



Order of the Minister for Foreign Trade and Development Cooperation of 13 June 2014, no. MINBUZA-2014.313047, laying down administrative rules and a ceiling for grants awarded under the Ministry of Foreign Affairs Grant Regulations 2006 (Sustainable Enterprise and Food Security Facility (Second Call))

The Minister for Foreign Trade and Development Cooperation,

Having regard to article 6 of the Ministry of Foreign Affairs Grants Decree;

Having regard to article 10.2 of the Ministry of Foreign Affairs Grant Regulations 2006;

Orders:

#### **Article 1**

The administrative rules appended as an annexe to this Order apply to grants awarded under article 10.2 of the Ministry of Foreign Affairs Grant Regulations 2006 with a view to financing activities by public-private partnerships to promote food security and private sector development.

#### **Article 2**

1. An overall ceiling of €40,000,000 applies to grants awarded under the Sustainable Enterprise and Food Security Facility (Second Call) from the date on which this Order enters into force up to and including 31 December 2015.
2. Of that sum, €26,500,000 is available for activities which aim to improve food security and €13,500,000 for activities aimed at private sector development.

3. If, following an assessment of the grant applications, the grant ceiling for one of the two categories referred to in paragraph 2 is not exhausted because an insufficient number of applications in that category are eligible for a grant, the remaining funds for that category may instead be awarded to applications in the other category that satisfy all the criteria set out in the grant policy framework but would otherwise be rejected because the grant ceiling for the latter category has been exhausted.

### **Article 3**

Applications for Sustainable Enterprise and Food Security grants can be submitted from the date on which this Order enters into force until 15.00 on 1 December 2014, using the model application form as stipulated by the Minister and accompanied by the documents stipulated in the form.<sup>1</sup>

### **Article 4**

The available funds will be allocated in accordance with an assessment based on the criteria set out in the annexe to this Order, on the understanding that, of the applications that meet the criteria, those that meet them best will be given priority.

### **Article 5**

This Order enters into force on the day after the date of the Government Gazette in which it appears and lapses with effect from 1 January 2016, with the proviso that it continues to apply to grants awarded prior to that date.

This Order and its accompanying annexe will be published in the Government Gazette.

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<sup>1</sup> The application form can be found at <http://www.rvo.nl/subsidies-regelingen/programma-publieke-private-samenwerking/faciliteit-duurzaam-ondernemen-en-voedselzekerheid>

Christiaan Rebergen

Deputy Director-General for International Cooperation

For the Minister for Foreign Trade and Development Cooperation

## **Annexe**

### **Grant Policy Framework for the Sustainable Enterprise and Food Security Facility (FDOV)**

#### *Contents:*

1. Sustainable Enterprise and Food Security Facility
2. Implementing organisation
3. Own contribution and eligible costs
4. Application and assessment procedure
5. Decision on the grant application, and implementation

#### **1. Sustainable Enterprise and Food Security Facility**

The Sustainable Enterprise and Food Security Facility (FDOV) is one of the instruments introduced by the Ministry of Foreign Affairs with a view to implementing the government's agenda for aid, trade and investment (set out in 'A World to Gain', published in April 2012). The policy framework for the Facility's first call for proposals was published in 2012.<sup>2</sup>

The main changes in the current administrative rules, compared to the first call, are as follows:

- The second call for proposals has an overall grant ceiling of €40,000,000.
- The minimum grant application must be €500,000 and the maximum is €3,000,000.
- The thematic focus of both categories, food security and private sector development, has been adjusted.

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<sup>2</sup> Order of the Minister for European Affairs and International Cooperation of 12 April 2012, no. Minbuza-2012.7786, laying down administrative rules for participating in partnerships in the areas of food security and private sector development (Call for Ideas – Sustainable Enterprise and Food Security PPP Facility 2012), Government Gazette 2012, no. 7531.

- A proposal must comprise a complete project.
- The country list used is the list of 66 countries for the Dutch Good Growth Fund.
- The assessment procedure is divided into two stages (informal and formal assessment stage) rather than three.
- One of the partners must be a non-governmental organisation (NGO) or research institution.
- Cooperation with a public body other than the Dutch central government will weigh more heavily in the assessment. The Facility is flexible with regard to the partnership structure.
- It is desirable that the partnership include local NGOs and small and medium-sized enterprises (SMEs).
- Partnerships may include multinational enterprises under strict conditions.
- The companies in the partnership must contribute at least 10% of the total eligible costs in cash.
- The Facility is flexible with regard to partners' financial commitments, which are linked to previously defined envisaged results (milestones).

Problems in the areas of food security and private sector development are complex and often involve wide-ranging interests. Because of this, one party is often unable to solve the problem successfully, or finance the solution. The Sustainable Enterprise and Food Security Facility supports the forming of public-private partnerships (PPPs) made up of public bodies, companies, NGOs and research institutions. By combining their individual strengths they can develop innovative and sustainable solutions to these complex problems. Partnerships also offer opportunities for the Dutch private sector, especially in the field of agriculture, and help build local SMEs. The focus on partnerships and on the development of economically sustainable solutions makes the FDOV particularly suited to countries making the transition from aid to trade.

In fragile states or in countries where the institutional conditions for economic development are weak, partnerships between public and private parties are a particularly suitable instrument for strengthening the local business climate.

### **1.1 Aims and sustainability criteria**

The aim of the Sustainable Enterprise and Food Security Facility is to promote sustainable, inclusive economic development by supporting public-private partnerships aimed at improving food security and private sector development.

With regard to food security, this call is open to proposals that demonstrably contribute to:

- better local and regional availability of good quality, affordable food and nutrition.

Proposals aimed at improving market efficiency and making supply chains more sustainable must in any case target national and regional markets.

Exclusion criterion:

- proposals aimed exclusively at non-food commodity crops do not qualify for a grant.

With regard to sustainable enterprise, this call is open to PPPs that want to develop business opportunities and/or improve the business climate. To ensure a greater impact on development, the companies concerned must practise corporate social responsibility.

Within this category, the call invites proposals addressing one of the following sub-themes:

- inclusive business proposals with demonstrable positive effects on low-income groups, including employees, producers and entrepreneurs;
- supporting women in business.

Exclusion criterion:

- proposals focused on the financial sector (not including insurance systems) do not qualify for a grant.

To qualify for a grant, all proposals must include a business case and must help improve the structural conditions necessary for scaling up the projects in the countries concerned. To that end, proposals must also incorporate the following activities:

- striving to improve legislation relating to doing business in the sector, subsector or chain concerned;
- developing the target group's knowledge and skills.

The facility aims to strengthen the position of SMEs. Partnerships with multinational enterprises are not eligible for a grant, unless the partnership also includes an SME whose annual turnover does not exceed €500,000,000. The SME does not have to be a Dutch company.

Proposals aimed at one or more of the 15 partner countries of the Netherlands must be in line with the embassies' analyses as set out in their multi-annual strategic plans (MASPs). However, they do not have to match the embassy's policy choices. Applicants are advised to contact the appropriate embassy or embassies. The criterion that proposals must be in line with the embassies' analyses does not apply to proposals aimed at other countries on the country list.

### *Sustainability*

The extent to which projects are sustainable is assessed in accordance with the FIETS criteria:

- F (financial): the extent to which the project can be continued without grants from foreign donors;
- I (institutional): the extent to which the project is embedded in local institutional systems, procedures and policy, and the capacity of local partners and public bodies (knowledge transfer);
- E (ecological): the extent to which the project safeguards the long-term availability of natural resources and contributes to climate-smart agriculture, a healthy living environment and climatic stability;

- T (technological): the extent to which the technologies used dovetail with the local context and local needs; and the quality, affordability and operational sustainability of these technologies;
- S (social): the extent to which activities are socially and culturally acceptable and have positive results (e.g. increased income, economic security and social services) for the most vulnerable groups (e.g. women and indigenous peoples).

Projects should at least comply with the rules for international corporate social responsibility (ICSR) as set out in the 2011 OECD Guidelines<sup>3</sup> for Multinational Enterprises.<sup>4</sup> This will be checked in the assessment of proposals and during project implementation. The PPP must incorporate periodic ICSR checks into its monitoring system and report on their results.

## **1.2 Countries**

The FDOV list of countries is based on the list used for the Dutch Good Growth Fund. Preference is given to proposals aimed at the Dutch development cooperation partner countries, in particular the least developed partner countries (see Appendices I to III).

## **1.3 Who and what are the grants for?**

FDOV grants are intended for public-private partnerships (PPPs). A PPP is a collaboration between public-sector and private-sector entities, frequently joined by NGOs, trade unions and/or research institutions, in which risks, responsibilities, resources and competences are shared in order to attain a common goal or perform a specific task.<sup>5</sup> Partnerships are

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<sup>3</sup> [http://www.oesorichtlijnen.nl/sites/www.oesorichtlijnen.nl/files/oeso\\_richtlijnen\\_nlse\\_vertaling\\_def\\_webversie.pdf](http://www.oesorichtlijnen.nl/sites/www.oesorichtlijnen.nl/files/oeso_richtlijnen_nlse_vertaling_def_webversie.pdf)

<sup>4</sup> In accordance with the Dijkers motion (32505/27), and the Ferrier (32605/45) and El Fassed (32605/34) motions.

<sup>5</sup> Pursuant to article 10.1 of the Ministry of Foreign Affairs Grant Regulations, a PPP is formally defined as: a collaborative venture involving, on the one hand, one or more

innovative, non-commercial,<sup>6</sup> usually pre-competitive, collaborations. FDOV partnerships must address issues that are beyond the capacity of an individual organisation.

FDOV partnerships must satisfy specific additional requirements with regard to their composition, namely they must consist of at least one company, one public body and one civil society organisation (NGO) or research institution. This is referred to as a tripartite partnership (TPP). At least one of the parties must be based in the Netherlands and at least one in the country which is to benefit from the activity. The Ministry is part of the partnership.

One of the parties submits the grant application on behalf of the partnership and thus takes on the role of applicant. With the exception of the Ministry, any of the parties in a partnership may take on this role. If the partnership's application is approved, the applicant is the grant recipient.

The applicant is responsible for the implementation of the project proposal. In this, the lead party is of course dependent on its co-applicants. All participating parties therefore sign a written cooperation agreement. If one of the parties is a local government, their cooperation may be laid down in a memorandum of understanding or letter of intent, if no other option is available. In these agreements, the parties pledge their commitment to the project's objectives, activities and intended results, as well as to the amount of their own contribution, and agree to fulfil the obligations towards the minister in respect of the grant.

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government bodies and, on the other, one or more non-profit-making non-governmental organisations or organisations from the business sector, which is intent on implementing common objectives through activities, such that each of the parties delivers part of the necessary input and bears part of the accompanying risks.

<sup>6</sup> This is assessed in accordance with the OECD-DAC criteria.

The grant recipient – the applicant – bears full responsibility to the minister for the fulfilment of all obligations associated with the grant, even if the grant is partly used to fund the activities of co-applicants in the partnership, or if the activities are carried out in part or in full by one or more of the partners.

Should there be any changes in the partnership during the project's implementation, i.e. one or more parties join or leave the partnership, or the entire partnership is dissolved, the grant recipient will remain the contact for and will continue to bear full responsibility to the minister as grant provider. The lead party must submit any changes in the partnership to the Netherlands Enterprise Agency (RVO.nl) for approval. This agency has been charged by the minister with the implementation of these administrative rules.

#### *Role of government*

In improving the business climate and addressing food security issues, the public sector's participation is crucial. It can create good conditions for economic development, and for scaling up and embedding results and innovations. Any public contributions necessary for achieving the partnership's objectives (e.g. policy or legislative changes, enforcement) should be included in the proposal as a project activity. The public partners should be actively involved in the partnership.

It is therefore desirable that partnerships include at least one public body other than the Dutch government, preferably a local body. Other Dutch ministries may also be partners in the project, in addition to the Ministry of Foreign Affairs.

The role of government depends on the context and the system of governance in the country where the project is being carried out. The FDOV does not require a particular formal cooperative structure; partnerships enjoy flexibility in this regard. Local public parties that are crucial to the project's implementation (and that really ought to be project partners but cannot play this role for various reasons) can lay down their involvement in a letter of intent. Reasons must be given if a contributing public body is not a full project partner.

The project should at all times be in harmony with the prevailing policies in the country concerned.

#### *Role of the private sector*

The FDOV provides grants for projects that can ultimately lead to competitive economic activity. To achieve this, private sector knowledge and expertise are essential. The FDOV does not finance commercial investments by companies, but rather offers support where the market falls short because the risk is considered too high (in accordance with OECD-DAC, ODA criteria). This is checked in advance.

Strengthening local SMEs is one of the underlying objectives of the FDOV, which therefore has a strong preference for partnerships in which local SMEs are involved.

The private sector is responsible for contributing towards at least 25% of the total eligible costs, either in cash or in kind, on the understanding that a contribution in cash must in any case cover at least 10% of the total eligible costs.

#### *Role of NGO/research institution*

Research institutions often contribute unique technical expertise on a specific product, technology or region. They can promote regional development because they are often capable of developing innovative solutions in response to stakeholders' needs and providing the technical assistance required.

NGOs are often well integrated in existing local networks of relevant stakeholders which are important to the project. Experience has shown that NGOs are highly capable of guaranteeing relevance for development.

For these reasons, partnerships applying to the FDOV must include a not-for-profit institution (either an NGO or a research institution). The facility is based on the 'Dutch Diamond' model for boosting cooperation between civil society organisations, research institutions, companies and the local public sector. The FDOV has a strong preference for

projects involving local parties in connection with the wish for demand-driven initiatives that are well embedded deeply in the local context.

#### *Role of the Ministry of Foreign Affairs*

The Ministry of Foreign Affairs aims to be more than a provider of finance. It can contribute to the success of PPPs by sharing its expertise and contacts and establishing synergies with other Ministry programmes, and through economic diplomacy by its embassies. The Ministry will therefore participate as a partner in all partnerships. The intensity of its role will vary, depending on the nature of the project. When it is formulating the project proposal, an applicant should contact the Ministry to discuss how the latter could contribute to the project. The outcome of this dialogue should be described in the project proposal. The applicant (on behalf of all project partners) and the Ministry of Foreign Affairs will sign a cooperation agreement laying down their strategic cooperation and the Ministry's role in the partnership. After the grant is awarded, the cooperation agreement will be finalised concerning the subject of governance. The Ministry may delegate its task to embassies or other central government bodies.

#### *Multi-annual strategic plans of the embassies in partner countries*

Projects in partner countries (see Appendix II) should be aligned with the embassies' analyses, on which their multi-annual strategic plans (MASPs) are based. Applicants should contact the embassy concerned for more information. Projects that are not aligned with the embassy's analyses do not qualify for a grant.

#### *Requirements for all partners*

Each partner must contribute in a concrete way to the results envisaged by the partnership. Partners must also contribute in cash or in kind towards the resources necessary for implementing the project. Contractors assigned to carry out a specific part of the project, suppliers, and parties acting solely as representatives of the partnership (and not as applicant) are not eligible for a role as partner in the partnership.

#### *Target group*

The FDOV target group – the specific group of people at which the activities are aimed – includes poor households, subsistence farmers and fishermen, vulnerable groups, local SMEs and local government staff. Individual members of the target group cannot be partners in the partnership (activities, commitment to results and investments) except through organisations that officially represent the target group, such as a grassroots organisation, cooperative or formally registered company. The project must have clear, positive results for the target group.

#### 1.4 Analytical framework and revenue model

The analytical framework depicted below clarifies how an FDOV project should be formulated.

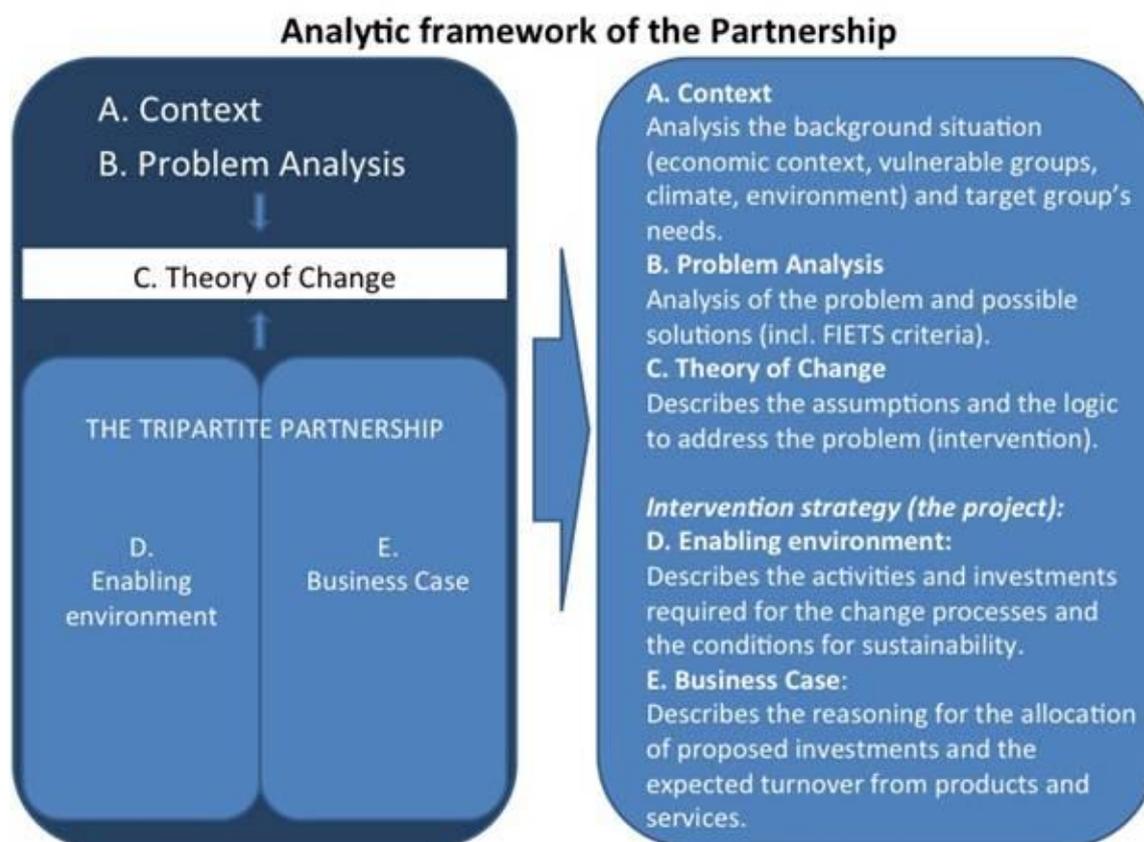


Figure: Analytical framework of the partnership

The project takes place in a particular context, which partly determines its success. The partnership is based on a thorough analysis of problems and opportunities.

Investments and activities in the PPP must have a sound economic basis and must be sustainable in accordance with the FIETS criteria. The target group – e.g. farmers, fishermen, households, SMEs – are expected to benefit economically from the project (e.g. higher yields, lower costs). The economic basis and associated issues relating to the crosscutting themes (environment, climate, gender and good governance) must be described in the contextual analysis (A) and the problem analysis (B), and translated into the envisaged pathway of change and intermediate results by means of the theory of change (C). The theory of change also identifies underlying assumptions. Evidence must also be given of the demand-driven nature of the initiative.

The intervention strategy describes, in more concrete terms, the project activities and results in relation to the enabling environment (D) and the partner companies' revenue model (E).

*Enabling environment:* change processes and enabling activities are often necessary for a project to succeed. This includes activities and supportive investments that are beyond the capacity of individual organisations and that touch on common interests, such as market development, multi-stakeholder dialogue, joint risk analysis for food security, institutional capacity building, rules and regulations, etc.

*Project revenue model:* the revenue model (or business case) describes the project's business reasons for starting an activity (product, service). This requires a careful assessment of costs versus benefits (usually set out in a business plan or operations plan). It must also describe how a company will generate income from these products or services. The project is expected to make investments during the period of the PPP.

All the activities to be continued after the project period ends (maximum duration of 7 years) in order for the investments and structures to endure must be financially sustainable (the F of FIETS).

### ***1.5 Innovation and flexibility***

Within the scope of the FDOV, innovativeness can apply equally to technologies, capital goods and processes. The FDOV is not aimed at the inception stage and does not support problem analyses or market surveys. These must already have been performed and their outcome must be described in the project plan.

Innovativeness is a quality that demands flexibility. Partners' investments may therefore be spread over the course of the project and depend on previously defined results over time (milestones), laid down in the project plan. If the project does not lead to the intended intermediate results and/or investments (own contribution) are not made in full, the amount of the Ministry's grant may be adjusted. The proposal must satisfy all the general programme requirements and all partners' contributions must be committed (willingness to invest) when the application is submitted.

## **2 Implementing organisation**

The Minister for Foreign Trade and Development Cooperation has mandated the Netherlands Enterprise Agency (RVO.nl) to implement these administrative rules.

## **3 Own contribution and eligible costs**

### ***3.1 The grant and the partnership's own contribution***

An FDOV grant constitutes a contribution towards the necessary costs associated directly with the implementation of the project. Costs are only eligible for a grant if they can be directly attributed to the implementation of the project and if the obligations specified in the decision awarding the grant are met.

The grant will not exceed 50% of the eligible costs up to a maximum of €3,000,000. Applications for grants of less than €500,000 will not qualify. A partnership applying for a grant is required to make a minimum contribution of 50% towards the total eligible costs. At least 25% of eligible costs must be contributed by the company/companies participating in the partnership, who must contribute at least 10% of the total eligible costs in cash. Higher contributions are encouraged.

The partnership's contribution must not come directly or indirectly from grants or contributions from the Ministry of Foreign Affairs. It may come from other grants, loans taken out by partners, and third-party donations to or investments in partners or the partnership.

### ***3.2 Eligible costs***

The costs of capital goods (hardware) and technical assistance (TA) are eligible for grants. Although there is formally only one applicant, all project partners may incur costs that are eligible for a grant.

The costs of capital goods will not be eligible for a grant until the basic conditions of the grant decision have been met (i.e. Result 1 has been completely and successfully achieved).

The rate that project partners may charge for TA provided in the FDOV project is made up of wage costs and a 50% mark-up.<sup>7</sup> RVO.nl takes 1 FTE to equal at least 1550 workable hours. This will be checked by RVO.nl.

Costs of capital goods (hardware) eligible for a grant are:

- investments in durable capital goods that are necessary for implementing the project;
- investments in new common infrastructure or improvements to existing infrastructure, excepting normal maintenance;
- mandatory levies on the acquisition of capital goods;
- sales tax or value-added tax (VAT), if project partners can demonstrate that they cannot claim back these costs or that they are not exempted from paying VAT under local laws, and provided these costs are included in the project budget;
- the costs of capital goods that directly benefit individual households in the target group are only eligible for a grant if this is a temporary measure, necessary in order to reach the most vulnerable groups. However, the requirements with regard to economic sustainability and/or the revenue model still apply.

Costs of technical assistance (TA) eligible for a grant are:

- costs of project management, including the costs of activities such as organising meetings, drawing up business plans and reporting;
- costs of monitoring and evaluating the project, either internally or by an external party;
- project-related operational costs, namely the demonstrable costs of maintaining all or part of the product or service delivered by the project throughout the agreed project period. This does not cover operational costs relating to commercial activities;

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<sup>7</sup> <http://www.rvo.nl/subsidies-regelingen/programma-publieke-private-samenwerking/faciliteit-duurzaam-ondernemen-en-voedselzekerheid>

- costs of other TA, including knowledge transfer and training of staff within the PPP and third parties, quality marks or ICSR certification (e.g. ISO certification and environmental certification), permits, marketing and advice.
- TA also includes activities and investments that are beyond the capacity of individual organisations and that concern the partnership's common interests, such as multi-stakeholder dialogue, market development, joint risk analysis, etc.

The following items are not eligible for grants:

- costs incurred before the starting date and after the end date of the project. The starting date of the project may not be earlier than the date on which the application is submitted;
- costs of the FDOV grant application;
- financing costs and interest payments;
- the cost of purchasing, renting or leasing existing buildings;
- the cost of purchasing, renting or leasing land;
- cost of research and development (R&D);
- operational costs, excluding project-related operational costs;
- sales tax or value-added tax (VAT) that can be claimed back by project partners;
- contributions in kind from local government authorities;
- costs incurred by third parties, i.e. costs that are not reimbursed or paid by partners in the PPP;
- costs resulting from inflation and exchange rate fluctuations;
- the costs incurred by public partners to perform what corresponds to their primary public tasks. The role and contributions of public partners, either cash or in kind, must be clearly described in the proposal, but should not be included in the project budget.

Individuals in the FDOV target group cannot be partners in a PPP, nor can their economic growth or loans be capitalised as the partnership's 'own contribution'.

Under article 9 of the Ministry of Foreign Affairs Grants Decree, a grant will be refused if the application is submitted after the activities have started. For the record, it should be noted that if activities are carried out in preparation for the project before submission of the application, this will not lead to refusal to award a grant, but the costs will not be covered by the grant.

#### **4 Application and assessment procedure**

Contrary to the previous call in 2012, the procedure has been divided into two stages: a voluntary, informal preliminary stage (intake) and the formal assessment stage. This should reduce the throughput time in the formal stage. The informal stage provides a low-threshold opportunity for potential applicants to receive guidance from RVO.nl on improving the quality of proposals. The applicant is advised to consult with RVO.nl first before contacting the Ministry of Foreign Affairs to discuss cooperation in a partnership. In this informal stage, the dialogue between RVO.nl and the potential applicant is based on a Concept Note. The formal assessment begins after the project proposal has been submitted. It is concluded with a decision on the FDOV grant applications, made on behalf of the Minister by RVO.nl.

##### **4.1 Procedure**

###### *4.1.1 Preliminary phase and informal, substantive dialogue (intake meeting)*

The preliminary phase is informal and voluntary. It is intended as a service to potential applicants and may consist of intensive guidance if so desired. Potential applicants can discuss their proposal with RVO.nl from the moment the call is opened up to 6 weeks before the deadline for the formal submission of proposals. Appointments are scheduled depending on how promptly the applicant requests a dialogue and on the availability of RVO.nl staff. Potential applicants wishing to engage in a substantive dialogue with RVO.nl

must submit a Concept Note drawn up using the standard template (see FDOV section on RVO.nl<sup>8</sup>), as it forms the basis for the dialogue (intake talk). The potential applicant is then assigned an RVO.nl account manager. RVO.nl will give an oral response to the Concept Note and to the applicant's questions. It does not confer any rights.

The Concept Note is not assessed formally, so the project idea set out in it cannot be rejected. RVO.nl will however give a general indication of whether or not the proposal largely satisfies the grant criteria.

A PPP may always formally submit its application, irrespective of the feedback given by RVO.nl during the informal stage. It is up to the potential applicant to make this decision.

Prior to submitting a formal grant application, potential applicants must contact the Ministry<sup>9</sup> to discuss the role that it could play as partner in the project. The outcome of this dialogue is a cooperation agreement between the Ministry of Foreign Affairs and the applicant (lead party), on behalf of all the other partners. This agreement must be submitted to RVO.nl with the grant application. Potential applicants are advised to make an appointment for a meeting with the Ministry after their intake, if such has been arranged, with RVO.nl.

No rights can be derived from the outcome of the preliminary stage.

#### *4.1.2 Procedure*

FDOV applications must be submitted for assessment to RVO.nl. Applications that do not satisfy the formal requirements (see section 4.4) will not be processed further.

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<sup>8</sup> <http://www.rvo.nl/subsidies-regelingen/programma-publieke-private-samenwerking/faciliteit-duurzaam-ondernemen-en-voedselzekerheid>

<sup>9</sup> [ppp-expertisecentrum@minbuza.nl](mailto:ppp-expertisecentrum@minbuza.nl)

Applications that satisfy the formal requirements go on to the assessment procedure. RVO.nl assesses whether the application meets the threshold criteria, and conducts a partnership check and a project check. Only applications that meet all the threshold criteria are processed further. These applications are assessed based on criteria relating to the quality of the partnership and the quality of the project proposal. Points are awarded for each of the criteria, resulting in an assessment score. More information on the threshold criteria check, the partnership check and the project check can be found in section 4.5.

The Ministry of Foreign Affairs (including the Dutch embassies) and the Ministry of Economic Affairs advise on the quality of the project proposal and the quality of the partnership. In addition, a representative from RVO.nl may interview the partners or businesses in the project's supply chain. If necessary, RVO.nl can independently contact the project partners for more information on the application.

RVO.nl will submit its assessment of the proposals to an independent FDOV advisory committee appointed by the Minister for Foreign Trade and Development Cooperation. The committee will advise the Minister on the outcome of RVO.nl's assessment of FDOV grant applications. The opinions of the advisory committee will weigh heavily. Under the mandate of the Minister for Foreign Trade and Development Cooperation, RVO.nl will decide on the grant applications. The Ministry will advise RVO.nl during the assessment stage.

#### ***4.2 Allocation of available resources***

The second call for proposals has an overall grant ceiling of €40,000,000, one third of which will be available for private sector development (PSD) and two-thirds for food security. The allocation of available resources takes place at the end of the assessment process based on the outcome of the partnership and project checks. All applications that satisfy the minimum criteria and score sufficiently high on the project and partnership checks are eligible for a grant.

If insufficient resources are available for all satisfactory applications to receive a full grant, these applications will be ranked for each theme according to their results in the checks. In the final allocation of resources, grants will be awarded to the highest ranking applications for each theme until the available resources are exhausted. It is therefore possible for a project to attain a satisfactory score, but still be rejected because the budget available is insufficient for it to be awarded a grant.

Rankings will be made by theme (PSD and food security) based on:

- the outcome of the project check;
- the outcome of the partnership check;
- extra points awarded for activities in partner countries and least-developed countries.

#### ***4.3 Guiding principles***

The provisions of the General Administrative Law Act, the Ministry of Foreign Affairs Grants Decree and the Ministry of Foreign Affairs Grant Regulations 2006 are fully applicable to the assessment of applications and the award of grants. Applications will be assessed in accordance with the above legislation and pursuant to the requirements set out in these administrative rules.

#### ***4.4 Formal requirements***

Applications that do not satisfy all of the formal requirements listed below will not be processed further, subject to section 4:5 of the General Administrative Law Act.

- The formal closing date for applications for the second call for proposals of the Sustainable Enterprise and Food Security Facility is 15:00 (CET) on 1 December 2014.
- With regard to the application procedure, particular attention is drawn to article 7, paragraph 3 of the Ministry of Foreign Affairs Grants Decree. If an incomplete

application is submitted, the Minister may request a supplement. In this case, the date of receipt of the application will be the date on which the application was supplemented. If the application is submitted **less than two weeks before the deadline** (15:00, 1 December 2014), the applicant runs the risk that, if it is incomplete, the Minister will not use his discretionary powers to request a supplement, because it cannot be submitted before the deadline. In that case, the application would have to be assessed as it stands.

- Applications must be delivered in person or by post to:

**Address for visitors**

RVO.nl, attn FDOV  
Prinses Beatrixlaan 2  
The Hague

**Correspondence address**

RVO.nl, attn FDOV  
Postbus 93144  
2509 AC Den Haag

- Along with the application on paper, an electronic copy must be submitted on a digital storage device with USB connector (USB key). The electronic copy must be submitted in accordance with the instructions given in the application form.
- The application form must state the name of the applicant and be signed by the applicant's authorised representative.
- In addition to the applicant, all other project partners must sign the partner forms. Please note, however, that if the grant is awarded, the applicant is the sole grant recipient and bears full responsibility for the fulfilment of all obligations, regardless of who carries out the project activities.
- A written cooperation agreement signed by all participating parties must be submitted with the application form, guaranteeing their cooperation and compliance with the agreements made, as well as fulfilment of the obligations

towards the minister in respect of the grant. In these agreements, the parties commit themselves to the project's objectives, activities and intended results, as well as to the amount of their own contribution.

- The application must include a cooperation agreement signed by the applicant and the Ministry of Foreign Affairs, describing the Ministry's role in the strategic cooperation.
- The project partners must declare that they are aware of and will act in accordance with the OECD Guidelines for Multinational Enterprises on responsible business conduct, the ILO Declaration on Fundamental Principles and Rights at Work and the UN Convention on Biological Diversity. More information about these documents can be found on the RVO.nl website.
- The applicant must declare that the activities for which a grant is requested are not on the Entrepreneurial Development Bank (FMO) exclusions list. There is a link to this list on the RVO.nl website.
- Applications must be submitted in English.

#### **4.5 Assessment criteria**

Applications that satisfy the formal requirements go on to the assessment procedure. FDOV applications will be assessed according to the threshold criteria (minimum criteria), and criteria relating to the quality of the partnership and the project. This will result in a decision on the FDOV application.

##### *4.5.1 Threshold criteria check*

Applications that do not satisfy all of the criteria below will be rejected:

- The PPP focuses on at least one of the FDOV sub-themes, as identified in section 1.1 of these administrative rules.
- Projects should explicitly address the position of women, or an explanation should be given of how the intended result can be achieved without specifically addressing the position of women.

- The PPP concerns a single, integral project.
- The PPP consists of activities in at least one of the countries listed in Appendix I.
- Projects may be international in scope only if the economic necessity of international activities can be clearly demonstrated.<sup>10</sup>
- Proposals for activities in partner countries of the Netherlands must be in line with the embassy's analysis as set out in MASPs.
- The partnership consists of at least one public institution, one company and one NGO or research institution.
- The Ministry is part of the partnership.
- At least one of the parties has legal personality under Dutch law and has its registered office in the Netherlands, and at least one party must be based in the country which is to benefit from the activity.
- All the parties in the partnership must have legal personality.
- Multinational enterprises may take part if at least one of the other partners in the partnership is an SME whose annual turnover does not exceed €500 million. The SME does not have to be a Dutch company.
- The minimum grant application is €500,000 and the maximum is €3,000,000.
- The project has a maximum duration of 7 years.
- The financial contribution made by the partnership covers at least 50% of the eligible costs. It may not include grants or contributions from the Ministry of Foreign Affairs, made directly or indirectly.
- At least 25% of eligible costs must be funded by the company/companies participating in the partnership.
- The companies must contribute at least 10% of the total eligible costs in cash.
- At least 2% of the project budget is reserved for project monitoring and evaluation.

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<sup>10</sup> See the FDOV glossary. <http://www.rvo.nl/subsidies-regelingen/programma-publieke-private-samenwerking/faciliteit-duurzaam-ondernemen-en-voedselzekerheid>

- Projects with a project budget exceeding €5,000,000 must be evaluated by an independent party. The costs of this external evaluation must be included in the project budget. The final draft report and the final report must be submitted to RVO.nl in due course.
- The project must not be commercially viable in accordance with the OECD-DAC criteria. This must be demonstrated using a standard calculation model.<sup>11</sup>
- The intervention must be financially sustainable. An intervention is financially sustainable if it can endure without an FDOV grant or any other grant from a foreign donor once the project period ends. This must be demonstrated using a standard calculation model.
- The proposal must make clear that the project will not distort the market in the partner country or in Europe.
- The project must not involve initiatives aimed wholly or partly at proselytisation.
- Participating companies must have a good reputation in terms of ICSR. The participating companies must submit a document setting out their ICSR policy (in accordance with OECD guidelines) with the grant application or must demonstrate that they will draft one during the project period (proportionate to the size of the company concerned, to be assessed by RVO.nl).
- The partners must demonstrate that they have sufficient funds at their disposal to finance their own contribution and the working capital for the project. A number of guidelines that RVO.nl will use to assess this are included in the model application form.

#### **4.5.2 Project check**

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<sup>11</sup> <http://www.rvo.nl/subsidies-regelingen/programma-publieke-private-samenwerking/faciliteit-duurzaam-ondernemen-en-voedselzekerheid>

The project check assesses the quality of the project proposal against a number of criteria. Projects whose quality is judged to be deficient will be rejected. The project check contains the following criteria:

1. *Policy relevance*. the extent to which the project is relevant to policy:
  - the extent to which the project contributes to sustainable inclusive growth by improving food security and private sector development;
  - the extent to which the proposal includes a clear and accurate problem analysis of the social, economic and political factors in the country and area on which the project focuses, offers a logical response to that analysis and proposes alternative solutions;
  - the extent to which the project activities are aligned with or complement government policy in the partner country and region, and Dutch development policy on FDOV sub-themes, programmes and activities; special attention will be given to the sub-themes of climate-smart agriculture and activities falling under the definition of nutrition-sensitive;
  - the extent to which activities that will take place in a partner country (see Appendix II) are in line with the embassy's analysis as set out in its Multi-Annual Strategic Plan;
  - the extent to which the project complies with local legislation, including environmental impact assessment (EIA) regulations. If an EIA has been performed the final report should be included with the grant application to RVO.nl.
2. *Intervention strategy*: the project must be based on a high-quality, logical intervention strategy, integrating sustainability. This is assessed on the basis of the following factors:
  - the extent to which the proposed project is based on sound contextual and problem analyses of economic conditions, environmental and climatic factors, and vulnerable groups (economic basis). The target group must be clearly identified and their qualitative and quantitative wishes and needs described. The intervention strategy is based on a detailed theory of change;
  - the extent to which the proposed intervention strategy ties in with the local situation and with the project's objectives;

- the extent to which the role and involvement of local parties (public body, NGO and/or research institution) has been described;
  - the extent to which the proposed intervention is technically and socially feasible;
  - *revenue model*: the degree to which the project generates sufficient turnover (comprising income, grant and own contribution) to meet management and maintenance costs and pay financial expenses, on the understanding that the project may not be commercially viable (in accordance with the OECD-DAC criteria) within the next ten years;
  - *innovation*: the extent to which the proposal introduces an innovative approach to resolve a certain problem, for instance by applying an existing approach in sectors where it has not been previously used. Preference will be given to innovations that bring about a positive, structural change in the way development takes place (systemic change).
3. *Sustainability*: the extent to which the project is sustainable. The project must attain satisfactory scores on both the FIETS and ICSR criteria. It must be financially, institutionally, ecologically, technically and socially sustainable, and address the crosscutting themes of gender (women), good governance, climate change and the environment. Commercial activities must have a lasting economic effect on local businesses and producers. Sustainability must be incorporated into the system for monitoring and corrective action.
4. *Quality of the project plan*:
- the extent to which the project is expressed in terms of activities, outputs and outcomes (see appendix IV);
  - the extent to which there is a clear link between activities, outputs, outcomes and necessary resources;
  - the extent to which the envisaged outcomes, outputs and resources are specific, measurable, acceptable, realistic and time-related;
  - the extent to which the project anticipates concrete results.
5. *Price-quality ratio*:

- *scale*: the project should have a demonstrably significant one-off outcome, or demonstrably have the potential to reach a larger group of beneficiaries in the long run (impact).
- *price-quality ratio*: the project budget and the grant amount requested must be in proportion to the intended results. This will include an assessment of the partners' own contributions to the project budget and participating companies' share in this, and an assessment of the relative cost of TA in relation to the desired result and the project's total budget.

6. *Risks, monitoring and corrective action*:

- the project proposal includes a realistic analysis of the risks and mitigating measures. This will in any case include risks that could threaten the achievement of the envisaged project results;
- the proposal must include a good monitoring and evaluation system. Sustainability must be one of the issues examined.
- the extent to which ICSR risks are mitigated within the project. The applicant must submit a risk assessment pursuant to the OECD Guidelines,<sup>12</sup> including a supplementary analysis of risks relating to animal welfare, land rights and any negative effects of the project concerned. If there is a real likelihood of non-compliance with the OECD Guidelines, the applicant must describe what measures will be taken to address these risks and monitor compliance, and how this information will be made available to interested stakeholders (due diligence process). If the risk assessment cannot be completed before the start of the project, because either the location or the suppliers are not yet known, the applicant must indicate this in its proposal and deliver the missing elements of the assessment as part of the first project result. With regard to supply chain responsibility, the assessment must focus on those providing the elementary raw materials needed for the production of the final product.

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<sup>12</sup> [http://www.oesorichtlijnen.nl/sites/www.oesorichtlijnen.nl/files/oeso\\_richtlijnen\\_nlse\\_vertaling\\_def\\_webversie.pdf](http://www.oesorichtlijnen.nl/sites/www.oesorichtlijnen.nl/files/oeso_richtlijnen_nlse_vertaling_def_webversie.pdf)

#### **4.5.2 Partnership check**

The partnership check is carried out on the basis of criteria relating to the quality and efficiency of the partnership applying for a grant. If the quality of the partnership is judged to be deficient, the proposal will be rejected. The partnership check contains the following criteria:

*The capacity of the partnership:* the capacity of the partnership is assessed by examining the capacity of the individual parties. This is assessed on the basis of the following factors:

- the extent to which project partners have relevant expertise and authority (on cooperation, the theme and the context in which they will be operating, and if relevant, local policies and laws). An examination of the parties' track record over the past three years should show that they are capable of achieving planned outputs and outcomes, of obtaining the contributions from third parties necessary for the implementation of the projects, and of ensuring the sustainability of projects vis-à-vis the ultimate target group;
- the project complements the project partners' existing activities and strategies;
- the extent to which the partnership has at its disposal sufficient capacity in the areas of project management, governance, monitoring and evaluation, and financial and administrative management to successfully carry out the project and account for its performance.

*The composition of the partnership:* It is important that the partnership has an optimum composition for tackling the problems addressed in the proposal. This is assessed on the basis of the following factors:

- the extent to which the partnership includes all the parties required for the project's implementation;
- the extent to which the partnership includes other public bodies than the Dutch government, preferably a local public body, and local SMEs.

*The added value of the partnership:* it is important that the parties demonstrate that they will be implementing the project together. The proposal should explain why and how the partnership has more value for the substantive goal of the project than individual applicants would have. Risks are shared by all partners. This is assessed on the basis of the following factors:

- the extent to which the partnership has strategic added value (for the development objectives). The project plan demonstrates the strategic added value of the partnership, which may lie in various factors, including synergy (thematic specialisation), efficiency gains (internal functioning of the partnership) or product/process innovation;
- the extent to which the partnership is based on a feasibility analysis. This analysis examines at any rate: the success and risk factors and/or the partnership's strengths and weaknesses. The feasibility analysis identifies risks and contains concrete measures to control them.

#### **4.6 Points system for the partnership and project checks**

A total of 100 points can be scored in the project and partnership checks. Points are awarded as follows.

<b>Total number of points</b>	<b>100</b>
<b>Project check</b>	70
<b>Partnership check</b>	30

There are minimum scores for both checks (see the table below). Proposals that do not attain the minimum number of points will be rejected. Within the project check, satisfactory scores must be attained on the components policy relevance, intervention strategy and sustainability (FIETS). If not, the proposal will be rejected, even if more than the minimum number of points were attained on the project check and the partnership check.

<b>Minimum scores required</b>	
<b>Project check (total)</b>	40

<b>Partnership check</b>	18
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In addition to the 100 points that can be awarded for the project and partnership checks, up to five extra points will be awarded for proposals for activities in one of the development partner countries or less-developed countries.

<b>Bonus points</b>	
<b>LDC (not a partner country)</b>	2
<b>Partner countries</b>	5

## **5. Decision on the grant application, and implementation**

### ***5.1 Decision on the grant application***

A decision on the grant application will be taken within 22 weeks of the submission deadline. RVO.nl will inform partnerships of the decision taken. Applicants who are not awarded a grant will be informed of the reasons for rejection.

### ***5.2 Administrative burden***

Based on a standard calculation, the administrative burden for applicants is estimated to be 1.08% of the total grant budget. This figure refers only to administrative burdens associated with the grant application, as the administrative burden associated with implementation and accounting can be incorporated into the project. There are various measures in place to help keep the administrative burden as light as possible. For example, informative meetings and intake interviews are offered, while the procedure as a whole and the application forms have been simplified in response to feedback received following the first call for tenders for the Sustainable Enterprise and Food Security Facility.