



## Final Report on the Impact Studies Evaluation Facility for Sustainable Entrepreneurship and Food Security (FDOV)

RVO Management Response - December 2023

**The Facility for Sustainable Entrepreneurship and Food Security (FDOV) is a programme for public-private partnerships. FDOV supports food security and private sector development in developing countries. The programme consisted of 2 tenders, 1 in 2012 and 1 in 2014. These tenders resulted in a portfolio of about 40 projects in Africa, Asia and Latin America. The vast majority of them have been completed.**

The Netherlands Enterprise Agency (RVO) commissioned a consortium of SEO Amsterdam Economics, AIGHD and PwC to conduct 5 impact studies and a final report with primary results and recommendations. The consortium carried out the impact studies for projects in Vietnam (1), Kenya (2) and Malawi (2) based on end-line results. They conducted a more in-depth study for one project, including a baseline. The consortium emphasised that the 5 studies were not intended to represent FDOV projects. The studies cannot be extrapolated to FDOV as a whole. They were intended to provide insights into what worked and what did not and to show FDOV's added value.

This report responds to the consortium's 5 principal recommendations. RVO also finds highlighting the most relevant recommendations on additionality, sustainability, effectiveness and relevance valuable. This response strengthens the use of this evaluation when setting up related programmes in the future.

Please note that when setting up FDOV's successor in 2018, the SDG Partnership facility (SDGP), RVO already considered the lessons learnt during extensive workshops with MoFA. As a result, RVO notices that a large share of the consortium's recommendations have already been (partially) adopted. Yet, they provide a valuable confirmation of the areas of concern and improvements that were already made.

### Recommendations and responses

#### Recommendation 1

FDOV projects were often overly complex in PPP designs and settings, with many indicators, a wide range of interventions and too many goals. Take measures to reduce complexity. For example, limit the number of goals/partners and reject proposals with too many goals. This recommendation was also made in the report's section on how to increase a project's relevance.

#### Response

RVO recognises this observation. The report also rightfully states that PPP projects in food security and private sector development are complex. PPPs help solve highly complicated multidimensional issues and ensure a positive effect on topics such as climate and gender equality. The targeted countries are known to have a challenging context. In the successor of FDOV, SDGP, RVO made several changes to reduce the level of complexity. For example, a SMART project design, a limited number of partners and no multi-country approach.

## Recommendation 2

FDOV project output targets were generally achieved, but outcome and impact targets tended to be too ambitious. Outcome-level targets in FDOV projects often proved too ambitious, and project partners often underestimated risks. Although unrealistic targets were lowered during a project, some of these issues could have been foreseen by making a better risk assessment.

### Response

RVO experiences projects generally through the output. RVO acknowledges that impact is a long-term goal, exceeding the project period of 5 to 7 years. This is also due to the complexity of the projects mentioned earlier. RVO also acknowledges the sometimes over-ambitious project proposals. Therefore, our organisation welcomes strategies to readjust the targets while still optimising potential impact. RVO agrees with the added value of a risk assessment. For SDGP, RVO requested project partners to substantiate their main assumptions (with empirical advice where possible). RVO also asked them to include a risk matrix with a probability index and mitigation measures. Lastly, RVO used internal and external expert advice on content-related issues during the assessment phase.

## Recommendation 3

Outcome-level effectiveness in FDOV projects was limited by factors such as flooding, turmoil, or an unsupportive enabling environment. While project implementation (at the output level) was generally exemplary for the FDOV projects evaluated, effectiveness at the outcome level was often more limited. RVO could allow flexibility in project design and target setting or ensure that projects pay attention to supply- or demand-side bottlenecks.

### Response

RVO recognises this observation. Climate or a complex enabling environment can hinder the project's progress. RVO often sees these circumstances or external factors in countries where partners have carried out projects. RVO welcomes the recommendations on flexibility and attention to market dynamics. RVO noticed a similar tendency at MoFA while drafting SDGP. In SDGP, impact pathways were introduced to increase flexibility. They allow for alternating routes during implementation in case of emerging bottlenecks or unforeseen events. Projects also request changes during implementation. RVO generally approves these changes when project partners give a good explanation. Also, RVO also integrated market effects into the SDGP programme, where the business case is a pivotal part of the intervention strategy. The business case has to consider the value chain, including the supply and demand side.

## Recommendation 4

Take measures to improve Monitoring, Evaluation and Learning (MEL). Evaluation and learning did not always prioritise the questions RVO/NL-MoFA most urgently needs to answer. Focus on ensuring a clear MEL strategy that emphasises learning. For example, consider having RVO-appointed MEL partners involved in projects, letting RVO MEL experts use results from MEL partners, and collecting evaluation results in a structured manner to allow for 'strategic learning'.

### Response

RVO welcomes the recommendations underlining the relevance of MEL, especially those related to developing more strategic learning. To ensure a structured manner of strategic learning, RVO has worked on a dedicated learning agenda via the FDOV and SDGP programmes. In the SDGP programme, for example, MEL is an integral part of RVO project management. Here, RVO provided projects with professional MEL expertise to design the Theory of Constraints (ToC) and impact pathways for the project further. RVO also uses internal MEL expertise to support a project during its implementation. Projects can appoint their own MEL partner to oversee their project's MEL activities.

### Recommendation 5

Devote more attention to ensuring the sustainability of project results. PPP designs have clear short-term advantages, but successful implementation is often complex. The commercial and financial viability of proposed business cases are crucial to enhancing projects' potential to lead to sustainable results. Transparent, up-front choices on sustaining project results beyond the project are essential: substantiate assumptions about underlying proposed business cases. Also, put more focus on long-term sustainability and systemic change.

#### Response

RVO agrees with the needed attention to sustainable business cases. Therefore, RVO request SDGP applicants to substantiate the assumptions underlying the proposed business cases that are assessed. Subject-matter experts can strengthen assessments.

### Recommendation on additionality

Ensure that the public sector contributes to design/implementation rather than only financially. For example, ensure that private partners' activities contribute to the whole project and not just their own activities.

#### Response

RVO agrees with this recommendation on increasing the additionality of a project. Greater involvement and commitment from the public sector can make a project more successful. It would be helpful to analyse effective strategies further to engage the public sector. And to link this to the reality of a PPP project. RVO also sees specific contexts in which involving the public sector is less desirable.

### Recommendation on effectiveness

The very late start of the evaluations made it difficult to measure the effectiveness of RVO projects. Make sure to engage evaluators from the start.

#### Response

RVO welcomes this recommendation for improving the measurement of project effectiveness. On a project level, steps have already been. A timely start by the evaluators would also benefit the programme. So, RVO needs to consider this for future programmes. For SDGP, one evaluating party was contracted to carry out the base-, mid- and end lines.

### Recommendation on sustainability

Business cases and revenue models are not always clearly beneficial to all value-chain actors, especially in the post-project period. Close attention needs to be paid to

- a) the direct costs and earnings for each value-chain actor contributing to the project and its business case; and
- b) the risks, opportunity costs, and trade-offs that each value-chain actor faces (especially beneficiaries).

#### Response

RVO is interested in further exploring this recommendation on improving sustainability through more in-depth financial analysis. Currently, 2 business cases are usually identified, already mapping the investment costs, revenues, and so on, on a small-holder level and a project/private sector level. For future programming, RVO could explore submitting a more in-depth revenue model analysis while trying to limit an increase in complexity and reporting burden.