ROTTERDAM SCHOOL OF MANAGEMENT
ERASMUS UNIVERSITY

THE PARTNERSHIPS RESOURCE CENTRE

The Applicants' Perspective

Survey Results

Evaluation of the Selection Procedure of the Sustainable Water Fund (FDW) & the Facility for Sustainable Entrepreneurship and Food Security (FDOV)

Commissioned by the
Dutch Ministry of Foreign Affairs

THE PARTNERSHIPS
RESOURCE CENTRE

ROTTERDAM SCHOOL OF MANAGEMENT
ERASMUS UNIVERSITY

RSM
ERASMUS
UNIVERSITY

The Partnerships Resource Centre

The Partnerships Resource Centre is an open centre for academics, practitioners and students to create, retrieve and share knowledge on crosssectorpartnerships for sustainable development. The centre carries out and commissions fundamental research, develops tools and knowledge-sharing protocols and delivers web-based learning modules and executive training. Most of these activities are available to the general public and are aimed at enhancing the effectiveness of partnerships around the world. The Centre's ambitions are to have a high societal as well as scientific impact, resulting in citation scores in academic and popular media. The Centre functions as a source of validated information about cross-sector partnerships, as a platform for the exchange of information, and as a source of inspiration for practitioners around the world.

The Partnerships Resource Centre is supported by Rotterdam School of Management, Erasmus University, and brings business knowledge to partnerships for sustainable development.

www.rsm.nl/prc

THE PARTNERSHIPS
RESOURCE CENTRE

ROTTERDAM SCHOOL OF MANAGEMENT
ERASMUS UNIVERSITY

Content: evaluating both facilities' application phase

The **Partnerships Resource Centre** [1] (PrC) distributed **a survey in** the autumn of 2013 to all applicants of the FDW and FDOV facilities in order to gain a better understanding of the application procedure experience.

The survey explored the **applicants' perspectives** on:
- The **motives** of organizations to apply for the facilities
- The way they experienced the **procedure**
- **Suggestions** for improvements

This report sets out to inform the respondents of the survey on the following:

Overview of the PPP Facilities
- Characteristics
- Threshold criteria
- Time frames
- Countries
- Themes

Experiences (Survey)
- Application, selection and allocation process
- Motives to apply
- Challenges

Conclusions & Next Steps
- Conclusions
- Introduction to the PPP lab

[1] *The PrC is hosted by the Rotterdam School of Management, Erasmus University. It conducts research on cross-sector partnerships for sustainable development. For more information see www.partnershipsresourcecentre.org*

Context: a joint learning journey

In 2012, the Dutch government initiated two innovative Public-Private-Partnership (PPP) facilities: the Sustainable Water Facility (**FDW**) and the Facility for Sustainable Entrepreneurship and Food Security (**FDOV**). This initiative highlights the Dutch commitment to further engage in cross-sector partnerships that address sustainable development problems in a more structural and institutional manner. Ultimately **these facilities are intended to raise the effectiveness and impact of the development effort.**

The facilities follow a new development agenda in search of novel means of engagement. Both facilities have **pioneered** selection procedures and support structures as well as determining the role of advisory committees and project officers. As a result, these involved organisations have dealt with a considerable number of unknown factors which made the application process of this first tranche a **joint learning experience** - at various levels.

Characteristics of the PPP facilities…

The policy goal of the FDOV programme includes Private Sector Development (PSD) and Food Security (FS) so it is considered to be broader than the FDW programme, which relates more specifically to water.
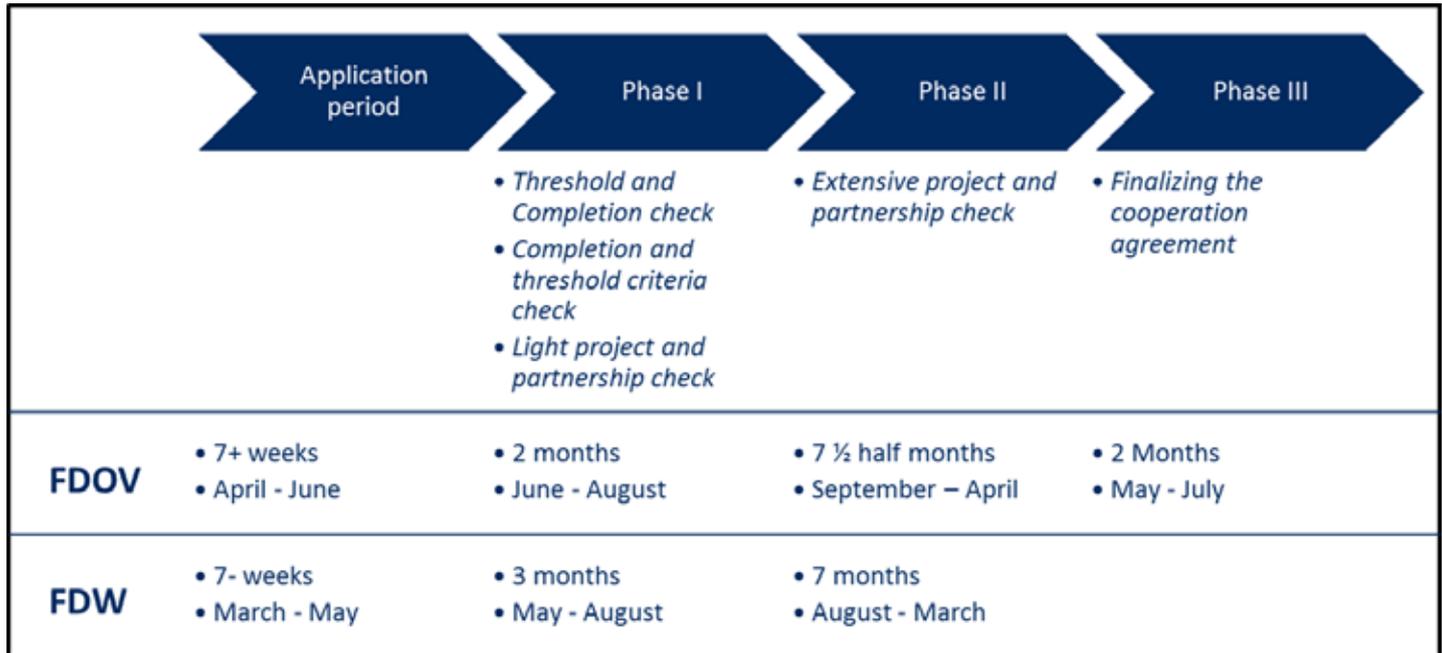
FDOV	FDW
• **POLICY GOALS** • *Food Security* • *Private Sector Development* • **BUDGET 2012** • *€60 million (2/3 FS; 1/3 PSD)* • **ALLOCATED** • *€81 million*	• **POLICY GOALS** • *Water Safety* • *Water Security* • **BUDGET 2012** • *€50 million* • **ALLOCATED** • *€38 million*

… and their time frames

The facilities had different timeframes for the application. FDOV had three separate phases, whereas FDW contained two phases.

	Application period	Phase I	Phase II	Phase III
		• *Threshold and Completion check* • *Completion and threshold criteria check* • *Light project and partnership check*	• *Extensive project and partnership check*	• *Finalizing the cooperation agreement*
FDOV	• 7+ weeks • April - June	• 2 months • June - August	• 7 ½ half months • September – April	• 2 Months • May - July
FDW	• 7- weeks • March - May	• 3 months • May - August	• 7 months • August - March	

The projects had to meet general criteria...

Projects had to meet general threshold criteria which were identical for both facilities.

	FDOV & FDW
Legal	All partners legal identity
Development Relevance	The project needs to target structural poverty reduction, sustainable economic growth and economic independence
Theme	Target at least one theme of the project
Timeframe	The budgeted subsidy period can last no longer than 7 years
Guidelines	OESO, IMVO, ILO, VN biological diversity, ISO 26000

... as well as facility-specific criteria...

Next to general threshold criteria, the projects were evaluated in the light of facility-specific threshold criteria. As a result, the facilities differed in a number of set-up characteristics.

	FDOV	FDW
Subsidy	€1 - €20 million	€0,5 - €15 million
Project budget	≥ €2 Million	€1 - €30 million
Target countries	60 Countries on the Country List	44 Countries on the Country List, focus on the Partner Countries (15)
Partners	≥ 1 Business ≥ 1 Dutch; ≥ 1 Target Country Ministry is (one of) the public partner(s)	≥ 1 Business ≥ 1 NGO or knowledge institute ≥ 1 Public Institution ≥ 1 Dutch; ≥ 1 Target Country
Own contribution	50% of Project Budget ≥ 25% from Private Companies	50% of Project Budget, 40% for Partner Countries ≥ 25% from Private Companies, ≥ 20% for Partner Countries

... resulting in different selection and allocation processes

Threshold criteria: The two programmes adopted different selection procedures which resulted in different allocation phases. For both facilities, around **75%** of original submissions passed the threshold criteria.

Light checks: The first phase (light check) proved more selective for FDOV (with **43%** "surviving to the next phase") than for FDW (with 6**2%** "surviving to the next phase"). The stricter selection of FDOV was based on eligibility for the program rather than budgetary considerations. In principle, each FDOV project that surpassed the light check was intended for approval later in the process.

Elaborate checks: The **success rate** in the second phase of the FDOV facility is also considerably higher (**85%** for FDOV versus **48%** for FDW).

Withdrawals: 19 projects (**43%**) of the FDW facility **voluntarily withdrew their application** after phase I, even though they had ben granted access to Phase II of the selection procedure. In the FDOV tranche 2 projects (**0.6%**) withdrew at this stage. The FDW projects gave a number of **reasons** for their withdrawal, ranging from **time constraints** to **capacity problems**. Two additional explanations are worth mentioning:

1. Two of these projects had been informed to be considered **'high risk'** projects
2. Entering the second phase of FDW provided **less guarantee of funding** compared to FDOV

The projects had the following general characteristics…

FDW received fewer proposals than FDOV. FDOV targeted fewer countries but with a higher average subsidy per project. Ultimately **FDOV** accepted **28 projects in 15 countries** and **FDW** accepted **12 projects in 9 countries**.

FDW themes
Clean Drinking Water (CDW)
River Bed Management (RBM)
Efficient Water Use (EWU)

FDOV themes:
Food Security (FS)
Private Sector Development (PSD)

		FDW			FDOV	
		Start (N=81)	End (N=12)		Start (N=108)	End (N=28)
Number of countries		27	9		35	15
Average subsidy*		€4.3	€3.5		€3.9	€2.9
Themes**	CDW	11 = 24%	8 = 66%	FS	58 = 70%	79%
	RBM	5 = 11%		PSD	25 =30%	21%
	EWU	28 = 64%	4 = 33%			

* Average subsidy in millions
** Project rejected on the basis of threshold criteria excluded due to lack of data

... and targeted these countries

Water
Food Security
Part of GAIN (food security)
Private Sector Development
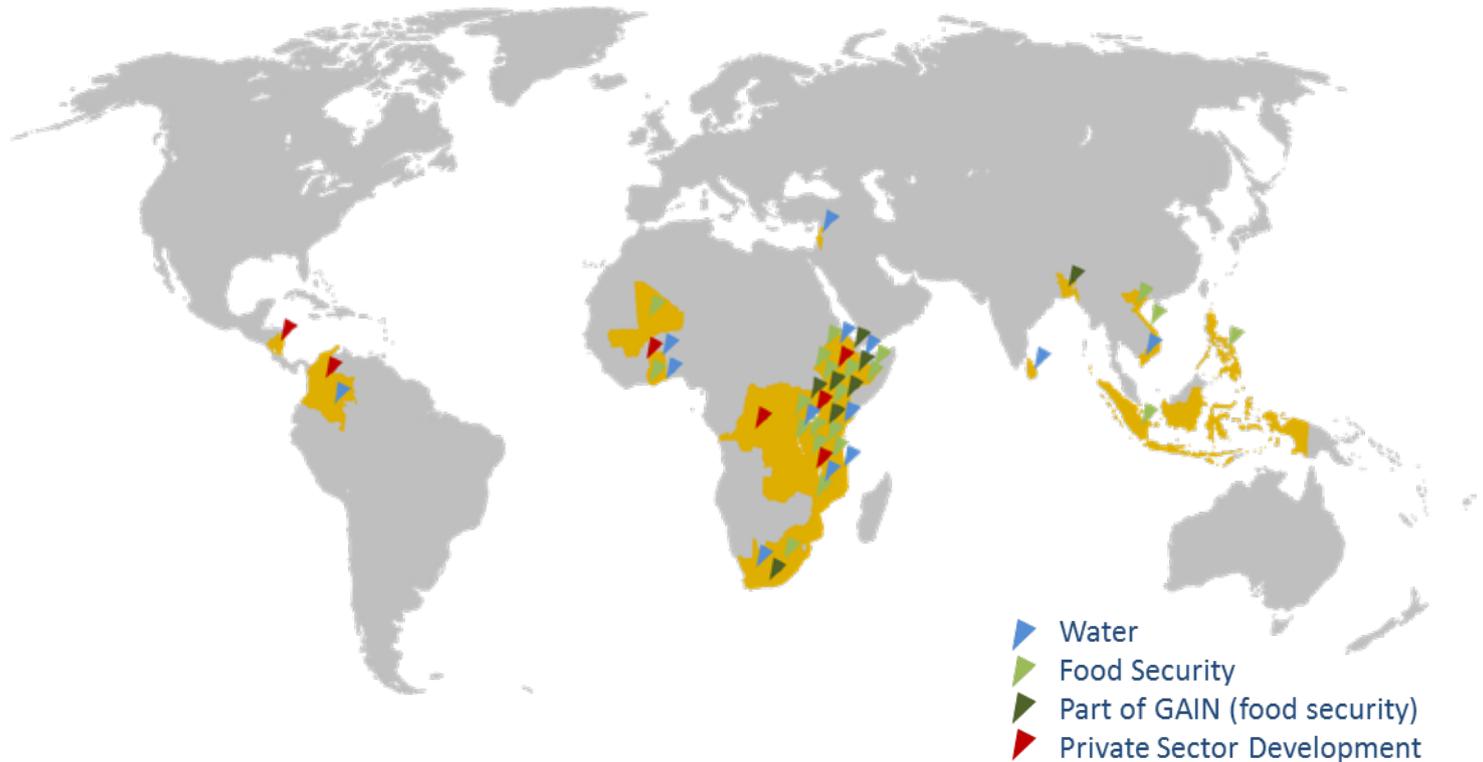
The participants' perspective: a survey

The survey of the two facilities triggered responses from a large number of participants. A total of **118** respondents (**76** for FDOV and **42** for FDW) represented **81** unique partnership projects.

118 **REPRESENTING**

RESPONDENTS **81** **PROJECTS**

The large number of respondents means **the survey is representative** for:
- **lead partners** (in particular private companies) as well as non-lead partners
- for participants of different **nationalities**
- for most projects in **both facilities**, with a preference for FDOV.

The survey is also **representative – although at a somewhat lower level –** for:
- **all phases** of the procedure (enabling a distinction between successful and non-successful projects)
- **Various types of organisation** (distinguishing between companies and NGOs in particular).

General impressions of the participants

Participants identified a number of distinct **positive** impressions:

The facilities stimulate collaboration and value creation (85% (strongly) agrees)

The facilities encourage the development of partnerships (91% (strongly) agrees)

The facilities provide the opportunity for sharing knowledge between partners (84% (strongly) agrees)

A majority of the respondents also agreed on the following statements:

The facilities make best use of Dutch knowledge and capabilities (56% (strongly) agrees)

The facilities effectively combine trade and development (57% (strongly) agrees)

The facilities offer the opportunity to develop innovative projects (72% (strongly) agrees)

Impressions of collaboration Dutch public sector

Participants were asked about their **interaction with various Dutch public sector organisations** (the Ministry, Netherlands Enterprise Agency and embassies). Interaction with these organisations is an important precondition for the effective management of the facilities. Each agency played a different role in the procedure.

Asked about the nature of their interaction with these organisations a substantial number of respondents (more than a third) choose the following description:

- *Considered the relationship* **supportive** *(in either quality, formation or both)*
- **Necessary** *in various degrees*
- **Professional**
- *Based on* **trust**

Lowest scores were recorded on the notion that the partnership was:

- *'Real'*
- *Primarily about finance*
- *Flexible*

Respondents perceived their relationship with the Ministry and the embassies differently. 81% of the lead partners and 88% of non-lead partners in FDOV, and for 60% of the lead partners and 40% of the non-lead partners in FDW consider the Ministry and the Dutch embassy as separate partners. In particular those organisations **that did not submit a full proposal** for the second phase seem to have **difficulty in acknowledging the Ministry as partner**.

Participants had multiple, diverse motives to apply

Note: the size of the motives displayed in the image relates to their perceived importance. Answer options were predetermined

Lead partners in particular sought external advice

30% of **all respondents** received advice from external consultants

33% of **FDOV lead partners** received external advice

24% of **FDOV non-lead partners** received external advice

43% of **FDW lead partners** received external advice

12% of **FDW non-lead partners** received external advice

The advice from external consultants focused in particular on procedural aspects: **writing** the concept note and the full proposal. Consultants were involved **to a lesser extent** in more detailed or more content oriented aspects of the proposal. In a number of projects, the consultants had been active **in notifying the partners** on the existence of the facilities.

Nevertheless, the partnerships faced various challenges...

Formulating a new partnership proposal while also forming a new partnership, was perceived to be particularly challenging. General challenges included:

- *Developing a partnership within the required* **budget range**
- *Raising the required* **private contribution**
- **Aligning the interests** *of all partners*

These challenges are relatively universal for all partnerships, and thus not typical for one of the facilities. Organisations varied greatly in the degree to which they perceived the following aspects of the procedure as a challenge:

- *Defining the* **partnership agreement**
- **Building trust** *among the partners*
- **Negotiating the** *role of each partner*
- *Setting up* **a governance structure**
- **Specifying benefits** *for each partner*

… and the challenges differed per facility and phase

FACILITIES

FDW participants had **more difficulties** than FDOV participants with**:**

(1) **Aligning** *the interests of all partners*

(2) *Complying with the required* **composition of the partnership**

(3) *Raising the* **private contribution** *(big difference)*

(4) *Building* **trust**

FDOV participants had **more difficulties** than FDW participants with**:**

(1) *Defining the aim of the partnership*

(2) *Setting up the governance structure*

PHASES

Projects that were **rejected in phase II** experienced the **greatest challenges** with:

(1) *Raising the required* **private contribution,** *and related to this*

(2) *Complying with the required* **partnership composition**

Projects that were rejected in Phase II also encountered more problems with **complying with the country list** than any of the other categories, including those that were already rejected in Phase I.

Opinions of the application process

TIMING

Many participants were critical of the timing of the application process. The process was either considered **too lengthy, too insecure or too short** depending on the phase of the application process. For example, one respondent said: "Clarify the decision criteria before the submission instead of after the submission". However, most participants also understood that the procedure **necessitates carefulness.**

THE LOGIC OF THE PROCESS

An important factor in the acceptance of particularly careful (and therefore relatively slow) application procedures is whether actors agreed upon mutual responsibilities and the logic of certain steps in the process. The critique on the timing of both facilities is understandable because in both sectors – and particularly for FDOV – many actors didn't agree or didn't know that the facility was designed in close consultation with the sector. However, participants agree **that the announcement of the call provided sufficient information.** Most applicants also agree that multiple rounds were necessary and sufficient.

Meeting some requirements was difficult...

Participants needed to fulfil a large number of requirements as part of the application process. The extent to which they were considered **helpful varied widely,** but the requirements were mostly considered positive. The perceived helpfulness of a requirement was clearly related to whether it was considered difficult to answer.

In particular the **theory of change**, the **impact measurement** and **financial benchmarks**, such as the **project budget** and **cash flow**, were experienced as difficult to answer. However, most participants agree that these dimensions are nonetheless helpful. **Monitoring and evaluation** were not considered very difficult, probably because the requirements for this aspect were not very elaborate for either facility.

… but most were helpful (although not always easy)…

Difficult?

Yes

Gender

Theory of Change
ICSR   Cash flow
Business Case

Theory of Change
Cash flow
Business Case

Impact
Governance
Results Chain
Results
Budget

No

Business Case
ICSR

Capacity of partners

Cross-cutting themes

Budget
Business Case   Results
Cash flow   ICSR   Results Chain
Theory of Change   Governance
Capacity of partners   Impact
Added value of the partnership
Partners' interest   Policy relevance
Problem analysis
Proposed intervention

No   **Yes**

Helpful?

Included if more than 30% of the respondents answered 'yes' / 'no'

Note: a great spread in responses (e.g. 'the business case') indicates that this category requires additional support

... so respondents would have liked more support

During the application process **61% of the respondents would have liked more support.** Within the **FDW** facility, **lead partners** wanted more support compared to non-lead partners, whereas the pattern was the **reverse for FDOV**. The desire for more support was **influenced by the outcome of the selection process**: in particular those projects that were rejected in Phase II asked for more support (73%).

During the implementation of their projects **37%** of lead partner respondents of **approved projects** indicated that they **would like to have external support**. This figure was slightly lower for non-lead partners. **FDW** lead partners expressed **the greatest desire** for support during implementation (62% for FDW compared to 38% for FDOV).

FDW and FDOV projects both requested support for **exchange of experiences, monitoring and evaluation**, and **building local capacity** scored particularly high (i.e. above 70%). 37% of the participants that were not successful in the facility would appreciate support in the future. Lead partners in FDOV would appreciate this the most. Participants that were rejected in Phase I showed the greatest desire for support during future applications (47%).

Key lessons for practitioners on partnering …

On the basis of the survey results, in combination with the related evaluations, several **key lessons** for practitioners have been identified:

PARTNERING

1. **Align interests:** Devote sufficient time and attention to aligning the interests of all partners.
2. **Build trust:** Openly consider barriers to building trust and what you can do about them; specify in particular how the 'ownership' of the end-results will be safeguarded.
3. **Include key stakeholders:** Think about the stakeholders that are needed to deal with the issue you would like to address; who is missing and will this hamper (in the future) the impact of the partnership? Also consider the (potential) partnership role of the ministry and the embassies (especially FDOV).
4. **Institutionalization:** Consider how you are going to embed the partnership in your own organization; if the partnership is not well embedded it will be more difficult to manage.
5. **Experience with partnerships:** If you have little experience with partnering in general, or if all partners in a partnership are new to one another, calculate additional time to build the partnership.
6. **Funding:** Think of innovative ways of raising the required private contribution.

… project design, processes and procedures

PROJECT DESIGN

1. **Business Case:** Critically review what the 'willingness to pay' is of your prospective beneficiaries; who is going to use your products and/or services?
2. **Theory of change:** The more complex the problem that you wish to solve is, the more time you should spend on developing shared analysis of the problem, drivers of change and the value added of the partnership
3. Define **scenarios** on a number of key results and design a governance structure that is adequate to deal with changing circumstances
4. **Risk:** The better you are able to define and assess the risks of the partnership, the greater the change of acceptance
5. **Advice:** Advice of consultants has been used frequently but does not guarantee success
6. **Monitoring and evaluation as learning:** Don not wait with thinking about M&E until after submission of the proposal. Instead, try to come up with a solid model for learning and include this in your proposal

APPLICATION PROCESS AND PROCEDURES

1. **Requirements:** plan sufficient time in formulating the results chain, business model and theory of change and critically reflect on possible risks and obstacles.
2. **Timing:** Ensure flexibility to double efforts whenever the timeframe of the facilities require you to do so.
3. **Ticking boxes is not advised:** never engage in answering questions in the project plan without understanding what their function is for the ambitions of the PPP facility

To conclude

Facilities have been successful: All in all, the facilities are regarded as successful. More than 40 projects were accepted, reflecting an allocated budget of more than €110 million and covering a diverse group of developing countries on three continents. A second call for the facilities takes place in March 2014 for FDW, and in June 2014 for FDOV.

Constructive feedback: In general, the participants were positive about the PPP facilities, guidance and support. Their suggestions for improvements were primarily about application procedures and distribution of information. Furthermore, the survey revealed that many respondents would have liked more support, particularly regarding practical matters related to the facilities.

Need for Support: Participants' perspectives and the need for support have resulted in a PPP Lab being established by the Ministry of Foreign Affairs. This will support both facilities by means of an action-research programme investigating the effectiveness of the PPPs (see next page).

Acknowledgement: The large number of respondents made this survey a valuable source of knowledge, and the PrC would like to thank all participants.

PPPLab
FOOD & WATER

The PPPLab is a four-year programme, to run from 2014-2018, to study the effectiveness and impact of public-private partnerships supported by the Dutch Ministry of Foreign Affairs. The main objective of the PPPLab is to extract and co-create knowledge and methodological lessons from and about PPPs to help improve policy and implementation. Herein the PPPLab will adopt four knowledge roles: sense-making; moderation of knowledge exchange and learning; focussed innovation and action research trajectories; and analysis of policy and strategy. Additionally the PPPLab will focus on six themes (see box). It is anticipated that it will focus on the first tranche of FDW and FDOV partnerships. PPP Lab is initiated and funded by the Dutch Ministry of Foreign Affairs (DGIS). The PPPLab will coordinate its activities with RVO.

For more information please contact Marieke de Wal of the PrC:
mwal@rsm.nl

SIX THEMES OF THE PPPLAB

1. **Theories of change** – combining social, business and public value
2. **Business models,** financial constructions and transition strategies
3. **Sustainability**, scaling, 'moving on', **replication and institutionalisation**
4. **Sector/thematic focuses** and applications
5. **Partnership models**, configurations, processes and success factors
6. **Dutch PPP approach** / model

The PPPLab is a consortium of:

THE PARTNERSHIPS RESOURCE CENTRE

aqua for all

WAGENINGEN UR
For quality of life

SNV

Colophon

© 2014, Partnerships Resource Centre

This booklet is developed with contributions from Rob van Tulder, Academic Director of the PrC, and Nieke Keen and Anton van Zanten, PrC research associates.

RELATED REPORT

The People's Perspective: Key factors to ensure effective community involvement. Available from on the PrC website www.rsm.nl/prc

WE WELCOME COMMENTS AND UPDATES

prc@rsm.nl

The images contained in this publication are exclusive property of the authors.

The Partnerships Resource Centre

Postal address

P.O. Box 1738

3000 DR Rotterdam

The Netherlands

T   +31 (0)10 408 1126

E   prc@rsm.nl

Visiting address

Burgemeester Oudlaan 50

3062 PA Rotterdam,

The Netherlands

THE PARTNERSHIPS
RESOURCE CENTRE

ROTTERDAM SCHOOL OF MANAGEMENT
ERASMUS UNIVERSITY

RSM *Erasmus*
ERASMUS
UNIVERSITY