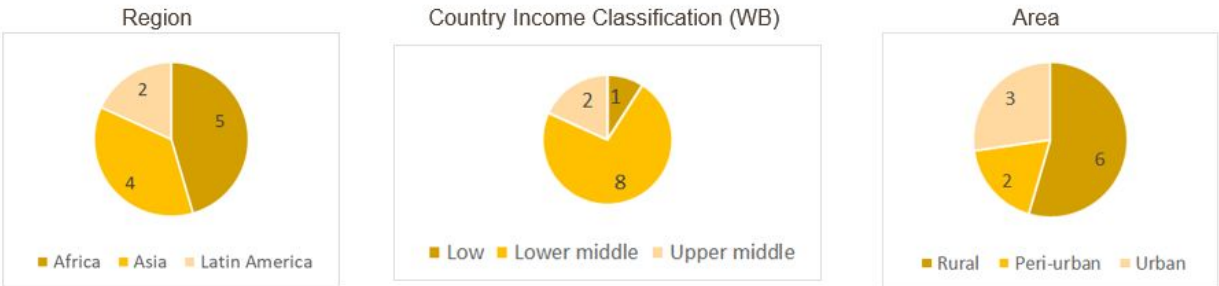
One of the FDW/FDOV portfolio countries heavily affected by recent conflict is Burundi. An interview with RVO's PPP advisor for Burundi revealed that the two FDOV projects implemented in this country were quite differently affected by the conflict. The project that had a strong focus on agricultural production for export was heavily affected because its business strongly relied on (governmental) institutions such as customs that were shut down because of the conflict. The other project – which focused more on production for local markets – was much less affected as it was less dependent on these institutions and their local markets were much less affected by the conflict.

# Detailed analysis of selected portfolio

This chapter discusses findings based on analysis of a sample of 21 PPPs in FDW (11) and FDOV (10) in further detail regarding their target groups and signs of inclusiveness. Figure 3 below shows more details about the characteristics of the sample. It must be noted that, while aiming for a sample that reflects the diversity of the portfolio, the principles of appreciative inquiry and practical considerations also shaped the selection of 21 projects in the sample, meaning that the sample is not fully representative.

## 11 FDW projects

- (A) Improved access to drinking water and sanitation 5
- (B) Efficient and sustainable water use, particularly within agriculture and safe delta's 2
- (C) Improved basin management 4



## 10 FDOV projects

- (A) Improved or increased supply of food for national and international markets 2
- (B) Better access to services, inputs and production technologies (for agriculture) 1
- (C) Efficient integrated value chain development 7
- (D) Improved availability of affordable and nutritious food products for local consumers 0

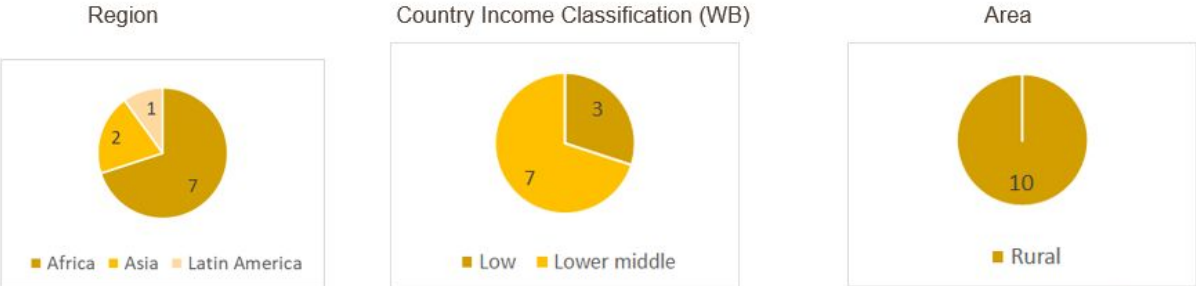


Figure 3. Number of FDW and FDOV projects in the sample based on result area, region, country income classification (World Bank) and area (rural, peri-urban and urban)

## Target groups in FDW projects

### *Consumers*

While the nature of the sample of FDW projects varies, the majority of them target poor and vulnerable consumers both directly and indirectly. This is especially the case for the projects in this sample that aim to improve access to (drinking) water and sanitation. In these projects, households in poor communities in peri-urban, urban and rural areas are directly targeted through tailored interventions aimed at creating demand and improving affordable access to drinking water and improved sanitation. The interventions are tailored to meet the specific needs of poor consumers and therefore they are clearly inclusive.

The role of consumers in the selected FDW projects is both active (direct) as paying customers (for purchasing water or sanitation products) and more passive (indirect) as end users of the products and services that have been improved as a result of the project (improved water access or treatment due to improved management of water company).

### *Communities*

From our sample, it can be concluded that FDW projects target individuals/individual households within communities directly. However, the broader community also seems to be an important target group, particularly in interventions that target result area C (improved river basin management and safe deltas) and are oriented more towards reducing pollution or damage to the environment more broadly. Such interventions are aimed at raising awareness among members of the community regarding the consequences of their behaviour.

The sampled projects indicated that the targeted communities are not always amongst what is classified as “poverty” in table 1, although they are vulnerable due to their geographical location (e.g. flood-prone, on the outskirts of town without access to the water network). In some cases, communities are indirectly targeted through interventions at the institutional level (e.g. expansion of water infrastructure to reach new communities) but they are not directly engaged in the project.

### *Smallholder farmers*

Farmers (in farmer communities) – including fishermen – are also targeted in the FDW projects that were analysed in the portfolio analysis, especially those targeting result area B (efficient and sustainable water use, particularly within agriculture). Projects under this result area engage farmers directly through training and (financial) support. The type of farmers targeted varies: the size of their land ranges from less than 1HA up to 10HA<sup>9</sup> (in the case of the Intelligent Water Management project in Colombia, FDW12CO01). Based on this sample, the target group seems to include – but is not limited to – smallholder farmers only (using FAO definition of smallholder farmers having up to 2HA).

### *Employees*

Employees of organisations involved in the PPPs seemed to be targeted directly in a number of FDW projects, focusing on the developing capacity of employees of water-related organisations. However, based on the project documentation received, it was not possible to conclude whether these employees are poor and vulnerable (and if so, how they are vulnerable).

There are examples of projects where deliberate efforts are made to directly engage specifically the youth of the targeted communities by providing employment or internship opportunities within the project, e.g. for operations and maintenance of the new infrastructure.

### *Micro-entrepreneurs*

From the sample, it appears that micro-entrepreneurs are often directly engaged in those FDW projects that aim to improve access to water and sanitation. For instance, skilled, independent workers (e.g. contracted construction workers) are trained to construct high-quality toilet systems and manage water points. These workers are generally independent micro-entrepreneurs and through the projects they are given the opportunity to establish or expand their business. Interviews also unveiled that in specific cases youth are directly targeted as potential entrepreneurs to address high youth unemployment rates through micro-entrepreneurship.

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<sup>9</sup> This is based on the sample and the data available: the range may be greater.



## *Women*

Women are specifically targeted in some but not all of the FDW projects in our sample. Generally, the extent to which women participate in project interventions is monitored (e.g. number of women participating in training). The role of women differs in the various projects, ranging from being a member of the community (e.g. heads of households) to being farmers, micro-entrepreneurs (managers of water kiosks and toilet blocks) or employees.

## **Target groups in FDOV projects**

### *Smallholder farmers*

In the ten FDOV projects in the sample, direct target groups are typically farmers. Baselines have rich descriptions about their farming practices as well as socio-economic characteristics. In the majority of projects, farmers directly targeted fall into the category of smallholder or small-scale commercial (lower-middle sized) farmers. These farmers produce some surplus, albeit on a small scale. Their land size may vary largely based on the area in which they live, but mostly it is around 2 Has, defined by FAO as the maximum farm size of smallholders. However, as found through interviews, in some projects (such as the Reducing Food Wastage in India project, FDOV14IN49) slightly larger, more developed farmers are also targeted as lead farmers, also because the business case requires greater investment and larger volumes of supply per farmer.

### *Women and youth*

Based on our sample, women are targeted mostly as employees in processing facilities (and as project employees) or as farmers who directly benefit from interventions. From the small sample of FDOV projects analysed, there seems to be a stronger gender focus in projects from the second call (2014) compared with the first call (2012) of FDOV . These projects have a specific (high) target regarding the percentage of women involved, including specifically in management positions, and an elaborate gender analysis already in the project plan. Concerning youth: one out of the ten projects focuses on directly engaging youth as employees, including in management positions.

### *Consumers and micro-entrepreneurs*

Regarding the consumers targeted, where projects focus on production for local markets, some business cases specifically target middle-income consumers (there was one example of this in the sample). Most of the project plans present the potential to reach low-income consumers: the farmer families (producers) themselves and/or the local BoP consumers in general. However, this group of BoP consumers (other than the producers themselves) is usually an indirectly-targeted group. Furthermore, a plan to engage micro-entrepreneurs in the value chain (in this case, as mobile vendors) was found in one of the ten project descriptions (potato processing in Ethiopia, FDOV14ET06).

### *Communities*

The potential impact on communities is generally understood differently in FDOV projects compared with FDW projects. In FDOV, in projects with a strategy to improve entire value chains, communities may be understood as groups who have any connections to these value chains. These groups include the families of farmers, employees and day labourers. However, similar to other indirectly-targeted groups, the specific benefits are usually not defined nor monitored for these groups.

## Signs of inclusiveness in the portfolios

The 21 project plans (11 FDW, 10 FDOV) were reviewed to learn about the planned strategies to reach and engage poor and vulnerable target groups. Based on this review, it was identified which signs of inclusiveness (which elements of the 5As) are included in the strategies, specifying the targeted groups. The following pages present findings for FDW and FDOV.

### 5As for FDW

Examples of the 5As were found in the FDW projects we looked at. The graph below shows the number of project plans (out of the eleven reviewed ones) in which certain signs of inclusiveness (5As) were clearly articulated, specifying the targeted group (consumers, smallholder farmers, micro-entrepreneurs, employees). This should be seen as examples from the total project portfolio.

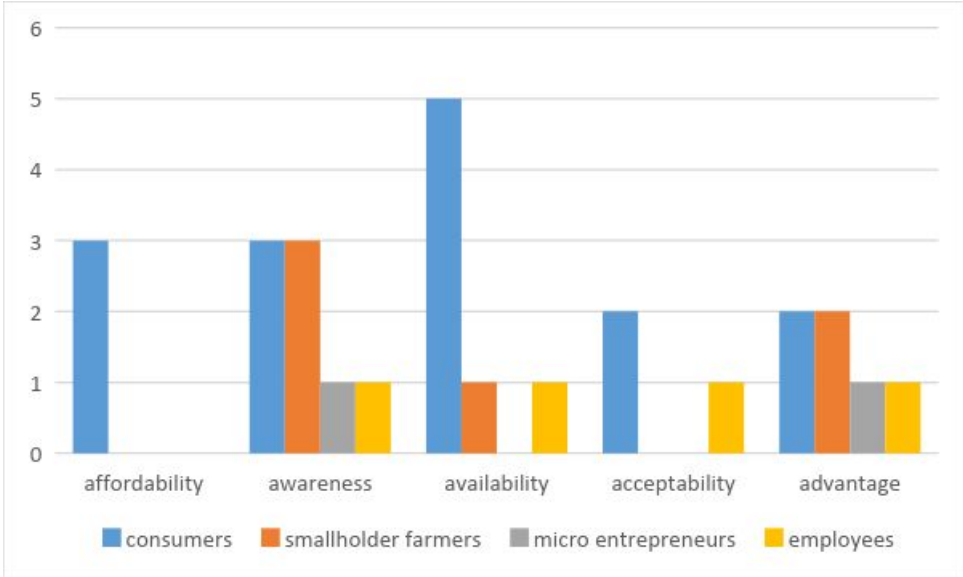


Figure 4: Signs of inclusiveness FDW

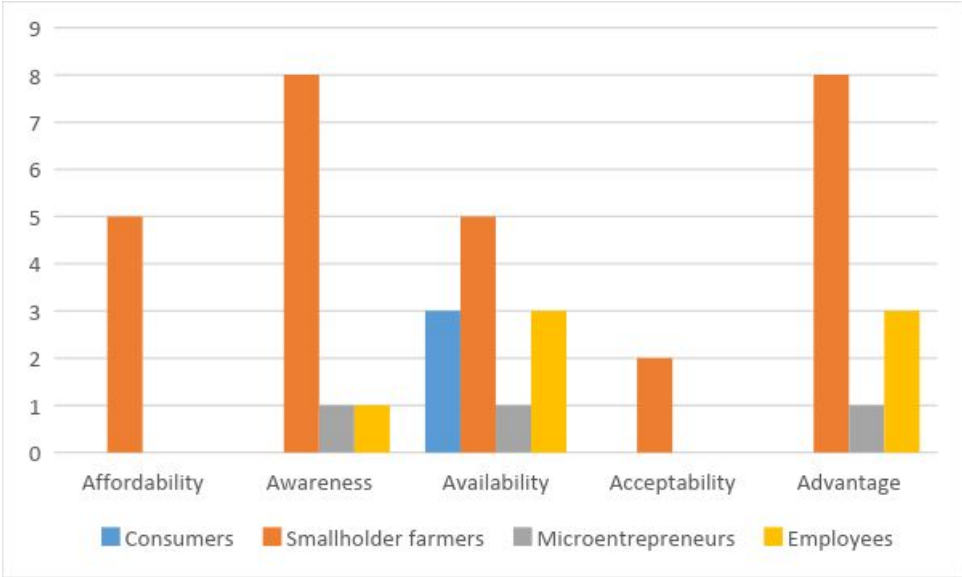
For the sampled FDW projects, the focus on availability appeared to be most clearly formulated: the reviewed project interventions seek to improve access to clean water and sanitation through a range of products and services, such as tailored loans (FINISH project Kenya, FDW12KE03) and sanitation systems (Malawi, FDW12MW01). Awareness raising is a common component within the projects that we looked at, especially those focusing on sanitation. The A of awareness is given specific attention through making use of WASH-specific behavioural change strategies including community-led total sanitation (CLTS) and related approaches. In terms of awareness on (current) farming techniques and tools, training is also often mentioned as a common strategy to contribute to greater awareness. Linked to this is acceptability, which is incorporated in the awareness-raising approach (for instance, in highlighting why is it important to use improved sanitation as opposed to defecating in the open). Awareness raising is also important in the other FDW themes. E.g. the project in India (FDW17007IN) includes awareness raising activities to motivate small tanneries to reduce water pollution.

In the eleven FDW projects, the explicit attention to affordability differs. Affordability for the target groups does not seem to be taken much into account in projects where communities as a whole benefit from infrastructural improvements (e.g. for projects focusing on river basin management): in such cases, the target groups are not directly paying for the benefits gained. For example, in Indonesia, the infrastructural improvements benefit the entire community (FDW14RI14) On the other hand, for the sampled projects that focus on access to water and sanitation for households, affordability is considered very explicitly through offering tailored group loans that are made especially available to poorer groups.

For the A of advantage, the eleven FDW projects aim to demonstrate the advantage to consumers, most prominently better health. For the sampled FDW projects that target farmers, the perceived advantage focuses on

improved yield and therefore an increase in income. The perceived advantage for micro-entrepreneurs is that they benefit through greater income generation by managing a kiosk or establishing a toilet business.

**5As for FDOV**



*Figure 5: Signs of inclusiveness FDOV*


In the FDOV portfolio sample, improving availability was found to be a recurrent element in project plans. Projects aim to indirectly benefit consumers by improving the availability of food products, as well as benefitting micro-entrepreneurs by increasing the availability of paid work opportunities. For the most common direct target group of smallholder farmers, many projects aim to improve the availability of high-quality inputs.

Furthermore, most FDOV projects have a strong focus on improving awareness through training. This typically means training on good farming practices for farmers and training of new employees of improved processing facilities. For example, in the SEVIA project in Tanzania (FDOV12TZ01), training means regular sessions for farmers stretched over the time of 3-4 crop cycles about content that is tailored based on the specific needs of the community and the season.

Training is a key strategy, although as the motto of the SEVIA project illustrates: “Seeing is believing”. Thus, in most projects education through training is strengthened by demonstrations about the advantages of promoted practices, products and services. SEVIA sets up demonstration farms in each community they enter and hold their sessions on these farms. Similar demonstration activities are also found in other projects, such as the dairy project in Vietnam (FDOV12VN03).

Apart from demonstrating tangible, often economic advantages, cultural and social acceptability is also important. Direct strategies to improve the cultural and social acceptability of new products/services/practices were not mentioned in the ten FDOV project plans. However, the lack of such strategies may not be a barrier to successfully engaging and benefitting poor and vulnerable groups if there is little social or cultural resistance towards the new products/services or practices.

A specific focus on affordability was found in half of the reviewed project plans. Strategies include input credit (such as in the maize farming project in Ghana, FDOV12GH01) and product modifications (micro packaging in a bean value chain project in Zimbabwe, FDOV14ZW37). Nevertheless, it is important to note that in some cases no proactive strategies are planned to improve affordability simply because based on previous assessment the affordability of promoted practices, products and services is not a barrier to adoption. According to the project coordinator, this is the case in SEVIA, where the price or financing options of seeds were not improved by the project because the cost of seeds was already relatively low and affordable for farmers (5-7% of their total costs).



This study was carried out in the framework of the Sustainable Water Fund by:  
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This publication was commissioned by the ministry of Foreign Affairs

© Netherlands Enterprise Agency | August 2018

Publication number: RVO-149-1801/RP-INT

NL Enterprise Agency is a department of the Dutch ministry of Economic Affairs and Climate Policy that implements government policy for Agricultural, sustainability, innovation, and international business and cooperation.

NL Enterprise Agency is the contact point for businesses, educational institutions and government bodies for information and advice, financing, networking and regulatory matters.

Netherlands Enterprise Agency is part of the ministry of Economic Affairs and Climate Policy.