



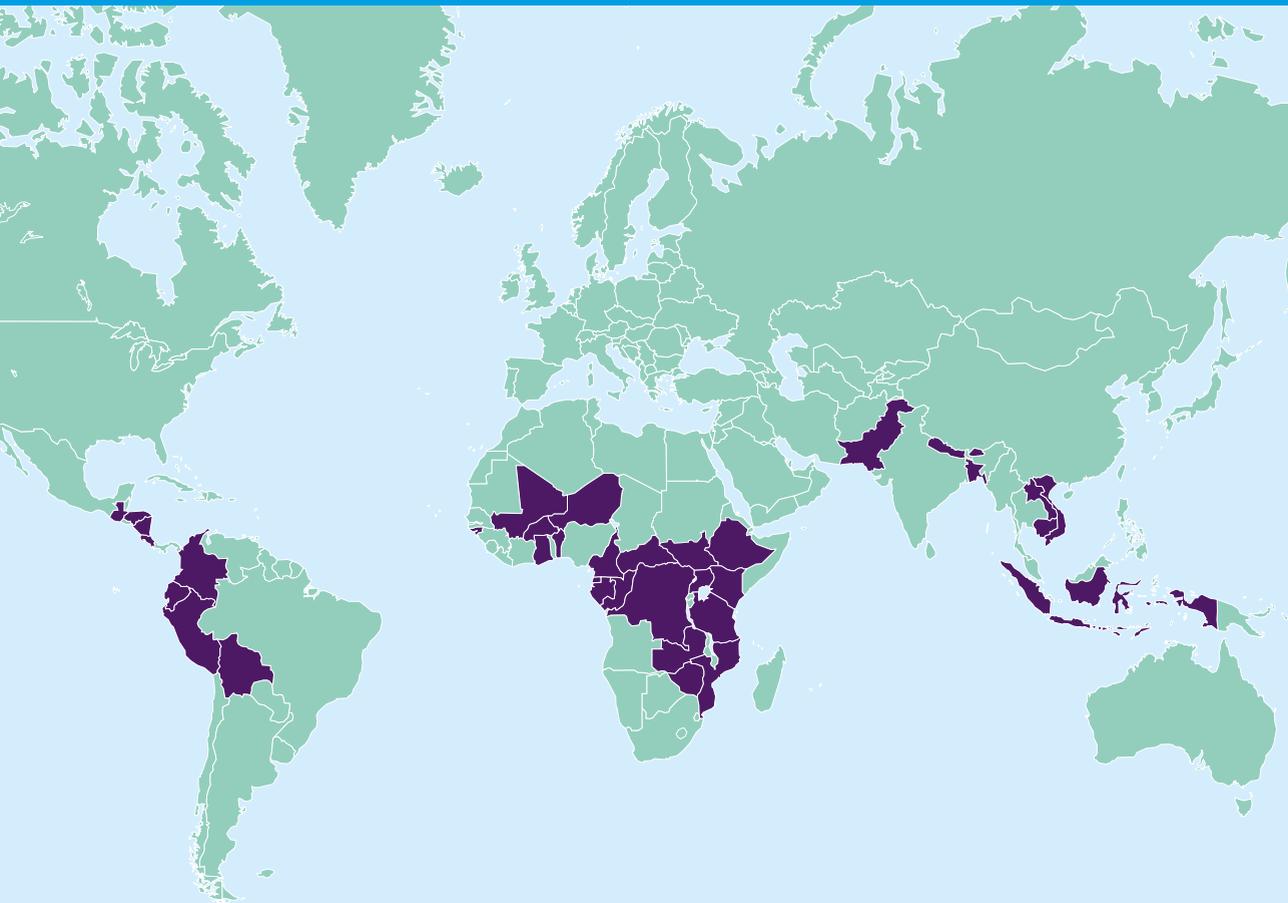
Ministry of Foreign Affairs

# IOB Evaluation

## Between Ambitions and Ambivalence

*Mid-term Evaluation SNV Programme 2007-2015*

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November 2013



## Preface

This evaluation analyses the activities and performance of SNV Netherlands Development Organisation over the period 2007-2011. The report presents the findings and insights into the effectiveness of providing support to capacity development – SNV's core business – and how that support has contributed to the well-being of poor people.

This report is closely associated with an earlier IOB report on the evaluation of Dutch support to capacity development published in 2011. That study emphasized the importance of conducting evaluations to assess the real potential of innovative approaches to institutional development. IOB considers such evaluations to be important because they make clear what is required from donors and development organisations such as SNV to provide professional support for these processes. This evaluation has the ambition to provide such insights, as well as to account for the substantial grant that the Ministry of Foreign Affairs of the Netherlands made available.

The design and conduct of this evaluation have been strongly influenced by an earlier finding of IOB in 2011 that SNV's planning, monitoring and evaluation systems did not produce reliable information about the results of its work. As a consequence, IOB had to invest considerable efforts and resources in conducting four in-depth studies that formed the backbone of the analysis of SNV's effectiveness (in Chapter 3), and had to do substantial triangulation by means of dossier research, interviews and field visits to validate SNV's information.

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The period 2007-2011 can be characterized as one of considerable ambivalence and continual fluctuations between different – sometimes even opposing – policy and funding principles, as well as uncertainty about which approach to follow. The combination of the limited availability of information and the ambivalence about its goals made it difficult to draw conclusions that would do justice to SNV's challenging work. Ultimately, IOB chose to focus on a limited number of findings that are both illustrative and representative of SNV's work, while striking a balance between the responsibilities of the ministry and SNV that could be key for SNV's and the ministry's learning and improving its effectiveness.

In 2011 the Minister for Development Cooperation decided to discontinue SNV's core funding when the current subsidy period ends in 2015. That decision puts the evaluation in a particular perspective, since SNV has now embarked into a process of transformation to prepare for its continuation on a different footing beyond 2015. The conclusions of this evaluation indicate that the ministry and SNV may need to reconsider some policy choices if they are to achieve optimal results in the remaining two years of the grant period. IOB presents its main points of attention in the form of dilemmas because it realises that there are no clear-cut answers; several factors might need to be considered, and some important concessions could be made. There are certainly no simple ways to resolve these dilemmas and challenges, particularly when they concern the question of whether SNV is 'doing the right thing'.

On behalf of Piet de Lange, the IOB evaluator responsible for this evaluation, and IOB researcher Rafaëla Feddes, I would like to thank wholeheartedly SNV, SNV's clients and partners, Loes Lammerts deputy head of the civil society division at the Ministry of Foreign Affairs of the Netherlands, ACE Europe and all other individuals for their valuable contributions to this evaluation. IOB gratefully acknowledges the support of SNV staff, especially those in the four countries that were the focus of the evaluation, who generously shared their time and perspectives with the evaluation team. Special appreciation is extended to the external referees Professor Menno Pradhan, Professor Louk de la Rive Box and Associate Professor Joy Clancy, who provided valuable comments and feedback on earlier versions of the report.

The final responsibility for this evaluation rests with IOB.

Prof. dr. Ruerd Ruben  
*Director Policy and Operations Evaluation Department (IOB)*  
*Ministry of Foreign Affairs, the Netherlands*

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## List of acronyms and abbreviations

5CC	5 core capabilities
ALCRER	<i>Association de Lutte Contre le Racisme, l’Ethnocentrisme et le Régionalisme</i> (Association of Fight against Racism, ethnocentrism and regionalism, Benin)
AMCOS	Agricultural marketing cooperative society (Tanzania)
ARD	Agricultural and Rural Development (Tanzania)
BASE	Basic services
BOAM	Business Organisations and Access to Markets (Ethiopia)
BPD	Biogas Programme Division (Vietnam)
CD	Capacity development
CEO	Chief executive officer
CEZOSOPA	Central Zone Sunflower Processors’ Association (Tanzania)
CG	Coordination group
CLTS	Community-led total sanitation
DA	Domestic accountability
DAC	Development Assistance Committee
DEK	Department for Effectiveness and Quality (DGIS)
DGIS	Directorate General for International Cooperation
DML	Environment and Development Department
DSI/MY	<i>Directie gezondheid, gender en maatschappelijke organisaties</i> / Department for health, gender and NGOs (DGIS)
DSO	Social Development Department (DGIS)
DSO/MO	Social Development Department / civil society (DGIS)
ESA	Eastern and Southern Africa
FPG	Farmer producer group (Tanzania)
GIZ	<i>Gesellschaft für Internationale Zusammenarbeit</i> (Agency for International Cooperation, Germany)
ICCO	Interchuch Organisation for Development Cooperation
IOB	Policy and Operations Evaluation Department
LCB	Local capacity builder
LCDF	Local capacity development fund
LGA	Local government authority (Tanzania)
MARD	Ministry of Agricultural and Rural Development (Vietnam)
MFA	Ministry of Foreign Affairs of the Netherlands
MfR	Managing for Results
MFS	<i>Medefinancieringsstelsel</i> (co-financing subsidy framework)
MSEDA	Medium and Small Enterprises Development Agency (Ethiopia)
MSP	Multi-stakeholder process
NGO	Non-governmental organisation
ODA	Official development assistance
ODI	Overseas Development Institute (UK)
OECD	Organisation for Economic Co-operation and Development
PATA	Public Accountability Tanzania

## List of acronyms and abbreviations

PEI	Productivity, employment and income generation
PM&E	Planning, monitoring & evaluation
PPD	Primary process days
PPEA	<i>Programme Pluriannuel Eau et Assainissement</i> (Multi-annual Water and Sanitation Programme, Benin)
RLDC	Rural Livelihood Development Company
SIDO	Small Industry Development Office (Tanzania)
SMEs	Small and medium enterprises
SNV	Netherlands Development Organisation
SSH4A	Sustainable Sanitation and Hygiene for all
TEOSA	Tanzania Edible Oilseeds Alliance
ToR	Terms of reference
ToT	Training of trainers
Triple AAA	Cyclical process of 'Analysis and planning', 'Action and monitoring' and 'Assessing results and evaluation'
UMAMBE	<i>Usindikaji Mafuta ya Mbegu</i> (Association of Edible Oil Processors in Manyara, Tanzania)
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
VBA	Vietnam Biogas Association
VC	Value chain
VND	Vietnamese dong (VND 1 million = EUR 35.3)
VNG	Association of Dutch Municipalities
WaSH	Water, sanitation and hygiene
WCA	Western and Central Africa
WHS	Warehouse receipt system



*'From poor people's perspectives, ill-being or bad quality of life is much more than just material poverty. It has multiple, interlocking dimensions. The dimensions combine to create and sustain powerlessness, a lack of freedom of choice and action. For those caught in multiple deprivations, escape is a struggle. To describe this trap poor people use the metaphor of bondage, of slavery, of being tied like bundles of straw.'*

**Deepa Narayan, 2000**

(Copied from SNV's subsidy application 2007-2015)



SNV set ambitious goals for poverty reduction and capacity development that were conveyed in its grant request for 2007-2015 in statements such as: 'SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development', and 'The core of SNV's development strategy is to develop the capacity of actors at different levels so that they can take measures to reduce poverty themselves'. In the period 2007-2011 SNV was present in 36 countries in Africa, Asia, Latin America and Eastern Europe. SNV decided in 2011 to focus its work in three (sub)sectors: agriculture – value chains; renewable energy – biogas digesters; and water, sanitation and hygiene (WaSH).

SNV's objectives and strategy focusing on institutional development at the meso level are highly relevant as it is assumed that weak organisations and institutions at that level are constraining development at the micro level. Not many international development organisations have a track record in this area of work, which is more or less uncharted territory.

The period 2007-2011 was characterized by contentions due to ambivalent policy choices made by the Ministry of Foreign Affairs of the Netherlands regarding SNV's autonomy to determine its own future. The contention was resolved only in 2011 when SNV was given a free rein to raise additional income. SNV has been successful in getting programmes up and running at local level at relatively short notice. Most of SNV's clients, associations and coordination groups have demonstrated improvements in some elements of their capacity, such as to improve their performance or to relate to their stakeholders. SNV's programmes have also contributed to improving access to and use of basic services and products. Poor people, like marginal farmers (male and female), often benefit less from SNV's programmes. The conditions necessary to ensure the sustainability of improved access have often been insufficiently realised due to deficiencies in the capacity of SNV's individual clients, associations and coordination groups and, the complex political environment in which they operate. SNV has insufficiently supported its clients to learn how to remain relevant and act according to their objectives in changing contexts.

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SNV's result reporting system has been largely unsatisfactory. SNV's PM&E system has improved since 2007 but still suffered from serious deficiencies in producing valid and reliable information in 2011. The usefulness of the information for SNV to learn about the effectiveness of its way of working was very limited.

Local service providers have strengthened their position in the market thanks to the work subcontracted by SNV. They have less evolved as independent professional advisors on organisational or institutional capacity development. SNV has not changed its strategy in favour of local service providers and basically remains an organisation that provides advice to its clients.

SNV's success in getting programmes up and running at relatively short notice can be explained by its good relations with its partners, e.g. national governments, NGOs, private sector organisations and its donors, its ability to introduce new knowledge and tools, and its capacity to bring together a variety of stakeholders. SNV's success in resource

mobilisation in Latin America and Vietnam and lately in some African countries shows that SNV can be an attractive partner for donors for commissioning projects.

There are several aspects of SNV's way of working that explain the uncertainty about the prospects for sustainability of the improvements for poor people:

- (i) SNV's dual objective of strengthening the capacity of its clients and taking responsibility for impact puts local ownership at risk. This is reinforced by donors that prefer to fund projects that achieve short-term results.
- (ii) Lack of coherence between and of consistent operationalisation of its ambitious poverty reduction and capacity development objectives.
- (iii) Its focus on eliminating bottlenecks for programme implementation while neglecting structural shortcomings in the client's capacity.
- (iv) Lack of generating evidence about its effectiveness regarding poverty reduction.
- (v) Lack of an exit strategy.

The findings indicate that SNV and the MFA may need to reconsider some policy choices if SNV is to achieve optimum results in the remaining years of the grant period that runs until the end of 2015. It is obvious that many of these considerations need to be made in a long-term perspective when SNV operates without core funding.

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Points that may require attention are:

- **SNV's objectives** – The questions that emerge are whether SNV should maintain taking responsibility for both capacity development and for reaching poverty impact. The question for the MFA is whether it should reconsider its funding modality to enable long term capacity development.
- **SNV's strategy** – The findings of the evaluation put forward the question whether relationships are characterized as one between SNV providing advice and a client, or one with SNV as programme holder and local organisations as implementing partners. An emerging question here is whether donors (that means Netherlands embassies) can organise their granting process in such a way that it puts Southern organisations in the driver's seat while SNV remains in the back seat as an advisor.
- **SNV's professional profile** – The evaluation raises two issues related to SNV's professionalism: (a) SNV combining taking the responsibility for programme management and programme outputs and conducting advisory work on capacity development. The question here is how SNV distinguishes between these two professional profiles and how it will combine the associated cultures in its organisation. (b) SNV's profile as international development organisation. How does SNV intend to maintain its added value as an international professional organisation vis-à-vis its clients and avoids of becoming less interesting to its clients as its national advisors do not bring an international or refreshing perspective as international advisors used to do.
- **SNV's PM&E system** – The evaluation findings give rise to two questions. The first question is whether the findings regarding effectiveness and sustainability give reasons to

reconsider SNV's planned results as specified in its Strategy Paper 2011-2015 and Corporate Multi-Annual Plan 2013-2015. The second question is whether there is enough confidence in SNV's PM&E system to trust that the organisation will be able to deliver an end of term report of acceptable quality.

# Conclusions

## Conclusions

This study concerns the mid-term evaluation of the subsidy granted by the Ministry of Foreign Affairs of the Netherlands (MFA) to SNV for the period 2007-2015. The evaluation has two purposes: first, to account for the subsidy SNV received in the period 2007-2011, and second, to learn from the experiences gained during the programme's implementation.

SNV set ambitious goals for poverty reduction and capacity development that were conveyed in its subsidy application for 2007-2015 in statements such as: 'SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development', and 'The core of SNV's development strategy is to develop the capacity of actors at different levels so that they can take measures to reduce poverty themselves.' SNV aims to achieve this by strengthening the capacity of local organisations, enabling them to solve problems, pursue their development goals, contribute to poverty reduction and promote good governance.

According to SNV's subsidy application, SNV's goal reflects its conviction that the need for capacity development services to local and intermediate actors is increasing, and that such services need to be locally owned, sustainable, and amplified in scope and depth, for poverty reduction to be successful in the medium and long term. SNV therefore increasingly sees itself as part of a community of local suppliers of capacity development services. And SNV aims to be stimulating, complementary and supportive to local actors. SNV states in its subsidy application that for itself, sustainability is *not* a key concern. Development organisations exist to empower others and to make themselves redundant wherever possible. SNV tries to 'walk that talk'.

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SNV's objectives and strategy focusing on institutional development at the meso level are highly relevant as it is assumed that weak organisations and institutions at that level are constraining development at the micro level. Not many international development organisations have a track record in this area of work, which is more or less uncharted territory. The findings of this evaluation indicate that it was also for SNV a challenge to integrate its ambitious poverty reduction and institutional development objectives.

According to its subsidy application SNV envisaged going through a tremendous process of change in 2007-2011. At the same time the programme period was characterized by substantial policy instability. Both within the MFA, as well as in the relations between the ministry and SNV, there was ambivalence about the way forward. Under such circumstances, results frameworks became fuzzy, was it difficult for SNV to maintain a steady course, and keep on evolving to reflect the changes taking place at the global level and in development cooperation.

In the period 2007-2011 SNV was present in 36 countries in Africa, Asia, Latin America and Eastern Europe. SNV decided in 2011 to focus its work in three (sub)sectors: agriculture – value chains; renewable energy – biogas digesters; and water, sanitation and hygiene (WASH).

The original subsidy was EUR 795 million for a period of nine year, which was reduced to EUR 676 million in 2012. SNV has spent EUR 436 between 2007 and 2011.

The evaluation has been conducted on the basis of the main evaluation questions concerning SNV's effectiveness and efficiency, including its way of working. The evaluation studied results at four levels: SNV's outputs, changes in SNV's clients' capacity, changes in clients' outputs, and improvements in poor people's access to and use of basic services. Results in terms of improved living conditions of poor people have not been studied as this would have required efforts beyond the scope of this evaluation. The evaluation concerns 12 programmes in the three sectors in Benin, Ethiopia, Tanzania and Vietnam.

The evaluation also covered four topics that were of particular interest to both the ministry and SNV:

- (i) complementarity – refers mainly to cooperation between the Netherlands embassies and SNV with the aim of making the support provided by the MFA at the macro (national) level more effective at the micro (local) level;
- (ii) SNV's planning, monitoring and evaluation (PM&E) system;
- (iii) SNV's resource mobilisation – whether SNV has succeeded in diversifying its resource base; and
- (iv) localisation, which covers two aspects: a) the shift of SNV from an organisation that provides advice for capacity development to its clients towards one that supports local service providers in improving their capacity to advise on organisational and institutional capacity development, and b) strengthening the ability of organisations at the meso level to pay for these services through the establishment of local capacity development facilities (LCDFs) that aim to improve local markets for advisory services at the meso level.

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The evaluation covers the period 2007-2011. The field studies were conducted late 2012 and early 2013 and illustrate the situation at that time.

## Main findings

1. *Policy framework – The policy choices made by the Ministry of Foreign Affairs of the Netherlands express ambivalence regarding SNV's autonomy to determine its own future. This ambivalence has been a continuous source of contention between the MFA and SNV. The issue was partly addressed in 2008 when the MFA allowed SNV more space to raise additional funds, and was only resolved in 2011 when SNV was given a free rein to raise additional income.*

In 2006 the MFA decided to provide SNV with a EUR 795 million grant for the nine-year period 2007 - 2015. This was an exceptionally long period compared to the grant contracts of no more than four years that the MFA usually concludes. The MFA had two major reasons for this decision. First, it intended the Netherlands embassies and SNV to work together in Dutch bilateral partner countries, with SNV sharing its knowledge and insights with embassy staff, thereby increasing the likelihood that Dutch bilateral aid would make a greater contribution to development at the micro level. Second, the MFA believed that SNV could transfer its role as adviser on capacity development to local organisations and

withdraw from developing countries, beginning with Latin America. Nine years was thought to be a suitable period to make such a transfer possible.

SNV never really agreed with the MFA position and made it clear that it would shift its advisory work to other areas and attached greater importance to finding other sources of revenue to supplement the MFA subsidy. In 2008 the MFA encouraged the diversification of SNV's resource base and thus backed SNV's efforts to achieving financial autonomy as the culmination of its long process of acquiring an independent status. In 2011 the MFA and SNV concluded a revised decision for the remaining grant period, 2012-2015. From that time SNV had a free rein to raise additional income to safeguard its post-2015 future. The revised decision gave the MFA an opportunity to reduce the original grant by EUR 119 million, to EUR 676 million.

- 2. Effectiveness – SNV has been successful in getting programmes up and running at village level at relatively short notice. These programmes have contributed to improving access to and use of basic services and products, but poor people, like marginal farmers (male and female), often benefit less from SNV's programmes.*

The SNV programmes that were part of this evaluation provide illustrations of SNV's development effectiveness. In Benin, for example, the programme helped to ensure that many water points were installed, thus giving people better access to drinking water. In Ethiopia, farmers obtained better access to knowledge through training courses and agricultural information campaigns, and acquired new varieties of apples so that they could grow more fruit. In Tanzania, farmers gained better market access and improved seeds became available so that they could grow more sunflowers and sesame for the production of edible oils. In Vietnam, biodigesters have helped to reduce household energy costs (e.g. for cooking), saving an average of two hours per day of work for women and making the kitchen environment healthier. The main driver for investing in a digester is that it eliminates the smell associated with keeping pigs, encouraging them to keep more pigs and consequently increase their incomes.

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In Benin, however, while more families had access to drinking water, they did not always use it because they did not want to pay for it. Because the management and maintenance of the wells were not always well organised many were not working, even in areas where SNV provided intensive support. In Ethiopia and Tanzania, it was not clear whether the additional revenue from improved fruit and seeds was sufficient to offset the extra costs and risks involved. In Vietnam, mainly the so-called 'average' income households with per capita incomes above about USD 2 per day invested in biodigesters. Innovations tend not to be tailored towards marginal farmers. Organisations that provide agricultural extension services often give less priority to poor people.

Economic growth and strong institutional capacity on the part of government, as in Vietnam and Ethiopia, were significant factors that contributed to the results achieved. The context has been of decisive importance in allowing SNV to realise its plans. In Tanzania, traditional, and culturally determined gender relations plus weak governance – factors that

cannot easily be influenced by donors or development organisations – have had a negative impact on SNV's effectiveness. Politics and power proved often decisive in determining whether change could be achieved.

SNV's success in getting programmes up and running at relatively short notice can be explained by its commitment, its broad network of national and international staff and local service providers, its good relations with its partners, e.g. national governments, NGOs, private sector organisations and its donors, its ability to introduce new knowledge and tools, and its capacity to bring together a variety of stakeholders. SNV's emphasis on domestic accountability, which plays an important role in the WaSH sector and also in value chains, is seen as a strong element of SNV's way of working.

- 3. Effectiveness – Most of SNV's individual clients, associations and coordination groups have demonstrated improvements in two or three core capabilities, such as their capability to improve their performance or to relate to their stakeholders. These improvements are often at risk due to deficiencies in the clients' other core capabilities. There is a considerable gap between SNV's ambitious objectives for capacity development and the results achieved on the ground: SNV has insufficiently supported its clients to learn how to remain relevant and act according to their objectives in changing contexts.*

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In Benin, the municipalities (established in 2003), have started to organise themselves to assume their responsibilities in the WaSH sector. SNV's support has mainly contributed to staff development to address the lack of qualified personnel in the short term. SNV has not so much focused on the capacity of municipalities to become empowered, acquiring the know-how and flexibility to cope with threats and challenges from the outside world.

In Ethiopia, the fruit value *chain coordination groups* (CGs), still at an early stage, have developed their capability to bring together a wide range of value chain actors, but creating an open culture to discuss realities on the ground, including the position of farmers, remains difficult. The sincere commitment of actors is questionable; government representatives and decision makers rarely attend CG meetings, for example.

In Tanzania, the marketing cooperatives for *sesame* were able to experiment with price negotiations and to raise internal capital. A next step is to link market prices to the quality of sesame seeds. SNV's training has contributed to improved leadership (mainly male-dominated) and governance, which have helped to regain the trust of members. Today, *sunflower* processors and farmers are better organised and the number of small and medium processors is increasing. The organisational capacity of processors and newly established producer farmer groups via trust-based contract farming, an initiative of SNV, is still rather weak, although contract farming has helped to increase the farmers' production capacity.

In Vietnam, the National Steering Committee formed by SNV is not very active. The Vietnam Biogas Association (VBA), launched in April 2011, was innovative for Vietnam but has not been a success.

- 4. Sustainability – The conditions necessary to ensure the sustainability of improved access to and use of basic services and products have often been insufficiently realised. This has mainly been due to deficiencies in the capacity of SNV’s individual clients, associations and coordination groups and, the complex political environment in which they operate.*

In Benin, public accountability hearings have contributed to greater transparency in the management of municipal affairs, even though in some municipalities elected officials are hardly ever publicly accountable. Citizens appreciate the interactions with municipalities on critical issues such as the budget.

In Ethiopia, fruits are ranked as priority crops for poverty reduction and public agencies have slowly but surely started to provide support. However, the government is less straightforward about developing a clear regulatory and policy framework for the fruit sector, and top-down agenda setting reduces the space for the voice of the poor. Moreover, the government continues to support the state marketing agencies and nurseries rather than to promote private sector development.

In Tanzania, local government authorities (LGAs) have prioritized sunflower for extension, have taken the lead in training farmers and introducing ‘quality declared seeds’ in high-potential areas. But the LGAs’ budgets for developing sunflower and sesame are considerably lower than the increased taxes they collect from the sunflower and sesame trade. The participation of small processors in national policy making has improved, although the large refineries have retained their political and economic power over small processors and farmers.

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The functioning of coordination groups, cooperatives and associations in the value chains in Ethiopia and Tanzania has been problematic and their ability to survive without constant SNV interventions is uncertain. One explanation for this situation is that the organisational capacity of members of these associations is still weak and they are often not in a position to maintain the association without external support. It is striking that farmers were almost always under-represented in these groups, and that they were dominated by processors and traders, sometimes in alliance with government representatives. Farmers’ organisations received relatively little support in learning how to better promote their members’ interests.

In Vietnam, the state controls almost every sector. Government officials and sector representatives are in favour of high subsidies and an important role for the government, as is currently the case. But this is at odds with SNV’s ambition to achieve a commercially viable domestic biogas sector with a reduced role for the government.

The case studies illustrate that SNV’s clients operate in complex political environments and that change processes depend on power relations in settings with multiple actors.

There are several aspects of SNV’s way of working that explain the uncertainty about the prospects for sustainability of the improvements for poor people:

- SNV's dual objective of strengthening the capacity of its clients and taking responsibility for impact puts local ownership at risk. This is reinforced by donors that prefer to fund programmes that achieve short-term results.
- SNV has not been consistent in the operationalisation of its capacity development strategy that integrates its ambitious poverty reduction and capacity development objectives.
- SNV focuses on eliminating bottlenecks for programme implementation while neglecting other, more structural shortcomings that could hamper operations in the long run. SNV gives little attention to learn organisations how to remain relevant or what is required to achieve their objectives in changing contexts (second-order learning).
- It is a challenge for SNV to develop programmes that are based on evidence of their effectiveness regarding poverty reduction.
- SNV often lacks an exit strategy at programme level that it has agreed with its clients. This will be particularly important once its core funding comes to an end in 2015.

5. *Efficiency – Data from SNV's database were not available or reliable enough to allow firm conclusions to be drawn about SNV's efficiency. SNV's awareness of the need to manage efficiency has not been well developed. Between 2007 and 2011 the costs per advisory day fell by 14%.*

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SNV has an established system that provides information about the number of advisory days provided and the costs incurred. Due to issues such as ambiguous definitions and the different ways advisory days are recorded, the system yields little information that is reliable enough to allow firm conclusions to be drawn about SNV's efficiency. These shortcomings suggest that SNV has rarely addressed the question of whether it could have achieved the same results with less money.

At the corporate level, it can be stated with some degree of certainty that the average cost of the advisory days provided by SNV around the world fell by 14%, from EUR 530 per day in 2007 to EUR 454 in 2011.

At the programme level, the efficiency of SNV's support is varied. Its support for improving poor people's access to services and products, for example, appears to have been more efficient than that for establishing coordination groups and associations.

6. *Institutional issues – Complementarity. The policy agreements on cooperation between the Netherlands embassies and SNV, which aimed to make bilateral support more effective at the micro level, have not lived up to its expectations.*

The implementation of complementarity has been shaped on a case by case basis, usually at the initiative of SNV. Policy coordination by the MFA has been absent. Consequently, personal relationships between the staff of SNV at country level and of the Netherlands embassies have played an important role. An implementation strategy, with guidance for both the embassies and the SNV country offices, has not materialized. Implementation has also suffered from the lack of consideration of key issues attached to the macro-micro gap, including their structural causes. Moreover, there was no common understanding of how

the results of complementarity in terms of closing the macro-micro gap should be measured.

The 2012-2015 revised subsidy decision confirmed that complementarity would be brought back to a level that applies to Dutch development organisations in general. This means that the organisation receiving grants strive for complementarity with the Dutch bilateral programme and initiate a dialogue with the embassy in the countries they implement the programme. SNV and the embassies are thus no longer expected to organise special cooperation to make the support provided by the MFA at the macro (national) level more effective at micro (local) level.

*7. Institutional issues – Localisation. Local service providers have strengthened their position in the market thanks to the work subcontracted by SNV. They have not evolved as independent professional advisors on organisational or institutional capacity development. SNV has increased substantially the volume of work subcontracted to local service providers, but has not changed its strategy in favour of local service providers and basically remains an organisation that provides advice to its clients.*

Originally, the MFA understood localisation to mean that SNV would hand over essential parts of its roles and responsibilities to local service providers and that SNV would then withdraw. SNV never agreed with this understanding of the MFA and planned to shift its advisory work to other areas. The MFA's decision to give SNV the opportunity to mobilise additional resources had profound implications for SNV's localisation strategy.

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SNV's position on localisation was ambitious and ambiguous at the same time. In its 2007-2015 subsidy application, localisation implied handing over essential parts of SNV's roles and responsibilities to local service providers. Its strategy document 2011-2015 confirms that SNV basically remains an organisation that provides advice to its clients. It now considers subcontracting work to local service providers as a way to reach scale and increase its own efficiency.

In 2011 SNV subcontracted 41% of its advisory days to local service providers, which is close to the target set in its subsidy application. In terms of its budget SNV subcontracted only 10% rather than 23% as was planned. The explanation for this difference is that the cost of subcontracting local service providers has been much lower than SNV assumed in 2007.

Local service providers subcontracted by SNV appreciate working for the organisation. They are strengthened because they are able to learn by doing, learn from SNV's international expertise and expand their networks. The results include improved training skills, improved networks and better positioning on the market. The evaluation team did not come across any local service providers that were being systematically supported by SNV to become (independent) professional advisors on organisational or institutional capacity development.

The fact that SNV makes its services available for free may also be an impediment to the capacity development of local advisors that could have performed the same role and tasks as SNV, but not for free.

It is not always clear why SNV subcontracts local service providers to carry out work at the municipal level, where one would have expected that it would be the responsibility of SNV's clients to take up this work, eventually through service providers contracted by them.

SNV has not succeeded in improving local markets for advisory services at the meso level through the introduction of local capacity development facilities (LCDFs).

*8. Institutional issues – planning, monitoring and evaluation (PM&E). SNV's reporting on its performance with respect to its goals has been largely unsatisfactory. SNV's PM&E system has improved since 2007 but still suffered from serious deficiencies in producing valid and reliable information in 2011. The usefulness of the information for SNV to learn about the effectiveness of its way of working was very limited.*

The MFA systematically monitored SNV's annual reports. The reports were rejected several times on the ground that they did not make the results achieved sufficiently clear. In the end, however, the reports were approved without substantial improvements, and the annual payments were made. Consequently, the MFA did between 2007 and 2011 not know whether it was financing success or failure. In the revised subsidy decision for 2012-2015 the MFA included new requirements about monitoring and evaluation.

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The evaluability study conducted by IOB prior to the evaluation and IOB's assessment of SNV's corporate evaluations in 2011 indicated that SNV's efforts to enhance its PM&E system have had limited impacts. SNV's monitoring information was not systematically available. Corporate evaluations that were supposed to follow up on SNV's effectiveness showed serious deficiencies that can be explained by SNV's low expenditures on conducting corporate evaluations (less than 0.2% of its budget), and low quality and overambitious terms of reference.

SNV's response (2012) to this challenge has been to develop an electronic system that enforces compliance and transparency regarding data entry, in combination with providing staff members with extensive guidance about how to generate the required data. Proof of the success of this approach might emerge in the coming years.

SNV's new monitoring protocol (2012) is unclear about how the quality of corporate evaluations would be improved. The protocol does not explain, for example, what 'independent evaluations' imply, or how such independence will be safeguarded.

9. *Institutional aspects – Resource mobilisation. SNV's 2012 resource mobilisation strategy responds to a broader donor shift from budget and sector-wide support to project and programme funding, as used to be the case in the 1990s.*

SNV's 2012 policy choices call to mind its policy prior to 2000, when the organisation abandoned the implementation of projects in order to avoid being too much in the driver's seat of development. SNV's 2012 approach responds to a broader shift in international (and Dutch) aid modalities away from budget and sector-wide support back to the project and programme funding that was common in the 1990s. The project and programme modality was subsequently considered to be inadequate because of the disadvantage that the results achieved were often unsustainable.

10. *Institutional aspects – Resource mobilisation. The ministry's decision to grant SNV autonomous financial status has had a decisive impact on the organisation. SNV's efforts to mobilise new sources of income are already showing substantial results.*

SNV's decision to stay in business and to mobilise the required resources after the core subsidy comes to an end in 2015 has required major adjustments that have permeated the entire organisation. According to SNV, it has been able to devote much more attention to results-based management and cost effectiveness since 2012. From that point of view it describes the ministry's decision as a 'blessing in disguise' in the case of Vietnam, a frontrunner in SNV's transformation process. SNV has managed to raise substantial additional income through project and programme financing in Latin America and Vietnam, for example. Its success in Latin America and Vietnam and lately in some African countries shows that SNV can be an attractive partner for donors for commissioning projects. This can be explained by SNV's various strengths, including: (i) the commitment of its staff; (ii) the mix of international and local consultants; (iii) its linkages to local sources of knowledge; (iv) its broad local and international networks; (v) its good relations with government institutions, NGOs, businesses and donors; and (vi) its focus on sectors with considerable economic potential. SNV's work is valued by both its clients and the donor community.

## Points of attention and dilemmas

The above main findings indicate that SNV and the MFA may need to reconsider some policy choices if SNV is to achieve optimum results in the remaining years of the grant period that runs until the end of 2015. It is obvious that many of these considerations need to be made in a long-term perspective when SNV operates without core funding. The evaluation intends to contribute to the policy discussion by raising some points of attention that may be critical. IOB presents these issues as dilemmas – i.e. difficult choices – because we realise that no clear-cut answers are available, different points of view might need to be considered, and some concessions may have to be made.

## 1 SNV's goals

The evaluation findings point to a number of dilemmas regarding SNV's capacity development goal.

The first dilemma is related to SNV's assumption that it is possible to take responsibility for both capacity development and poverty impact. The in-depth studies illustrate that this combination is not obvious. The question that emerges is whether SNV should maintain taking responsibility for capacity development and for impact. SNV's policy responds in this regard to the fact that most donors have shifted towards achieving short-term poverty reduction goals rather than long-term capacity development goals. Often this policy shift includes a shift from budget and sector support to project support that is less suitable for long term capacity development. This incentive structure is at odds with the view that a capable organisation is more likely to achieve and maintain the services that are required to reduce poverty on a sustainable basis. Should the MFA reconsider its earlier decision to stop providing core funding, or should SNV change its strategy and planned results given the new funding modality? This relates to another question, namely, to what extent it is desirable that the remainder of the MFA's subsidy is used to cross-subsidise other SNV programmes.

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The second dilemma concerns SNV's open-ended approach while its capacity development support focuses on institutional development. The evaluation finds that SNV is often overly optimistic. The desirability of institutional development is undisputed. The question is what results can be expected and how external support can be provided effectively, given the prevailing conditions under which a support programme operates. Would it be desirable to develop and conduct 'readiness assessments' that inform whether 'the time is ripe' and how SNV could provide effective support prior to its decision to support institutional development?

The third dilemma concerns the limitations of what we call SNV's 'bottleneck approach' – SNV focusing on weaknesses in its clients' capacity that constrains programme implementation. This approach refers to SNV's strategy to support the removal of immediate barriers in the client's organisation that prevent the delivery of services for the benefit of poor people. This approach has the advantage that it is down to earth and focusses on short-term results, but has the shortcoming that other weaknesses in the client's organisation may put at risk service delivery in the longer term and thus affects sustainable poverty reduction. The emerging question then is how an equilibrium point can be found between the 'bottleneck approach' and the 'organisational or institutional development approach' to ensure the sustainability of the client's service delivery, even when circumstances change.

A fourth dilemma points to an observation of SNV that it is obvious that SNV's teams could be tempted by funding outside the given framework, particularly if they are in a financially precarious situation. How SNV can contain these centrifugal forces while simultaneously allowing for some freedom is indeed an important question.

## 2 SNV's strategy / client selection

Questions associated with SNV's strategy depend unavoidably on how SNV chooses its position regarding its capacity development goal. The evaluation findings point to other strategic choices that are also important for pursuing effectiveness.

A critical element in SNV's strategy concerns the clients it chooses and how the relationship between SNV and its clients is shaped. The choice of clients and the form of relationships have to a large extent been shaped by the choices SNV made in 2007 to take a leading role in programme formulation and in selecting its clients. The findings of the evaluation put forward the question of whether relationships are characterized as one between (i) SNV providing advice and a client, or (ii) one with SNV as programme holder and local organisations as implementing partners.

Situations where clients or client groups feel entirely responsible for programme implementation are rare. The evaluation team did not come across any case where a client had invited SNV to act as advisor because it was experiencing an urgent or serious problem. On the other hand, the lack of demand does not have to be a problem; Southern organisations contribute their share, follow programme implementation with interest, pick up what appears to be appropriate for them and are happy to receive support. Closely associated with this issue are the evaluation findings that both SNV's clients and its donors sometimes feel insufficiently informed about programme implementation. The 'ownership' issue is likely to become more prominent as SNV will depend entirely on programme funding by the end of 2015 and its responsibility for programme results will be even more dominant. A question emerging here is whether funding modalities are available and can be applied that enhance the ownership of Southern organisations. This question is also related to how donors (i.e. Netherlands embassies) organise their granting process. Would it be possible for them to put a Southern organisation in the driver's seat while SNV remains in the back seat as an advisor?

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## 3 SNV's professional profile

The evaluation raises two issues related to SNV's professionalism: SNV combining advisory work on sector development and on capacity development, and SNV's profile as international development organisation.

SNV's professionalism combines responsibility for programme management and programme outputs, and for capacity development advisory work. SNV's profile as international development organisation changes due to the increasing share of national advisors who are either permanently employed as SNV staff, are hired for longer periods of time as associates (for example for the duration of a programme), or are subcontracted as local service providers to carry out specific assignments. The number of international advisors has decreased to a level that they hold only (senior) management positions.

Together, these two findings lead to questions that may deserve attention:

- The required expertise of an advisor working on capacity development and the associated culture are very different from that of an advisor with responsibility for achieving

programme results. How does SNV distinguish these two professional profiles and how will it combine the associated cultures in its organisation?

- How does SNV intend to maintain its added value as an international professional organisation vis-à-vis its clients. Its position as a 'glorified project implementer' (as it was referred to in the in-depth study of the WaSH sector in Benin) is not necessarily in line with the specific added value and comparative advantages one would expect of an international development agency. SNV runs the risk of becoming less interesting to its clients as its national advisors do not bring an international perspective or a refreshing point of view as international advisors used to do. This does not take away that there are also cases where national advisors have provided services to the full satisfaction of the clients and most probably in a better informed and more appropriate way than an international advisor ever could have done.

#### 4 Results and SNV's PM&E system

The evaluation findings give rise to two questions regarding SNV's results and its PM&E system.

The first question is whether the findings regarding effectiveness and sustainability give reasons to reconsider SNV's planned results as specified in its Strategy Paper 2011-2015 and Corporate Multi-Annual Plan 2013-2015. These documents give some direction but the targets are not clear. Nor is it clear whether SNV will reconsider its capacity development objective and how that will impact on results. A general observation is that the sustainability of outcomes (continuation of service delivery and use of the services by the ultimate target group after the programme stops) has received little attention.

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The second question is whether there is enough confidence in SNV's PM&E system to trust that the organisation will be able to deliver an end of term report of acceptable quality. Neither SNV nor the MFA can afford to fail to report on results after it was concluded in 2006, and again in this evaluation, that SNV's PM&E system did not produce reliable results information. Since that time SNV has made considerable efforts to improve its PM&E administrative system and to enforce compliance of its staff in reporting. Despite all of these efforts, the risks associated with the size of SNV's organisation, its staff capacities and its internal culture still remain. In addition, there are serious methodological issues related to SNV's theory of change – as outlined in this evaluation – that need to be addressed. It therefore seems fair to pose the question of whether the measures taken since 2011 to improve the M&E system are sufficient to provide insight in the results achieved by the end of 2015 and mitigate those risks.

#### 5 Local presence, innovation and knowledge development

This evaluation report indicates that SNV's local presence is its strength. While all SNV countries are building up more diverse donor portfolios, SNV sees that certain countries do better than others as donor interests vary by country and over time. The result will be a diverse and an uncertain funding base that may compel SNV to reduce its local presence and thus undermine one of its strategic assets.

## Conclusions

In order to remain relevant, SNV has defined a number of areas for innovation that require research. While in most cases donors' programme or project funding allows for a certain amount of piloting, innovation or knowledge development, funding at scale is more difficult to find. Since SNV currently finances these research activities from its core funding, the associated question is whether it can remain at the cutting edge without access to such funding?

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# Introduction to the evaluation

## 1.1 Evaluation design

### 1.1.1 Purpose, objectives and evaluation questions

This evaluation of the SNV programme has two purposes: first, to account for the subsidy SNV received in the period 2007-2011, and second, to learn from the experiences gained during the implementation of the programme.

The evaluation was conducted on the basis of the following evaluation questions:

The relationship between the Ministry of Foreign Affairs of the Netherlands (MFA) and SNV:

- 1) What was the underlying rationale for the MFA to provide a subsidy to SNV, and what conditions did the MFA attach to the subsidy?
- 2) On the basis of which considerations did SNV revise its policy, and how large an impact did the MFA's conditions have on these changes?

SNV's way of working:

- 3) What are SNV's criteria for country selection?
- 4) How does SNV operate, and what is SNV's position in the countries?
- 5) How does SNV support endogenous (the way organisations take responsibility for themselves) capacity development?

Specific institutional aspects:

- 6) What is the nature of SNV's collaboration with the embassies?
- 7) How has SNV's localisation process been implemented?
- 8) Does SNV have a PM&E system in place that makes it possible to monitor its performance and effectiveness, and adjust its policy?
- 9) Has SNV succeeded in diversifying its resource base?

Effectiveness:

- 10) How effective has SNV support been in terms of strengthening the capacity of its clients (or client groups) and their outputs?
- 11) Has poor people's access to services and products and how they use them changed, and to what extent is this attributable to changes in the outputs of SNV's clients?
- 12) What factors explain the degree of effectiveness of SNV's support?

Efficiency:

- 13) How efficient is SNV in terms of its input-output ratio?
- 14) What are the costs of the services provided by SNV in relation to the changes in capacity development of its clients (group of clients) and their outputs?
- 15) What factors explain the degree of SNV's efficiency and the cost of its services?

These questions were further elaborated with detailed questions in the Terms of Reference that can be found on the website:

[www.government.nl/foreign-policy-evaluations](http://www.government.nl/foreign-policy-evaluations), [www.rijksoverheid.nl/bz-evaluaties](http://www.rijksoverheid.nl/bz-evaluaties) or <http://www.iob-evaluatie.nl>. The answers to the questions are disaggregated to the greatest extent possible by gender, with particular attention to the effects on women.

During the evaluation extra attention was given to sustainability in addition to the original specific question 1.11 ‘What conditions have clients introduced in their organisation and enabling environment to sustain the present capacity level?’ Sustainability is defined as ‘The continuation of benefits from a development intervention after major development assistance has been completed, or the probability of continued long-term benefits’ (OECD/DAC, 2006). The related question 11a is ‘Are conditions in place to continue improved access poor people have to basic services after SNV support has been completed?’ This question is taken up in chapter 3.

The analytical framework for this evaluation is presented in section 3.2.

### 1.1.2 Focus and representativeness

The evaluation covers the period 2007-2011. Programmes that received SNV support before 2007 have been included if that support was continued during the evaluation period. The in-depth studies and validation missions were conducted late 2012 and early 2013 and illustrate the situation at that time. The evaluation includes a description of the major reorganisation of SNV that was initiated in 2011 and some reflections on early experiences, notably in Vietnam. It does not include an assessment of whether the reorganisation has been effective.

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The research for the evaluation consisted of three parts.

- *Policy reconstruction* – a study of the relationship between the ministry and SNV, SNV’s policy development and way of working in the various countries, and of four specific institutional aspects that were part of the subsidy decision 2007-2015; complementarity, localisation, PM&E and SNV’s resource diversification.
- *Validation* – studies (eight) to document SNV’s way of working and to assess its effectiveness and efficiency to the extent possible with the information available.
- *In-depth studies* (four) to provide sufficient information to allow conclusions to be drawn about SNV’s way of working, its effectiveness in improving poor people’s access to services and products, and the capacity development of its clients, but not regarding impact (improving poor people’s well-being) and efficiency.

For this evaluation IOB aimed to select a representative sample of countries, sectors and programmes that are typical of SNV’s policy and the conditions under which SNV works (Table 1). The sample, selected with SNV’s consent, consisted of 12 programmes in Benin, Ethiopia, Tanzania and Vietnam in three sectors: agriculture – value chains; renewable energy – biogas digesters; and water, sanitation and hygiene (WaSH).

	<b>Agriculture</b>	<b>Renewable energy</b>	<b>Water, sanitation and hygiene (WaSH)</b>
Benin	Cotton value chain	National biogas programme	Multi-annual WaSH programme (PPEA)
Ethiopia	Fruit value chains	National biogas programme	Rural water supply and sanitation
Tanzania	Edible oil value chains	National biogas programme	Rural water supply
Vietnam	Tea and cardamom value chains	National biogas programme	Sanitation and hygiene (SSH4A, CLTS)

*White: in-depth studies*

### 1.1.3 Organisation of the evaluation

The evaluation was conducted by the Policy and Operations Evaluation department (IOB) of the Ministry of Foreign Affairs of the Netherlands (Annex 1). IOB evaluator Piet de Lange and researcher Rafaëla Feddes were responsible for the evaluation.

A general reference group and an IOB peer review team ensured the quality of the evaluation by providing advice to the director of IOB regarding the quality and relevance of the ToR, the inception report, the in-depth study reports and the draft evaluation report. The members of the general reference group included Professor Menno Pradhan, University of Amsterdam; Professor Louk de la Rive Box, former rector of the International Institute for Social Studies; Associate Professor Joy Clancy, University of Twente; Andy Wehkamp, SNV regional director for West and Central Africa (for SNV); and Loes Lammerts (for the Ministry of Foreign Affairs, DSO/MO).

The reference group met four times to advise IOB on the concept terms of reference, the concept inception report for the in-depth studies, the concept report of the in-depth studies and of the concept evaluation report. The IOB internal peer review team consisted of IOB evaluators Paul de Nooijer and Henri Jorritsma, Phil Compermolle (December 2012) and Floris Blankenberg (April 2013), chaired by IOB director Ruerd Ruben. The peer review team reviewed interim products such as the inception reports and the reports of the in-depth studies and provided advice.

## 1.2 Evaluation implementation

The IOB team conducted a reconstruction of SNV's policy and a study of the four institutional aspects. IOB's research involved a study of the archives at the ministry, of the documents made available by SNV and interviews with present and former officers of the ministry and SNV.

The eight validation studies were conducted by the IOB team to verify and triangulate the information provided by SNV and for the IOB team to get a better understanding of the context in which SNV operates, and to obtain additional data regarding the institutional aspects. The eight validation studies were conducted according to plan. Each mission concluded with a feedback session with the SNV country team. The draft reports were verified by the SNV country teams.

The four in-depth studies were intended to shed light on SNV's way of working and effectiveness. The four reports were produced by a team of evaluation experts under the responsibility of ACE Europe. First, an inception report was written in accordance with the requirements stated in the ToR. The implementation of the studies consisted of four phases: (i) start-up missions in the four countries; (ii) further elaboration of the research methodologies; (iii) data collection, using both qualitative and quantitative approaches; and (iv) analysis, reporting and debriefings. Each study was conducted by an international thematic expert in collaboration with local researchers.

With regard to data collection in the field, the national consultant and the survey teams conducted qualitative research and household surveys in Benin, Ethiopia and Vietnam. In January 2013, after the first results of the qualitative research in Tanzania were available, it was decided that for the edible oilseed value chains no household survey would be carried out because the effects on farmer households were indirect and it would be very difficult to attribute changes at the farmer level to SNV's interventions. It was decided to conduct further qualitative research targeting the farmers' organisations and the meso-level organisations that have benefited from SNV interventions. The reports of the four in-depth studies are available as working documents on the IOB website ([www.iob-evaluatie.nl](http://www.iob-evaluatie.nl), [www.government.nl/foreign-policy-evaluations](http://www.government.nl/foreign-policy-evaluations) and [www.rijksoverheid.nl/BZ-evaluaties](http://www.rijksoverheid.nl/BZ-evaluaties)), and are summarised in Annex 5.

A number of problems were encountered in the implementation of the evaluation. At the programme level, systematic data were often not available, so that the consultants, as well as the SNV teams, had to spend an enormous amount of time gathering and verifying information. At the corporate level, the evaluation team found that at times SNV's policy had been formulated and interpreted in different ways. In combination with the shifts in SNV's strategy, this lack of clarity required a lot of effort from both IOB and SNV to reach a common understanding of the relevant issues, and for IOB to interpret SNV's data correctly.

### 1.3 Limitations of the evaluation

The design of the evaluation was to a significant extent determined by the findings of the evaluability study conducted by IOB prior to the evaluation. The study concluded that SNV has limited information available regarding key results such as changes in the capacity of its clients and changes in the access of the ultimate beneficiaries to services and products. As a result, the ability of the evaluation team to measure effectiveness and efficiency was also limited (OECD/DAC, 2002).

Results at the impact level (improvements in the living conditions of poor people) have not been studied as this would have required efforts beyond the scope of this evaluation. Impact information is thus only included as far as reliable information is available from earlier evaluations of SNV's activities or relevant international research.

Establishing causal linkages and attribution proved to be challenging because SNV uses a wide range of intermediaries and a variety of external factors influence such linkages. In addition, the evaluation team encountered difficulties in establishing changes in the capacity of SNV's clients. This was particularly the case when SNV's support had not focused on organisational capacity development and the clients did not expect the development of their organisation to be a part of this evaluation.

The evaluation measured SNV's efficiency only in terms of its input-output ratio at corporate level. In addition, at the programme level the evaluation sheds some light on the costs of SNV's services in relation to the results achieved in terms of their clients' capacity development and outputs.

## 1.4 Outline of the report

This report has been written in such a way that chapters can be read one by one and readers do not necessarily need to read earlier chapters. Chapters 2, 3, 4 and 5 start with a reader's guide.

Chapter 2 provides a reconstruction of SNV's policy. Chapter 3 presents the findings regarding the effectiveness of SNV support. Chapter 4 presents the observations regarding the organisation's efficiency. Finally, chapter 5 discusses four institutional aspects that are related to the subsidy decision by the ministry: complementarity, PM&E, localisation and resource diversification.

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## Reconstruction of SNV's policy

### Reader's guide

This chapter opens with a brief summary of international trends in support for capacity development in order to be able to appreciate SNV's work. Section 2.2 gives a short overview of SNV's way of working since its inception until 2006. Section 2.3 describes the MFA's considerations for providing SNV with a substantial grant for a period of nine years. Section 2.4 summarises SNV's policy intentions and associated strategy and how they evolved over time. The broad outlines of how SNV implemented its policy are presented in section 2.5. Section 2.6 describes how the MFA supervised the programme and how that was experienced by SNV. Section 2.7 provides the conclusions for this chapter.

This chapter addresses evaluation questions 1-3:

- 1) What was the underlying rationale for the MFA to provide a subsidy to SNV, and what conditions did the MFA attach to the subsidy?
- 2) On the basis of which considerations did SNV revise its policy, and how large an impact did the MFA's conditions have on these changes?
- 3) What are SNV's criteria for country selection?

## 2.1 Capacity development in international perspective<sup>1</sup>

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Capacity development comprises a substantial share, about 25%, of the financial support provided by international donors to developing countries. Despite the widespread belief in its value, the international community has never succeeded in clearly defining what capacity development is or how it is best supported. This is the most likely reason why there is serious under-investment in evaluating donor support for capacity development. A common position is that developing countries need appropriate and adequate capacities in order to choose and follow their own development paths – in other words, for people organisations and society as a whole to acquire the ability to manage their affairs successfully. In this view, capacity is not simply a means to achieve immediate results in, for example, health, education, agriculture or the environment. Rather, it refers to effective systems, institutions and organisations that are crucial to a country's ability to select and create its own future. From that perspective capacity is imperative for achieving the Millennium Development Goals (MDGs).

### Shifting paradigms

Since the outset of international cooperation in the 1950s, it has been generally assumed that the lack of knowledge and technology are obstacles that prevent developing countries to develop. However, early support for capacity development indicated that other elements, such as personal relationships and power structures, are just as important. Experience has also taught that the mere transfer of knowledge or technology does not create the desired change and that development has to be energized from within. Support for capacity

<sup>1</sup> This section is an edited summary of the synthesis report of the evaluation of Dutch support to capacity development, Chapter 2 (IOB, 2011). References are available in that report.

development helps the efforts of the above-mentioned actors and the way they use the resources available to them: knowledge, capital, land, raw materials, entrepreneurship, creativity and, last but not least, their own values.

Initially, capacity development initiatives were focused at the micro level, particularly on the development of the competences of individuals. That changed in the 1970s, when the emphasis shifted to organisational development. The significance of organisational development grew further when the structural adjustment programmes of the 1980s revealed to donors that lowering the capabilities of public institutions created serious obstacles to poverty alleviation. In an effort to help reduce extreme poverty, substantial assistance was then provided to make public sector organisations perform more efficiently and effectively. The UNDP report *Rethinking Technical Cooperation* (Berg, 1993), examined the reasons why assistance to public sector organisations in developing countries was often so problematic. The report identified four fundamental problems: 1) long-term secondments took precedence over other forms of technical assistance; 2) technical assistance was strongly supply driven; 3) incentives and good working conditions were lacking within the public sector, resulting in poorly motivated personnel and high staff turnover; and 4) expatriates were commonly appointed to fill vacancies.

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Kaplan (1999) defined support for capacity development as the ‘facilitation of resourcefulness’. In this paradigm it is essential that in order to become effective an organisation has to have a conceptual framework that reflects its understanding of the world. That understanding is followed by an organisational attitude that incorporates the confidence to act in a way that it believes it can have an impact and accepts responsibility for the social and physical conditions it encounters in the world. Material resources have a low priority in this paradigm after the need for a clear vision and mission, organisational structures and human resources. This paradigm also defines the role of donors and international development organisations and the fundamental challenges they face. They must learn to ‘read’ contexts and processes, and ask the right questions at the right time. They need a deep understanding of development processes and their complexities, as well as a profound appreciation of the theories of capacity and how it can be developed.

**Box 1** *Amartya Sen’s views on capacity*

The economist Amartya Sen has sought to move development thinking beyond notions of capacities as instrumental attributes and to draw attention to the wider notion of capabilities. With this approach, the capacities of people or organisations gain significance and traction only insofar as they reflect motivating values and aspirations and the freedom that allows them to be realised concretely. This capabilities approach contends that enabling socio-political opportunities need to be factored into development initiatives before conventional capacity building efforts can achieve equitable and uncoerced exercise of choice.

Source: IOB (2011).

In 2002 three UNDP specialists summarised most of the new thinking as follows: 'If technical cooperation is to work for capacity development, only institutional innovations – new models – most appropriate to today's social and economic environment will overcome the well-known constraints' (Fukuda-Parr et al., 2002). They concluded that capacity development and institutional innovations would have to be built on new assumptions about the nature of development, effective development cooperation, the aid relationship, capacity development and knowledge.

Despite advances in knowledge about capacity development and discussions on the effectiveness of support for capacity development donors' policy and practices have remained largely unchanged. Donors still focus on short-term results, preventing them from looking to the new paradigm in which facilitating the resourcefulness of Southern organisations is pivotal. Can donors see Southern organisations as entities operating in complex, unpredictable environments – with all that that it implies for donor support and the planning, monitoring and evaluation of capacity development?

### Effectiveness

Evaluation reports have little or nothing to say about whether capacity development support has been effective, and if so, how. Assistance to public sector organisations is often reported to be problematic. Reports have consistently concluded that donor support for capacity development is not sufficiently based on assessments of the (institutional) context, support programmes tend to take a technical approach with little regard for local knowledge and practices or for the socio-political and organisational factors that affect capacity. Strategically important questions are often overlooked. How will support for capacity development contribute to a development goal? How will support for capacity development engage local partners and stakeholders to drive the change process needed? Are local partners committed to allocating resources (time, energy and enthusiasm) to strengthen their own capacity? Developing countries experience that many capacity development programmes do not match the needs of the countries where they are implemented. The issues are that: (i) there is a fundamental gap between theory and practice in the way donors address capacity development; (ii) neither donors nor partner countries take ownership sufficiently seriously as a prerequisite for supporting sustainable development and resilient institutions; and (iii) capacity development strategies are not integrated into sector policies and do not give due consideration to the wider environment in which the sector operates.

In recent decades donors have given increasing attention to developing the capacity of NGOs. A decisive reason for this is the imperative that NGOs in developing countries have to provide their donors with information, chiefly about how they manage resources and how they perform. While donors have clearly emphasized capacity building, the demand of the NGOs has not been as clear or unambiguous. They attach a rather low priority to the capacity development assistance from their donors or Northern NGOs. Rather, they want help in accessing other resources or support and to develop joint South-North strategies. Support has resulted in a large number of NGOs that have acquired the skills and systems

necessary to satisfy their donors. Other than this, the literature provides no conclusive evidence of the success of capacity development support to NGOs.

### Systems thinking

Since early 2000 conventional thinking about capacity development, and its associated theories of change, has been challenged as being too narrow and technocratic. It had failed to fully recognize that poverty and development have to be seen as a part of much wider and complex processes that involve, among other things, international circumstances, scarcity of resources, security and power. The critique included also that most problems associated with poverty and development were too complex to be solved by one discrete organisation; hence a plea to focus capacity development support on institutional development. If successful, institutional development has much greater leverage and potential impact for poverty reduction. But, however desirable, institutional capacity development is far more challenging than organisational capacity development, let alone providing effective support for it to happen. It assumes (i) that single discrete organisations are strong and capable of acting at a higher level; (ii) that governmental organisations, private sector organisations and organisations such cooperatives and labour unions representing the interests of their stakeholders start cooperating; and (iii) that laws, regulations and incentives create an enabling environment.

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#### Box 2 Facilitating value chains: value for whom?

The *value chain (VC) perspective* entails more than physical flows of products and materials. It emphasizes the institutional setup of economic transactions and social relationships. It looks into interdependencies, and it suggests concerted action and interrelationships. A VC is thus a system with economic objectives; however, all actors in the system have their own (economic) drivers to contribute. The system cannot function without proper remuneration that compensates the actors for their efforts. Social, cultural and political dynamics also influence the interrelations between the actors.

There are different views about which *factors improve VC performance*. The promoters of free market economics emphasize measures other than those advocating the central steering of economic processes. Whichever view of VC improvement is embraced, the suggestion that every VC actor benefits equally from improving VC outputs is misleading. Some levels need more strengthening than others to ensure a more equal distribution of power and benefits.

The question of who benefits most from VC outputs remains to be answered. Facilitating the emergence of *multi-stakeholder platforms* – information brokering, deal making, convening, negotiation and conflict resolution, financial brokering, moderating, coaching, and/or innovation – in itself is no guarantee for alleviating the poverty of the most vulnerable VC actors (i.e. small suppliers). Such platforms will be significant only once they give these actors the space to pursue economic progress sustainably.

### Capacity development as a learning process

One important line of thought is that capacity development is closely associated with learning processes within and between organisations that take place at different levels. Single organisations or collaborative associations<sup>2</sup> can learn at three different levels or 'loops' (Box 3). In view of the realisation that development is both complicated and complex, the application of double- and even triple-loop learning becomes imperative in order to respond adequately and remain relevant in rapidly changing contexts, to make learning an integral activity and ultimately to achieve the desired results.

The methodology used in this evaluation (Figure 5, page 65.) is closely associated with Kaplan's ideas about capacity development, systems thinking and second-order learning.

#### Box 3 Single-, double- and triple-loop learning

*Single-loop learning* takes place when thinking and action are modified in accordance with the differences between expected outcomes and obtained outcomes. It assumes that problems and their remedies are related. Organisations pursuing single-loop learning make small changes to improve existing practices, procedures or rules. They do things better without necessarily challenging their underlying beliefs and assumptions. **Are we doing things right?**

*Double-loop learning* takes place when assumptions or policies behind the initial expectations are questioned and modified. Organisations ask themselves, 'Are we doing the right things?', and in so doing, they gain insight into why a solution works or does not work. This shift requires an understanding of context or of points of view. **Are we doing the right things?**

*Triple-loop learning* involves principles. Here the challenges are to understand how problems and solutions are related. For development organisations, triple-loop learning challenges their theory of change. **How do we decide what is right?**

Source: IOB (2011).

## 2.2 SNV in perspective<sup>3</sup>

SNV was established in 1965 by the Ministry of Foreign Affairs of the Netherlands as an organisation that sent out Dutch volunteers to work in developing countries. Its philosophy and way of working originally focused on the person-to-person interactions between people from different cultures, and the transfer of skills and experiences. The standard was

<sup>2</sup> Defined as groups of organisations that come together to achieve a common goal.

<sup>3</sup> This section is based on the report by Brouwers (2010) *Evaluation of Dutch Support to Capacity Development: Evidence-based case studies. Synthesis report case study SNV.*

one of individual volunteers working with counterparts and target groups mainly in technical fields such as vocational training, physiotherapy or agricultural extension.

After several earlier stages in its way of looking at its own activities in the late 1980s SNV encouraged the development of its services towards project-based work, i.e. a greater multifaceted effort to influence development in marginal areas. SNV developed its own policy, programmes and approaches geared to empowering poor and disadvantaged people.

In 1996 SNV reformulated its policy with a commitment to provide technical assistance as its core business. Programmes were geographically concentrated in marginal areas in SNV's countries of operation. SNV aimed to strengthen the coherence among the different activities that were implemented in these areas. New types of assistance were introduced that enabled, for example, one advisor to serve several partner organisations. Increasing emphasis was placed on SNV's role as mediator between the different development actors (in the government, non-government and sometimes private sector organisations) and on linking local organisations to actors at other levels in their countries or regions, or in developed countries.

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Four years later, in 2000, SNV's new strategy signalled a shift from the implementation of projects to advisory work. Convinced that the combination of providing technical and financial assistance would not encourage ownership of the development process by key stakeholders, SNV abandoned the implementation of projects because this put SNV too much in the driver's seat of development. This was also in line with and strongly fostered by the prevailing visions and dynamics within the MFA towards the 'new aid architecture', including budget support. As one of the cornerstones of its repositioning strategy in 2000, SNV defined meso-level organisations, both governmental and non-governmental, as its principal clients.<sup>4</sup> SNV focused on more active mediation/brokering between actors after 2002 because it learned that this component was often critical to success. Two assumptions underlay SNV's choice of meso-level organisations: (a) they play a crucial role in sustainable poverty alleviation; and (b) they usually have limited access to support. Over the years SNV had gained experience in working at the meso level, and therefore chose to capitalize on these experiences and expertise. It was also a deliberate effort to get away from some of the micro-level implementation work that it had been involved in to a significant degree in previous years.

In addition, SNV defined local capacity builders<sup>5</sup> as another element of its strategy. Within the framework of capacity building, SNV chose to lend support in two areas, notably

<sup>4</sup> The term client as used by SNV refers to SNV's direct partners such as NGOs or governmental organisations and less so to the target group or ultimate beneficiaries.

<sup>5</sup> Local capacity builders are local organisations that provide capacity building services that may encourage local development.

organisational strengthening<sup>6</sup> and institutional development,<sup>7</sup> with the understanding that they would enhance collaboration between more organisations. SNV aimed to provide demand-driven and client-centred services. SNV further concentrated its support for organisational capacity development in thematic areas such as local governance, natural resource management and private sector development. Table 2 summarises the situation before and after the introduction of these major policy changes in 2000.

Table 2 Changes in SNV's policy on capacity development in 2000.	
From (before 2000)	To (beyond 2000)
Working for funding agencies and all kinds of partners	Working for meso-level organisations and local capacity builders
A focus on inputs: advice/project management	A focus on outcomes: capacity development of the clients
What partners need	What clients want
Local presence	Local presence
Reduce poverty	Develop the capacity of local organisations to fight poverty and improve governance
Wide range of themes	Selected themes

Source: *Emerging lines of SNV's advisory practice* (SNV, 2002).

The first subsidy period, 2002-2005, after the disentanglement from the Ministry of Foreign Affairs of the Netherlands in 2001, was characterized by a multi-dimensional change process comprising the transformation of SNV into an autonomous foundation; a new intervention strategy leading to new services and activities and changes in the capacities required of staff; and changes in the organisational structure of SNV.

Around 2005 a number of key experiences and lessons on its capacity development approach became clear to SNV:<sup>8</sup>

- It was acknowledged that the demand orientation risked becoming too simplistic. Too much of SNV's work was in response to clients' requests, but without sufficient strategic direction or underpinning.
- The focus on individual organisations appeared to be too limiting for achieving desired results, as hardly any development issue can be resolved and addressed by a single actor.

<sup>6</sup> Organisational strengthening is the process of improving the performance of an organisation (SNV, 2013).

<sup>7</sup> Institutional development is about changes in patterns of behaviour, ways of working, forms of organisation, relations between organisations and the rules of the game that shape behaviour and interactions in a specific society (SNV, 2013).

<sup>8</sup> *Capacity Development Services. A learning approach to enhancing capacity in SNV East Africa* (SNV East and Southern Africa, 2005)

- Standard instrumental organisational development interventions appeared to have insufficient impact on clients' actual external performance.
- Overall, the impact orientation of a considerable part of its activities was considered relatively weak.
- The sustainability of capacity development services to local actors was questionable.

The evaluation<sup>9</sup> of SNV over the subsidy period 2002-2005 found, among other things, that the envisaged transformation process had been realised, but that its corresponding structure had not yet been consolidated. The capacities of clients had been strengthened, mostly in networking and institutional development, but that SNV's plans did not provide a basis for measuring the extent to which the planned capacity had been realised.

The evaluation recommended that in the next subsidy period, SNV and the MFA should pay attention to the following:

- ensuring 'complementarity' between the policies and strategies of the Ministry of Foreign Affairs and those of SNV;
- reviewing the desirability and necessity of maintaining the existing waiver facility that made it possible for embassies and departments in The Hague to finance SNV to implement additional programmes;
- considering carefully the desirability and feasibility of moving into (partially) new practice areas;
- including an exit strategy for SNV's support services;
- developing instruments for measuring effectiveness and impacts;
- exploring the opportunities (but also the risks) for including financial stimuli in both the supply of core funding to SNV and SNV's internal allocation process to its country offices; and
- paying attention to the working relationship between MFA and SNV, which may merit reassessment.

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SNV recognized that it had to pay more attention to the measurement of results, the efficiency of the organisation and third-party funding.

The lessons drawn in 2005 and the findings of the evaluation informed SNV's subsidy application 2007-2015, which emphasized impact orientation, sector choices, multi-actor engagement, and strengthening the local service environment in order to ensure a growing availability of adequate services for meso and local level actors. Based on these experiences and lessons, SNV also concluded that it would have to gain more control over the design and implementation of its programmes.

<sup>9</sup> Cornelissen, W. and Oosterbaan, M. (March 2006) *Evaluation of SNV. New strategy, new results?* Ecorys Nederland BV, SEOR BV.

## 2.3 The ministry's Policy Framework SNV

In 2005 early discussions at the MFA focused on the need to create a special relationship between the MFA and SNV that would allow the ministry to provide a new subsidy exclusively for SNV.<sup>10</sup> Possible options for crafting such a relationship were inspired by a conclusion in IOB's evaluation, *Van Projecthulp naar Sectorsteun. Evaluatie van de sectorale benadering 1998-2005*.<sup>11</sup> The evaluation concluded, among other things, that little bilateral support had reached the poor and that the interaction between macro and micro levels, as emphasized in the policy on the sector approach, had moved to the background. The report recommended that more attention be paid to the obstacles and barriers to the implementation of the sector policy at the meso and micro levels and for institutional strengthening of local authorities.

Various options for the SNV-MFA relationship were discussed, including the possibility that SNV could become a kind of implementing agency for the ministry, and splitting the organisation into a public and a private part, as had happened with the much larger German International Cooperation (GIZ). In the relationship that was later endorsed as the most feasible, SNV's role was described as 'complementary' to that of the bilateral donors. The bilateral donor could be the Netherlands or another donor that would lead the sector support in the country concerned. In this model, the donor would act at the macro level and SNV at the meso (district, provincial) level. This would require closer collaboration between bilateral donors and SNV, whereby SNV would advise donors from a meso perspective on ways to close the macro-micro gap.

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Preparatory discussions between the MFA and SNV were intensified in early 2006. In a series of regular meetings between two representatives of SNV and two representatives of the ministry the main policy choices were discussed and agreed, leading to the approval of the *Policy Framework SNV* by the Minister for Development Cooperation in April 2006. SNV submitted its final subsidy application early June 2006. The records show that both products were the result of the discussions that had taken place between the MFA and SNV. The representatives who conducted the negotiations describe the process as intense and not without tension as there were different opinions in both organisations on key issues.<sup>12</sup> In particular, the ministry's wish that SNV would exit from a number of countries, and its position that SNV would not be allowed to mobilise resources in addition to its core subsidy, were sensitive issues for SNV. The bottom line was to what extent the ministry would have a say in SNV's future. Both organisations recognized that the subsidy application included several policy decisions that had to be further operationalised. To ensure that this took place, in the spirit of the preparatory discussions, it was agreed and included in the

<sup>10</sup> At that time it was still common for the ministry to develop a subsidy framework for one particular organisation.

<sup>11</sup> Ministry of Foreign Affairs of the Netherlands, internal memorandum, 24 November 2005.

<sup>12</sup> For example, within the ministry there was a tension between leaving project implementation behind (DGIS) versus the spending pressure on DML (Department for Environment) derived from the environment agenda of the State Secretary to implement programmes and projects.

decision that annual policy discussions would take place between SNV and the senior management of the Directorate General for International Cooperation (DGIS).

Particular for SNV was that almost 100% of its budget would be financed by the MFA and that SNV would not be required to generate its own income (this was a condition in the co-financing (MFS) subsidy framework). SNV's financial dependency was interpreted at the MFA as meaning that SNV would have less autonomy in its decision making and that the MFA would have a greater say regarding SNV's strategic choices. The MFA's *Policy Framework* SNV summarised this relationship as follows: "SNV and DGIS had agreed on the importance of collaboration/ complementarity with regard to bilateral policy (bilateral and multilateral donors). The embassies would operate at the national level, while SNV would work mainly at the meso level. In that respect, SNV would distinguish itself from other Dutch NGOs that play their own autonomous role in the development of civil society in the South. SNV, on the other hand, would be a partner in shaping bilateral policy and in that respect would be more tightly connected to the policy of the ministry and its implementation. ... In order to play the role of facilitator at local level, it was important that SNV did not mix this role with that of funder. SNV would therefore need to be able to play its role as facilitator without project or programme resources."<sup>13</sup>

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In response to a questionnaire survey carried out by the ministry, the heads of development cooperation at the Netherlands embassies expressed their reservations about SNV's complementary role. These mainly concerned the issue of ownership by the national government. The heads were afraid that this could be undermined if SNV were to accept assignments such as conducting analyses that were supposed to be done by the country. Other concerns included possible unfair competition between SNV and local consultants, and the presence of other international NGOs connected to their own bilateral donors that provide similar services. The MFA responded in an internal memorandum to the heads of development cooperation at the embassies that their reservations were relevant, that SNV would have to provide much more support for strengthening local capacity rather than carrying out the work itself, and that where sufficient local capacity was available SNV would phase out.<sup>14</sup> The MFA promised the embassies further guidance, but apparently this has not been provided.

<sup>13</sup> This is a translation of the following quote in Dutch: "SNV en DGIS zijn het eens over het belang van samenwerking/complementariteit met betrekking tot het bilaterale beleid (bi- en multilaterale donoren). De ambassades op nationaal niveau, SNV vooral op meso niveau. In die richting is SNV onderscheidend ten opzichte van andere Nederlandse NGO's. Waar NGO's autonoom een eigenstandige rol spelen in de opbouw van het maatschappelijke middenveld in het Zuiden, is SNV een partner in de vormgeving van het bilaterale beleid en is in die zin veel strikter verbonden aan het beleid van het ministerie en de uitvoering ervan. ... Om de rol van facilitator op lokaal niveau te kunnen vervullen is het van belang dat deze rol niet vermengd wordt met die van financier. SNV dient daarom zonder project- of programmamiddelen te kunnen functioneren in een adviserende rol."

<sup>14</sup> Internal memorandum from Ministry of Foreign Affairs in The Hague to the heads of development cooperation of the embassies.

The discussions about the future of SNV at the MFA were further inspired by the fact that the then Minister for Development Cooperation wished to end the subsidies for technical assistance. She envisaged a situation where SNV would hand over all its tasks to local organisations that would be locally financed after 2015.<sup>15</sup> The MFA did not see the need for a future presence and thus for subsidising SNV's work in the Balkans, Latin America and some Asian countries (Vietnam). The Latin American and Asian countries had developed into (near) middle-income countries, and the high levels of poverty there were mainly due to the continuing lack of equity of access to basic services and the severely unfair distribution of wealth. The MFA saw it as the role of other NGOs rather than SNV to help solve these problems.<sup>16</sup> The issue of SNV's future, or the announcement that the minister would not provide core funding after 2015 – the so-called 'sunset clause' – was not included in the decision covering the subsidy period 2007-2015.

The MFA invited SNV to consider two options for the term of the decision: a period of nine years that would run to the end of 2015, or a five-year agreement as this would give time to discuss in detail the future of technical assistance beyond this five-year period. SNV's extended board preferred the longer subsidy period of nine years, 2007-2015, since that would allow the organisation time to address the more challenging capacity development issues.<sup>17</sup> SNV's choice was approved by the MFA.

In its appraisal memorandum the MFA concluded as justification for a nine-year subsidy period and a total grant of EUR 794.8 million that SNV's gradual transformation would include:

- partnering with the MFA (DGIS, embassies) in order to bridge the macro-micro gap;
- strengthening the institutional structures and financial conditions under which local capacity builders operate; and
- reorganising SNV's roles, size and organisation in favour of local ownership and sustainability.

<sup>15</sup> TK 27 433 nr. 58: letter from the Minister for Development Cooperation (Van Ardenne-Van der Hoeven) to Parliament, DSI/MY-420/06 1 September 2006 (approval subsidy frameworks). "In order to make this shift to advisory practice possible for SNV and given that capacity development is a long-winded process, I deem a subsidy of nine-year period legitimate. ... There will be build towards the phasing out of SNV services after 2015". This is a translation of the following quote: "Omdat capaciteitsversterking een kwestie van lange adem is en ook om deze verschuiving in de adviespraktijk van SNV mogelijk te maken acht ik een negenjarige subsidieperiode gerechtvaardigd. ... Er zal toegewerkt worden naar een uitfasering van diensten van SNV na 2015." TK 27 433, nr. 58 Brief van Minister voor Ontwikkelingssamenwerking (van Ardenne-van der Hoeven) aan TK, kenmerk DSI/MY-420/06, 1 september 2006 (vaststelling subsidiekaders).

<sup>16</sup> MFA internal steering note.

<sup>17</sup> Notes from an MFA-SNV meeting, 9 March 2006.

## 2.4 SNV’s subsidy application 2007-2015

The subsidy application described SNV’s overall strategic goal for the coming subsidy period (2007-2015) as: ‘To support local actors to strengthen their performance to effectively realise poverty reduction and good governance.’ This goal reflected SNV’s conviction that the need for capacity development services for local and intermediate actors was increasing, and that such services need to be locally owned, sustainable and amplified in scope and depth, for poverty reduction to be successful in the medium and long term.

### 2.4.1 SNV’s strategy

SNV’s strategy paper 2007-2015, *Local impact, Global presence*, was based on SNV’s subsidy application 2007-2015 and other documents, and was expected to serve as a beacon for SNV’s practice. The discussion in this section therefore refers mostly to that document.

The goal of SNV’s programme 2007-2015 was poverty reduction. SNV described itself as an organisation that is:

‘... dedicated to a society where all people enjoy the freedom to pursue their own sustainable development’. (p.7)

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SNV defined capacity as:

‘The power of a human system (be it an individual, organisation, network of actors, or a sector) to perform, sustain and renew itself in the face of real-life challenges. It is about empowerment AND impacts. They go together.’ (p.17)

In SNV’s vision, capacity is thus about empowerment and impact. Consequently, SNV says that it does not consider capacity to be a specific ingredient, but an emerging property of a human system, usually determined by a combination of factors. Next, capacity development can address different ‘levels’ of human systems, such as individuals, teams, organisations, networks or sectors. In practice, SNV aims to empower actors as part of capacity development for improved governance on the one hand, and to improve the delivery of results on the other. Capacity development is therefore not value-neutral but involves changes in relationships within the social, political and economic realms.

SNV provided an overview of the planned changes in its policy in 2007 compared with earlier years, as shown in Table 3.

Table 3 SNV’s overview of key changes in its strategy for 2007-2015.	
From (before 2007)	To (beyond 2007)
Poverty reduction and improved governance	Poverty reduction and improved governance
Local ownership	Local ownership
Capacity development	Capacity development for impact

Client demand	Client demand and selection in the context of impact orientation and national development strategies
Advisers	Advisers and local capacity builders
Meso focus	Help meso actors to bridge the macro-micro gap
Governance as a specific practice area	Governance for empowerment as central concept and expertise, influencing our work at all levels and in all areas
One way of working: advisory services	Expansion to four delivery channels
Individual clients, focus on internal organisational development	Clients and client groupings, seen as part of actor constellation and with focus on impact
'Practice areas' for external profile and strategy building, as well as internal knowledge development	'Positioning choices in basic services sectors and value chains' on the one hand, and 'flexible knowledge networks' on the other
Mix of thematic and change expertise	Mix of thematic and change expertise
SNV serving its clients mostly on its own	Collaboration with local capacity builders, knowledge and advocacy organisations, donor agencies and other partners to increase impact
Results measurement focused on SNV's output and client satisfaction	Sharpened results orientation: impact outcome in terms of client performance quality of outputs required
DGIS funding over 95%	Deliberate effort to leverage resources for greater impact
DGIS as provider of funding	DGIS as provider of funding and as strategic partner
Presence in Asia, ESA, WCA, Latin America and the Balkans	Presence in Asia, ESA, WCA, Latin America and the Balkans

Source: SNV strategy paper 2007-2015, *Local impact, Global presence*.

SNV outlined its results chain at three levels: outputs (services provided by SNV), outcomes (the performance of partners/clients as proxy evidence that capacity development has taken place, and the policy environment) and impacts (changes at the level of poor people<sup>18</sup>).<sup>19</sup>

SNV's strategy paper 2007-2015 contained the following central elements.

SNV's core clients are **meso-level (subnational) organisations**. SNV aimed to strengthen the performance of these organisations by providing advisory, knowledge and facilitation services, such as roundtables. As stated in various documents, as a rule SNV would not provide financial support.

<sup>18</sup> Those earning less than two dollars a day.

<sup>19</sup> SNV *Managing for Results 2007-2015* (2007).

SNV's emphasis on **impact orientation** implies that it would focus its capacity development services on specific sectors and subsectors. As a result, SNV defined its results in terms of 'access to basic services' (BASE) and 'increased productivity, employment and income generation' (PEI) for the poor. SNV organised its work into four sectors for BASE (education, health, renewable energy, and water, sanitation and hygiene, WaSH) and agricultural value chains for PEI, rather than the eight practice areas that were part of SNV's policy as mentioned in the subsidy application 2006. In 2008, SNV reorganised its work to focus on six sectors only: agriculture, forestry, renewable energy, WaSH, education and tourism. In early 2011, SNV announced that it would further reduce the number of sectors to three: agriculture, WaSH and renewable energy, with 'governance for empowerment' as a cross-cutting theme, and that it would withdraw from the other sectors. This further reduction of sectors in which SNV wanted to be active was taken because the organisation realised that it had to prepare itself to operate in a competitive market if it wished to stay in business after the core funding came to an end.

Another key element of SNV's strategy 2007-2015 was **localisation**. This refers to a) the shift of SNV from an organisation that provides advice for capacity development to its clients to one that supports local service providers in improving their capacity to advise on organisational and institutional capacity development; and b) the ability of clients to pay for these services.

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With **governance for empowerment** SNV would seek to shift the power relations in order to extend the assets and capabilities of poor and marginalized people to participate in, negotiate with, influence, control and hold accountable institutions, policies, values, relationships and processes that affect their lives.<sup>20</sup>

Under the heading **complementarity**, the strategy emphasized partnership and complementarity between SNV and DGIS (including the embassies). The two institutions would combine their presence at the micro, meso and macro levels and create added value through reinforced collaboration. SNV would also seek to align its country programmes with national development strategies and agendas.

In order to bridge the **micro-macro divide** that often hampers development efforts, SNV would encourage linkages between national (macro policy), meso-level and local actors at the micro level; support the involvement of local actors in changing and shaping national development agendas; encourage the generation, analysis and sharing of information on local realities; and foster the development of new implementation approaches at the field level. This would all be done to ensure that micro-level realities are taken into account in the formulation of macro policies and that 'macro promises' lead to concrete local results at the micro level.

<sup>20</sup> 'To monitor changes on the governance situation at national level and to inform on the governance environment of our practice, SNV will use the Kaufmann indicators.' *SNV Managing for Results 2007-2015* (2007).

One of the key capacity development services and products that SNV provides to its clients is the **facilitation of multi-stakeholder engagement and processes (MSPs)**. In short, this means that SNV brings together stakeholders with a common interest and supports the establishment of an informal or formal entity that takes responsibility for sustaining the development of, for example, a subsector (biogas, cardamom value chain). The concept actually envisages different kinds of roles SNV advisors can play and different approaches that can be taken with clients and other stakeholders. These roles and approaches tend to evolve and change over time during such a process. Facilitating an MSP may contain and combine elements of so-called information brokering, deal making, convening, negotiation and conflict resolution, financial brokering, moderating, coaching, and/or innovation. In its role of facilitator, SNV aims to improve the dynamics of the multi-actor client system in order to produce targeted results (Box 2).

SNV categorised its services as follows:

- advisory services (capacity development through SNV advisors as well as LCBs);
- knowledge brokering;
- advocacy; and
- local capacity development funds (LCDFs).<sup>21</sup>

In practice, according to SNV, most of its activities would be delivered via its advisory services and the LCDFs.<sup>22</sup> This is because advocacy is a minor activity (mostly carried out at the macro level), and there is considerable overlap between its knowledge brokering and advisory services. The LCDFs are implemented in partnership with other local and international actors and are not managed or governed by SNV.

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#### 2.4.2 Revision of SNV's programme in 2012

While SNV was fully occupied with implementing the 2007-2015 strategy, discussions between SNV and the MFA started as early as 2009, which would eventually lead to a replacement of the 2007-2015 decision. The immediate reason for the replacement was that the MFA wanted to cut SNV's budget as a consequence of a general reduction in the ODA budget. Another reason was that SNV had experienced difficulties in mobilising resources. It was impossible for SNV to mobilise funding from departments in The Hague and the embassies, since the waiver that made it possible for embassies and departments in The Hague to finance SNV to implement additional programmes had been withdrawn in 2007. This situation seriously hampered SNV's efforts to prepare itself for the period beyond 2015 when most probably core funding would be sharply reduced or come to an end.

At the same time, discussions between the MFA and SNV were interrupted and delayed due to problems regarding the salary of SNV's director that was too high according to the MFA,

<sup>21</sup> SNV later changed this name to local capacity development facility, to clarify that its services were broader than providing funding only.

<sup>22</sup> SNV Strategy paper 2007-2015 (SNV, 2007).

and the unwillingness of SNV's supervisory board to reduce this to a level acceptable to the ministry.

It was only at a meeting of members of government and the Permanent Committee on Foreign Affairs on 20 April 2011 that the Minister for European Affairs and International Cooperation indicated that SNV's funding via a core grant would stop after 2015, and the 2007-2015 grant decision needed to be amended. In extensive discussions with the committee members, the Minister mentioned that the main cause of the problems was the process of transforming SNV from a development organisation into a consulting firm.<sup>23</sup> In response to committee members' questions, the Minister answered that 'he had had to contend with the conflicting interests of, on the one hand, a development cooperation organisation, with a culture that was typical of such an organisation, and on the other, a company operating in the consulting world, whose approach was very different'.<sup>24</sup>

Furthermore, the Minister believed that the 2007-2015 decision rested on two ideas. 'On the one hand, the assumption was that by 2015 SNV would have achieved a high degree of financial independence and completed the transition from development organisation to consulting firm. On the other hand, SNV was treated in the grant decision as a partner in the implementation of bilateral policy. Moreover, it was expected not to compete with the commercial market in various places. This resulted in conflicting interests.'<sup>25</sup>

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The discussions were quickly resumed when SNV's director and the chair of the supervisory board resigned and were replaced.

SNV felt the need to revise its strategies because of some major changes that had taken place since 2007. New aid policies put more emphasis on: (i) market-based approaches; (ii) more conventional programme/project implementation models; and (iii) the further decentralisation of funding. Experiences showed that it was not possible to upscale the LCDFs to the degree that was envisaged in 2006. Subcontracting of LCBs had become the dominant mode. Other changes were that SNV would give less attention to its (international) advocacy roles, reorientate its knowledge ambitions towards evidenced-based approaches to improve its practice, diversify its funding, and allow a more prominent role for programme/ project implementation modalities than was foreseen in 2007.

In its strategy document 2012-2015 SNV emphasized the following:

<sup>23</sup> Parliamentary Papers, House of Representatives 2010-2011, 32 500 V, no. 184.

<sup>24</sup> This is a translation of the following quote in Dutch: '... zijn aangelopen tegen het spanningsveld tussen enerzijds een ontwikkelingsamenwerkingsorganisatie met de cultuur die daarbij past en anderzijds een bedrijf dat in de sfeer van de consultancy opereert met een andere manier van werken'.

<sup>25</sup> This is a translation of the following quote in Dutch: 'Aan de ene kant wordt gesuggereerd dat men ervan uitgaat dat SNV in 2015 in hoge mate financieel op eigen benen staat en de migratie van ontwikkelingsorganisatie naar consultancybedrijf heeft gemaakt. Aan de andere kant wordt SNV in de subsidiebeschikking behandeld als een partner bij het uitvoeren van bilateraal beleid. Bovendien wordt ze geacht op diverse plaatsen niet te concurreren met de commerciële markt. Hier zit een spanning in.'

- SNV would operate as a mission-driven, not-for-profit development organisation.
- SNV confirmed that it believes in inclusive growth and development as essential for lasting (development) success. SNV recognized that sustained poverty reduction requires poor men and women both to contribute to and benefit from growth while having access to quality basic services.
- SNV would continue to concentrate its work on issues related to food, energy and water.
- In combination with its local presence, SNV would focus its work on three key areas: 1) advisory services; 2) knowledge networking; and 3) evidence-based advocacy.
- SNV identified four success factors: inclusive development, systemic change, local ownership and contextualized solutions.
- Cross-cutting themes would be governance, gender and climate.
- SNV would implement a programme approach that aims to make a lasting difference in the lives of approximately 40 million people living in poverty over the period 2012-2015.
- SNV would develop relationships with local service providers, knowledge institutions and funders, the private sector, and both Dutch and international development organisations.
- SNV would remain a not-for-profit development organisation mainly funded from public (increasingly diversified beyond the Dutch government) but also private sources. Increasing professionalism and an entrepreneurial way of way of working would characterize the organisational culture.
- Key elements in reshaping the organisational structure and operations included decentralising corporate operating functions, accelerating the localisation of the advisory base, 'rightsizing' head counts, increasing the flexibility of labour relations, reducing management layers and introducing sector steering.

The clarity about the ending of the core subsidy after 2015, the need to recover the full costs of its technical assistance services, and the awareness that SNV's future would depend on its own ability to mobilise programme and project resources had a profound impact on SNV. In particular, it would need to restructure the organisation in order to reduce its operating costs and to mobilise substantial financial resources through programme funding as soon as possible.

The various budget cuts led to a reduction in SNV's core subsidy of nearly EUR 120 million, or 15% of the original grant of EUR 794.8 million in 2006 (Table 4).

	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Original	90	90	90	90	90	90	85.9	85	84	794.8
Revised	436.1					70	60	55	55	676.1

The policy revisions were so substantial that the MFA and SNV agreed to replace the original decision 2007-2015 with a new one based on a new strategic plan for the period 2012-2015.

The main changes in the decision for the period 2012-2015 were:

- The contribution of the MFA would be reduced from EUR 794.8 to EUR 676.1 million, including an amount of EUR 5.4 million for compensation for revised employment conditions. The annual contribution for 2012 was EUR 70 million and would be further reduced to EUR 55 million in 2014 and 2015.
- SNV would be allowed to mobilise additional resources – also from departments of the MFA and Netherlands embassies – in competition with commercial parties as long as it did not use the core subsidy for commercial activities.
- SNV would apply the Wijffels code (a code on good governance for fund-raising charity organisations) when deciding on the salaries of its leadership and staff, which should not exceed that of a director-general in the civil service.
- Between 2012 and 2015 SNV would be allowed to invest EUR 14 million of its core subsidy in the transformation process.

## 2.5 Implementation of SNV's programme 2007-2011

Most aspects of the implementation of SNV's programme 2007-2015 are discussed in chapters 3-5. This section provides a brief introduction to SNV's programme countries and focal sectors, and the broad expenditures involved.

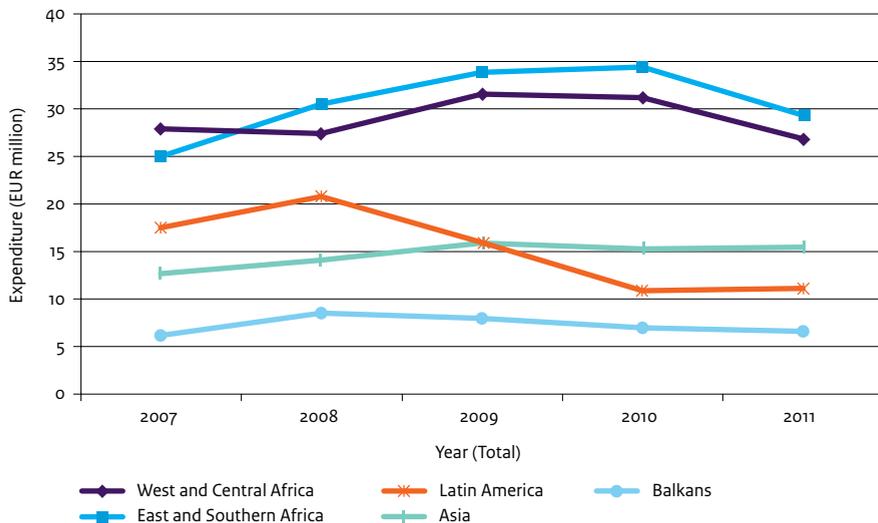
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### 2.5.1 Countries

Over the period 2007-2011 SNV was present in 36 countries in Africa, Asia, Latin America and Eastern Europe. Its presence in those countries is mainly historically determined. SNV does not have criteria for country selection. SNV's total expenditures in those countries amounted to nearly EUR 483 million for the period 2007-2011. These expenditures include the MFA's core subsidy and funds from other sources.

Figure 1 shows that annual expenditures in Eastern and Southern Africa (ESA) and Western and Central Africa (WCA) fluctuated between EUR 25-35 million. They received the most support, totalling almost EUR 300 million, or more than 60% of SNV's expenditures over the period 2007-2011. In 2011, however, the expenditures in both regions in sub-Saharan Africa declined due to cuts in SNV's core subsidy. The expenditures in Latin America declined between 2008 and 2010, but stabilised in 2011, while those in Asia remained relatively stable from 2009 to 2011 after a slight increase in the previous two years. The expenditures in the Balkans declined slightly between 2008 and 2011.

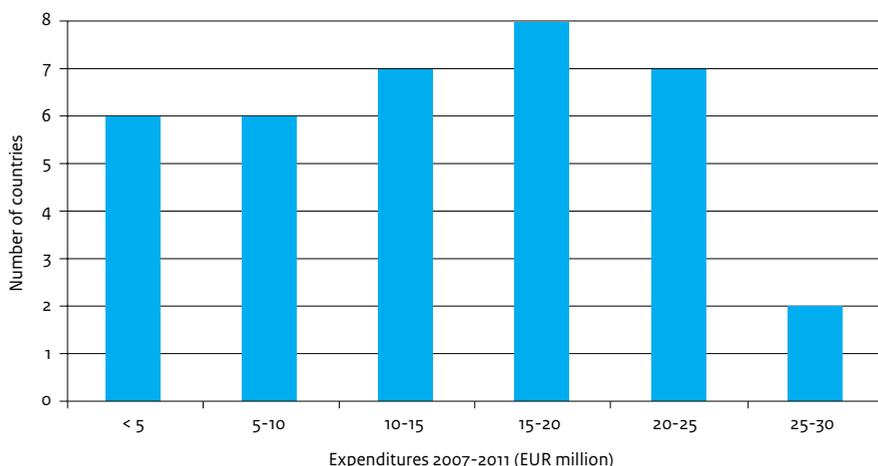
**Figure 1** SNV's expenditures by region, 2007-2011.



Source: SNV database.

In 2007, it was agreed with the MFA that the core subsidy for SNV's programmes in Latin America, some Asian countries (including Vietnam) and the Balkans would be gradually reduced over the years, to zero in 2013. After 2013 SNV would continue the programmes in these countries with financing from sources other than the core subsidy.

**Figure 2** SNV's expenditures in the 36 countries, 2007-2011.



Source: SNV database.

Figure 2 shows SNV's expenditures in the 36 countries between 2007 and 2011.

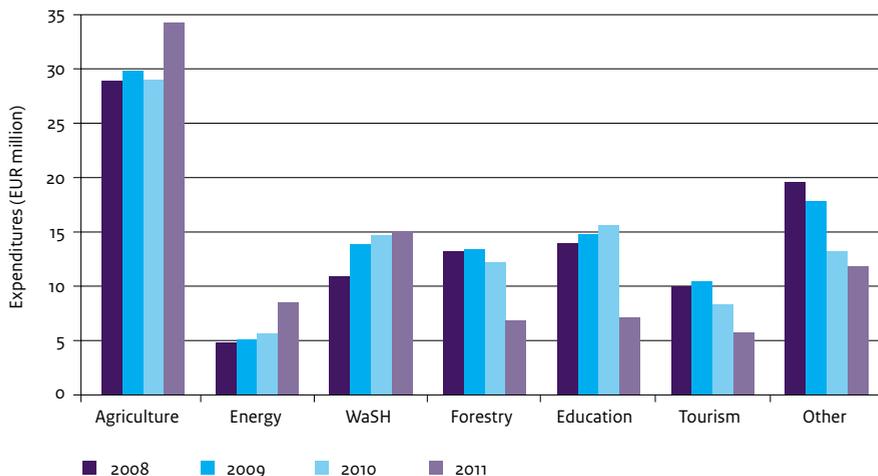
Six countries received less than EUR 5 million, four of them in Asia, including Cambodia, where SNV recently launched a new programme, and Indonesia where it is currently establishing a new office. Two countries, Bolivia and Mali, each received more than EUR 25 million. Both of them also received substantial external funding from the Netherlands embassies. Note that Figure 3 does not include the expenditures of the five regional offices, which amounted to EUR 8,685,849 over the period 2007-2011.

### 2.5.2 Focal sectors

Figure 3 illustrates SNV’s expenditures by sector between 2008 and 2011.<sup>26</sup> Most expenditures were in the agricultural sector, with an average of close to EUR 30 million per year, or almost 30% of SNV’s total expenditures over the period. Expenditures in the WaSH sector increased from EUR 10 million in 2008 to EUR 15 million in 2011.

SNV’s total expenditures over the period 2008-2011 amounted to EUR 394 million, or 81.5% of the EUR 483 million spent in 2007-2011, including the costs of the regional offices. The remaining 18.5% covers expenditures in 2007.

**Figure 3** SNV’s expenditures by sector, 2008-2011 (EUR million).



Source: SNV database.

<sup>26</sup> Expenditures for 2007 are recorded according to the former sectoral and thematic priorities. In 2007 SNV’s practice areas included collaborative dry land management (CDLM), market access for the poor (MAP), responsive and accountable governance (RALG), renewable energy, WaSH, forestry and tourism. In 2008 these categories were changed to the sectors renewable energy, agriculture, WaSH, forestry, tourism, education and others. SNV submitted data on sectors from 2008, but no data are available for expenditures in the various practice areas in 2007.

The expenditures on the three sectors agriculture, renewable energy and WaSH increased over the period, whereas those in other sectors declined following the decision to phase them out. The expenditures on 'other' sectors were relatively high. According to SNV, this category includes activities related to SNV's strategic positioning in a country or sector (targets of a maximum of 10% in so-called strategic years, and 5% in non-strategic years); interventions in the health sector in West and Central Africa; gender and governance interventions; LCDF-related activities; and 'innovative activities'.

## 2.6 The supervisory role of the MFA

At the time of the negotiations on the subsidy decision it was agreed that the policy dialogue between the MFA and SNV needed to be continued to elaborate policy intentions that had not been sufficiently discussed and agreed yet between the MFA and SNV. For this reason the decision states that in addition to the annual policy dialogues between SNV and the Social Development Department (DSO), the director of SNV and the deputy director general for international cooperation (DGIS) would meet to follow up on the decisions made in the subsidy agreement. The first three years, 2007-2009, provided space for SNV to develop its monitoring protocol and for the MFA to adjust its monitoring and evaluation tools where necessary. SNV consulted extensively the Department for Effectiveness and Quality in developing its harmonised results indicators as required in the decision.

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The new deputy director general for international cooperation (2007) had a different opinion about the relationship between the MFA and SNV from those of her predecessor. She recognized SNV's autonomy and hence its need to mobilise additional resources if it was to become financially independent of the ministry. Her main concern was that SNV's resource mobilisation should not result in legal problems. This shift in the MFA policy explains why in practice resource mobilisation was given far more prominence than in SNV's subsidy application and was to be encouraged with targets agreed between the MFA and SNV. The implications of this shift for SNV's strategy, i.e. its localisation policy, and what it would require in terms of changes in SNV's organisation were never discussed in depth.

The MFA officer responsible for SNV used annual reports and (in)formal meetings to acquaint himself with the SNV programme. After closely examining SNV's annual reports he commented that they were not up to standard and, more than once, were not immediately approved. The main problems were related to the reliability of the results claimed by SNV. However, after a time, the MFA eventually made the payment to SNV and therefore approved the annual reports.

The MFA officer considered the corporate evaluations that needed to be conducted according to the decision at the initiative of SNV, and for SNV's purposes only. In his view these evaluations were not suitable for accountability purposes because they covered the period before 2007 and did not provide insights into the process and the results of the subsidy period. As we will discuss in more detail in section 5.3, SNV's corporate evaluation

reports also failed to provide reliable information about SNV's effectiveness. In the absence of reliable evidence about SNV's effectiveness, the ministry did not know whether it was supporting success or failure. Recently (2012), the policy officer shared the evaluation reports with the thematic departments and used the reports as a source of information to assess SNV's effectiveness.<sup>27</sup>

Between 2009 and 2011 the MFA's supervisory role was heavily burdened with discussions about budget cuts. The unrest within SNV, accompanied by critical newspaper articles and questions from parliament, increased the MFA's workload. Since 2011, following frequent policy discussions, the ministry's supervisory role has been normalized. It now spends far less time supervising SNV, and does so in way and at a level that applies to other comparable organisations via DSO. Both the MFA and SNV are satisfied with the present situation, even though SNV has raised the question whether the MFA is equipped to manage such substantial programmes.<sup>28</sup>

## 2.7 Summary and conclusions

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- SNV's vision, mission and objectives, as presented in its subsidy application 2007-2015 and subsequent documents, focus on poverty reduction and a commitment to supporting improvements in the living conditions of poor people. SNV's documents refer to the root causes that generate and sustain poverty, including their political, power, social and economic dimensions. References to the right of all people to enjoy their freedom and pursue sustainable development emphasize this understanding.
- SNV's aim to contribute to capacity development seems ambitious when it concerns the power and freedom of individuals, organisations, networks of actors or sectors to perform, sustain and renew themselves in the face of real-life challenges.
- From the perspective of international experiences, SNV's objectives and strategy focusing on institutional development at the meso level are highly relevant. Not many international development organisations have a track record in this area of work, which is more or less uncharted territory. From the literature few references are available on how it could be effectively realised. Key issues that are often referred to in the literature are: ownership, demand orientation and the challenges of monitoring and evaluating capacity development.
- The revised subsidy decision for the period 2012-2015 confirmed that:
  - (i) advisory services would continue to be a major part of SNV's business;
  - (ii) SNV would mobilise a substantial volume of resources in order to stay in business after the MFA's core subsidy comes to an end;

<sup>27</sup> Interview DSO policy officer.

<sup>28</sup> Localisation note from SNV to IOB, 22 May 2013.

- (iii) complementarity – the collaboration between the embassies and SNV to help close the macro-micro gap – would be brought back to a level that applies to Dutch development organisations in general; and
- (iv) localisation would be placed in a different perspective compared to SNV's subsidy application of 2007, with SNV maintaining a leading position in providing advisory services for capacity development.

These policy changes confirmed trends on the ground that had taken place since 2007. These policy choices, in particular the choice to mobilise resources in the market, would involve important institutional changes for SNV that are referred to as 'SNV's transformation process'.

- SNV's 2012 policy choices call to mind its policy prior to 2000, when the organisation abandoned the implementation of projects in order to avoid being too much in the driver's seat of development. SNV's 2012 approach responds to a broader shift in international (and Netherlands) aid modalities from budget support to project and programme funding, which used to be the case in the 1990s but was considered inadequate because of the disadvantage that they often did not lead to the sustainability of results achieved.

IOB concludes that the policy choices made by the Ministry of Foreign Affairs of the Netherlands express ambivalence regarding SNV's autonomy to determine its own future. SNV never really agreed with the MFA position and made it clear that it would shift its advisory work to other areas and attached greater importance to finding other sources of revenue to supplement the MFA subsidy. This ambivalence has been a continuous source of contention between the MFA and SNV. The issue was partly addressed in 2008 when the MFA allowed SNV more space to raise additional funds, and was only resolved in 2011 when SNV was given free rein to raise additional income.

3

## Effectiveness of SNV's support

### Reader's guide

This chapter addresses the effectiveness of SNV's support. Section 3.1 describes SNV's systems approach. Section 3.2 presents the evaluation's analytical framework as discussed in the Terms of Reference. Section 3.3 gives an overview of some findings of the four in-depth studies. Section 3.4 summarises the changes that have taken place in the capacity of SNV's clients and in poor people's access to basic services and products. It also indicates to what extent the results achieved can be attributed to SNV's support and to what extent its way of working has played a role in establishing its level of effectiveness. Finally, section 3.5 presents the conclusions of this chapter. Annex 5 gives a summary for each of the four in-depth studies. Last but not least, the chapter includes three boxes that illustrate the effectiveness of three other SNV programmes that were part of the evaluation.

This chapter addresses evaluation questions 4-5 and 10-12:

- 4) How does SNV operate, and what is SNV's position in the various countries?
- 5) How does SNV support endogenous capacity development?
- 10) How effective has SNV's support been in terms of strengthening the capacity of its clients (or client groups) and their outputs, including outputs to improve the enabling environment?
- 11) How effective has SNV's support been in terms of improving poor people's access to services and products and how they use them. To what extent can these improvements be attributed to changes in the outputs of SNV's clients?
- 11a) Are conditions in place to ensure that poor people continue to have improved access to basic services after SNV's support comes to an end?
- 12) What factors explain the degree of effectiveness of SNV's support?

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## 3.1 SNV's systems approach

By 2007, SNV's strategy had evolved towards three choices:

- influencing **multi-actor systems** in specific domains or subsectors in order to encourage institutional change;
- ensuring that the **impacts** of such institutional change actually benefit the poor; and
- focusing on specific **domains/(sub)sectors** in which SNV thinks it can help to make a difference.

These three choices reflected SNV's broad ambition to achieve pro-poor results. In practice, this meant that, more than in the past, SNV would approach potential clients on the basis of their potential to contribute to poverty reduction. This evolution continued after 2007. According to SNV, programme management logics – which often 'centred' on planned objectives set by its donors – had an increasing influence on SNV's work. In addition, SNV's services in biogas and WaSH, for example, started to evolve towards stronger 'product packages' that could be more easily reinvented/replicated in different locations and for different clients and customers. SNV aimed to align its services to specific client requests, based on an analysis of their situation. SNV elaborated this approach further by explaining

that a demand for support of potential clients does not come about in isolation but is a result of what these clients know about what a certain donor (SNV) can offer.

In its broadest sense SNV's theory of change says that networks, organisational and individual capacity will emerge by initiating and stimulating change processes and dynamics. And as a result institutional capacity will evolve. SNV defines an institution as a complex of norms and behaviours that persist over time, usually serving collectively valued purposes. Institutions may be formal arrangements in a society, such as legal systems and property rights, budgetary processes, or organisations with established roles in society. They may also be informal arrangements, such as moral standards. These arrangements or institutions operate at different levels, ranging from the international level (such as trade arrangements) to national (governance systems, etc.) to community and individual levels (for instance, the norms and values that determine the ways in which people interact). Donors sometimes refer to this as the enabling environment. According to SNV, institutional development involves fundamental social change, or the transformation of patterns of behaviour that are specific to a society. It entails achieving better output from organisations and institutions in order to benefit their stakeholders. Institutional development is a multi-level and multi-dimensional undertaking.

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According to SNV it is not possible to predict how institutional development will take place or how long it will take. SNV assumes that in a systems approach sustainability develops through gradual improvements in relations, performance and rules of the game in different parts of the system.

Often this includes some of the following elements:

- improved capacities of specific actors;
- improved service delivery, in which the demand of users, market/commercial relations and producers play stronger roles;
- the use of private sector based solutions that will be financially/economically sustainable;
- attracting financing from various sources;
- the use of local service providers that can continue to serve the actors in a chain;
- improved coordination, priority setting and collaboration through multi-stakeholder platforms; and
- improvements in policy and regulations.

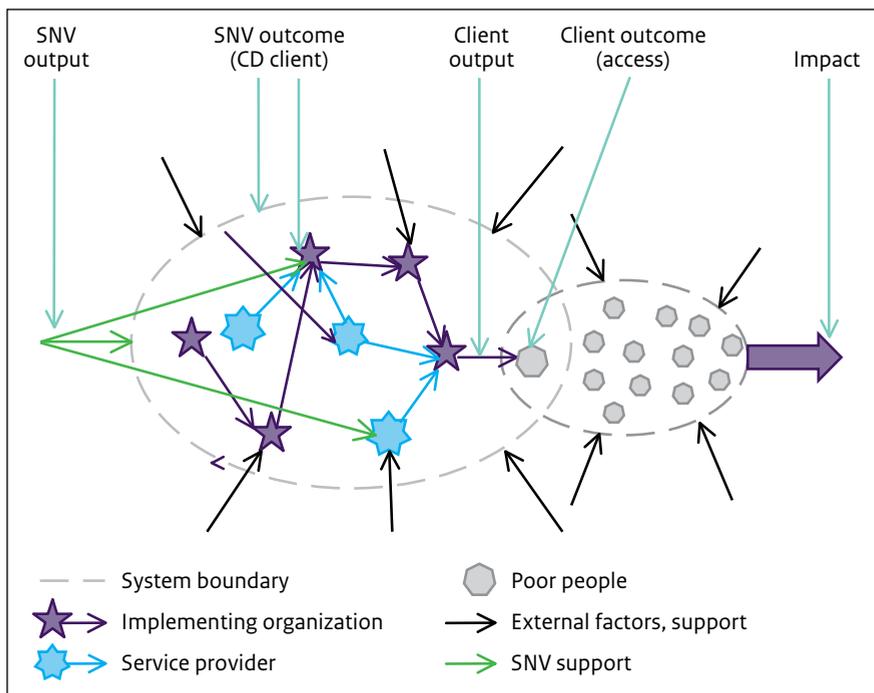
In SNV's view sustainability does not develop because one party takes responsibility for it, but because several of the improvements listed above start to complement each other and bring the multi-actor system to an improved level of overall performance. The combination of a range of improvements in practices, relations and specific capabilities then come together to make the system more capable and able to function better at a higher level of overall capacity, and to maintain such a level of performance or capacity using internal and external resources.

Based on this theory of change SNV can decide to provide support simultaneously at macro, meso and micro levels and to a number of clients at each level. SNV takes responsibility for results regarding capacity development as well as impact. SNV can thus provide support for

capacity development to one client and support for programme implementation to another client at the same time. The degree of responsibility SNV takes for each of these differs from one programme to another, but its responsibility for impact is greater if the activity is related to a programme or project funded by another donor than if it is supported by the core subsidy from the MFA. In that case SNV becomes accountable for programme implementation and planned results.

Figure 4 illustrates IOB's interpretation of SNV's intervention theory and way of working. The dashed line defines the system boundary. The system includes all actors that are of importance as they influence the objectives and results, and the beneficiaries. The system is dynamic with both actors and factors of varying importance. It defines who are in and who are out. It also illustrates that poor people have their own systems that influence their lives. The figure indicates that the results chain between SNV's output and achievement of objectives involves a long chain with many actors and external factors that may have an influence on the intermediate and final results. It also indicates that SNV provides support to groups of clients at different levels. This combined support is assumed to generate changes at the system level with improved services for the poor, resulting in better access to these services and products, and improved living conditions for the poor (impact).

Figure 4 SNV's intervention theory.<sup>29</sup>



<sup>29</sup> As interpreted by IOB.

In SNV's intervention theory IOB distinguishes four broad areas of results: 1) capacity development of client (or client group); 2) output client (or client group); 3) access of poor people; and 4) impact. Impact then goes a step further than access and the actual use of services/products and refers to improved livelihoods.

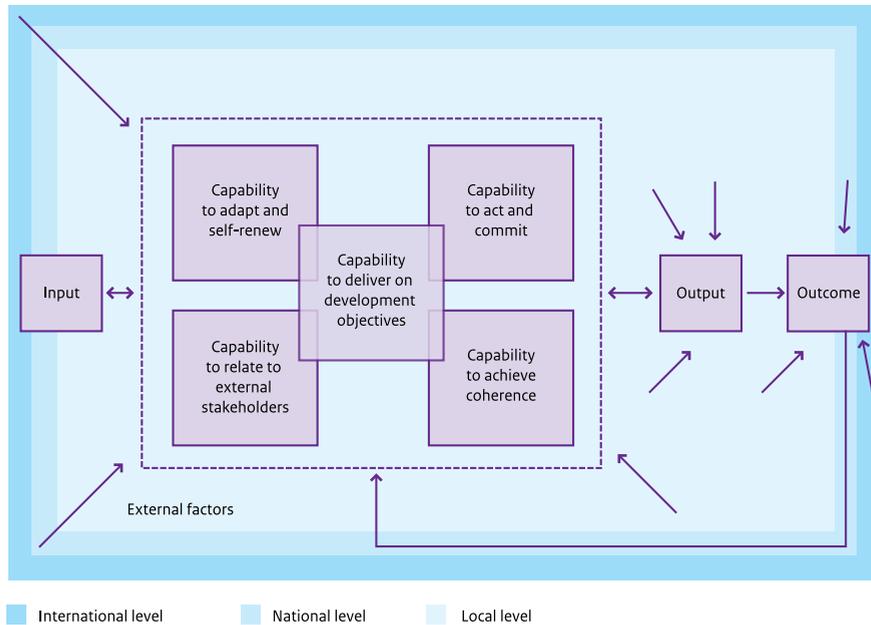
### 3.2 Measuring SNV's effectiveness

The evaluation takes the position that SNV's clients are open systems that function in and respond to complex environments (Figure 5). It assumes that these clients are embedded in wider systems that transcend geographical levels (local, national and global). The evaluation also takes the position that capacity development is a nonlinear, endogenous process – that is, the way organisations take responsibility for themselves – rather than something that results from outside support. From this position it is understood that development is realised through the efforts of those directly involved: citizens, farmers, women, the organisations that represent them, government, private sector organisations, and so on. Outside support can help those efforts to some extent, if it is provided in an appropriate way. Some of the implications for the evaluation are, for example, that external factors need to be taken into consideration and that SNV's support needs to be discussed from the perspective that capacity development originates from within their client's organisation. IOB is aware of the reality that endogenous processes and external support are somehow diffuse and often interact.

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The evaluation also takes the position that an organisation's capacity is not an end in itself but is rather a means by which an organisation may achieve its objectives in bringing about social change. The issue then is: capacity for what? The answer to this question is embedded in the organisation's objectives and the way these are specified in its outcome statements and corresponding outcome indicators. This draws a distinction between capacity defined as a social value and the core capabilities – that are to be understood as the potential of an organisation – which, by themselves, do not necessarily contribute to social change.

**Figure 5** The analytical framework: SNV's clients as open systems.



### The 5CC framework

Finally, the evaluation works on the assumption that every organisation and collaborative association needs basic capabilities if it is to achieve its development goals. In order to establish changes at the level of these basic capabilities, the evaluation is based on the five core capabilities (5CCs) identified by Baser and Morgan (2008):

- The capability to act and commit;
- The capability to deliver on development objectives;
- The capability to adapt and self-renew;
- The capability to relate to external stakeholders;
- The capability to achieve coherence.

These five core capabilities are closely related and overlap. One cannot be achieved independently of the others. In Figure 5, the arrow from 'Output' pointing back to the organisation therefore stops at the system boundary and is not directly connected to the core capability to deliver on development objectives. Annex 4 gives an overview of the indicators or pointers that explain the five core capabilities in more detail. It includes some indicators that could be added to the current list of indicators related to the five core capabilities if the capacity development of a collaborative association such as a network or coordination group is the subject of evaluation.

### 3.3 Overview of the in-depth studies

Summaries of the four in-depth studies can be found in Annex 5.

#### WaSH, Benin

SNV's drinking water and sanitation programme in Benin over the period 2007-2011 consisted of a series of projects and subprojects implemented in partnership with or alongside other agencies. SNV was contracted by the Netherlands embassy to support the government of Benin with the implementation of component 2 of the PPEA (*Programme Pluriannuel Eau et Assainissement, Multi-annual Water and Sanitation Programme*): 'Transfer of competences and development of communal project ownership'. The WaSH programme aimed to provide sustainable and equitable access to water to the rural population in the 76 communes of Benin, representing nearly 7 million inhabitants, and to put in place the conditions for development and equity in the field of hygiene and sanitation.

SNV's activities during the period under evaluation included:

- (i) developing training modules and providing practical support for 74 communes in sector planning, project and tender management;
- (ii) providing training in organisational development for 40 NGOs, 22 NGOs on WaSH social intermediation, nine local service providers and 17 regional water or sanitation services;
- (iii) financing and technical support for the development of around 20 communal water or sanitation plans, starting up six inter-municipal cooperation initiatives and equipping 77 communes with software and furniture;
- (iv) developing methodologies, skills and tools for a domestic accountability process for WaSH; and
- (v) providing technical and methodological assistance to the national directorates in charge of rural WaSH and of decentralisation.

#### Fruit value chains, Ethiopia

The fruit value chains programme in Ethiopia aimed to develop new market arrangements for apple, mango and pineapple, to make fruit growing more profitable for cooperatives and for (more) farmers, and to create an enabling environment for value chain development. In addressing the weak market position of farmers and their limited awareness of the potential of fruit as a cash crop, SNV identified three main challenges:

- (i) the limited diversity of market segments, channels and products;
- (ii) the low levels of quality and productivity; and
- (iii) the limited business relationships and related services available to farmers and farmers' organisations.

SNV's main roles have been:

- (i) *facilitator* of contacts between stakeholders and of joint reflections in value chain coordination groups;
- (ii) *knowledge broker*, market information and market linkages mainly via coordination groups; and

- (iii) *funder and coach* for specific innovation projects by selected clients in the value chains. SNV also contracted and facilitated local service providers to provide training for (model) farmers to complement the government extension system.

SNV's clients are:

- (i) three coordination groups (CGs) for mango, pineapple and apple received support on a continuous basis;
- (ii) nine cooperatives, Agricultural and Rural Development Offices (ARD offices) that provide extension services, who have been supported to improve their capacity to train farmers in fruit tree management and to distribute seedlings of new fruit tree varieties;
- (iii) the Medium and Small Enterprises Development Agency (MSEDA); and
- (iv) private sector organisations.

### Edible oil value chains, Tanzania

Sesame and sunflower were regarded as minor crops by the Tanzanian government in 2007, but now have high priority now because of the growing demand for edible oil and oilseeds, their potential to contribute to incomes of poor people, and to reduce Tanzania's import bill for crude vegetable oil.

SNV's support programme aimed to increase the income from oilseeds for at least 40,000 poor rural households in nine regions by 2015 by improving the performance of edible oilseed processors and creating an improved business environment.

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SNV has supported a number of clients:

- (i) the Oilseed Multi-stakeholder Forum (OMSF) to coordinate priorities for sunflower value chain development (the OMSF no longer exists but two other associations, TEOSA and CEZOSOPA, emerged from it);
- (ii) the Tanzanian Edible Oilseed Alliance (TEOSA, national) to influence policy;
- (iii) two regional associations, the Central Zone Sunflower Processors' Association (CEZOSOPA) and the Association of Edible Oil Processors in Manyara (UMAMBE), to access finance and business development services and to improve their economic connections with farmers via contract farming;
- (iv) the Manyara Agricultural Initiative (MAI), a multi-stakeholder platform, to coordinate lobbying for the sunflower sector; and (v) ILULU and MAMCU, two farmers' unions active in sesame trade. SNV has supported producer farmer groups (PFGs) only indirectly via its support for one processor (Songela) to introduce 'trust-based contract farming'.

### Biogas, Vietnam

In 2003-2005, a national biogas and animal husbandry programme (BPI) funded by the Ministry of Foreign Affairs of the Netherlands was implemented through SNV in collaboration with the Livestock Production Department (Ministry of Agriculture and Rural Development, MARD). The programme aimed 'to further develop the commercial and structural deployment of biogas, at the same time avoiding the use of fossil fuels and biomass resource depletion'. The project started in 2007 with a second phase (BPII) of four

years, followed by a two-year extension to 2012 and a recently approved further extension to 2014.

Domestic biogas plants can provide energy for cooking and lighting and contribute to sanitation and hygiene, while the waste bioslurry can be used to improve soil fertility. In order to roll out the biogas programme nationwide, project units were installed at central and provincial levels that are responsible for implementation. SNV's intervention included support for the Biogas Programme Division (BPD, which is implementing the BPII), which in turn supports the Provincial Biogas Project Divisions (PBPDs). SNV identified a wide range of functions to be executed in a comprehensive and coordinated manner in order to roll out the programme nationwide: promotion and marketing, financing, construction & after sales service, operation & maintenance, quality control, training & extension, research & development, monitoring & evaluation, and programme management.

### 3.4 Findings about the effectiveness of SNV's support

Each of the following sections starts with key observations by IOB that are relevant for assessing SNV's effectiveness. These observations were identified after careful study of the reports of the four in-depth studies and eight validation missions.

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#### 3.4.1 Capacity development of SNV's key clients, coordination and the enabling environment

This section describes the changes that have taken place in

- (i) the capacity of SNV's key clients;
- (ii) the coordination and collaboration between actors in the sector / value chain; and
- (iii) the enabling environment. Where applicable, gender, sustainability and external factors are discussed.

##### Capacity development of SNV's key clients

- Most of SNV's clients demonstrated improvements in two or three core capabilities but they have not learned how they themselves have to take better care of their organisational development in order to remain relevant and act according to their mission statements in changing contexts.
- SNV's support has helped its clients to deliver better services and more products in the short term.

**WaSH, Benin** – With the support of SNV, the municipalities (established in 2003), have started to organise themselves to assume their responsibilities in the WaSH sector. SNV's support has mainly contributed to their capacity in a *narrow* sense, such as focusing on staff development through training programmes to address the lack of qualified personnel in the short term. SNV has not so much focused on their capacity in the *broader* sense of being more empowered, having the know-how and flexibility to cope with threats and challenges from the outside world. The organisational capacities of the NGOs have evolved

considerably, especially in the areas of human resources management, the functioning of committees, and the preparation of plans and reports. The social anchoring and financial basis of the social intermediation NGOs remain very weak and most donors are shifting from working with these NGOs to private consultants and municipality teams.

**Fruit value chains, Ethiopia** – Client groups that have received support from and still depend on SNV are the value chain coordination groups, MSEDA, cooperatives and the *woreda* (district) Agricultural and Rural Development (ARD) offices that provide extension services to farmers. The *coordination groups* (CGs), still at an early stage, have developed their capability to bring together a wide range of value chain actors, but creating an open culture to discuss realities on the ground and to analyse farmers' realities, remains difficult. The sincere commitment of actors is questionable; government representatives and decision makers rarely attend CG meetings and their follow up of conclusions and recommendations of the CG between meetings is inadequate. The *cooperatives* have a social orientation (focus on poor farmers), and realised a good part of sales. The leadership (mostly male dominated) and members of cooperatives have gained knowledge of technical innovations. Most cooperatives lack the ability to remain relevant and the know-how to explore markets or encourage their members to produce better quality fruit.

Only a minority of cooperatives with an already strong business orientation have improved their capability to remain relevant by exploring new markets or encouraging their members to produce better quality fruit. The knowledge of the ARD extension staff of technical innovations (fruit tree/plant management) has improved thanks to training of trainer (ToT) courses, but their services to farmers remain limited due to lack of commitment, high staff turnover and top-down agenda setting. Overall, the changes in capacity appear to be stronger for the apple value chain, medium for the mango chain and less pronounced for the pineapple chain.

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**Edible oil value chains, Tanzania** – In 2011, following complaints from the agricultural marketing cooperative societies (AMCOS), the unions and local government authorities (LGAs) abandoned the warehouse receipt system and introduced a new sesame marketing system. Since then, the AMCOS have been able sell their products directly to private buyers, thus avoiding the taxes and levies set by the unions. They have also been able to negotiate prices and to raise internal capital from/for sesame, but market prices are not yet linked to the quality of seeds. They have inadequate access to market information and to alternative outlets other than local traders. SNV's training has led to improved leadership of the AMCOS (mainly male-dominated) and governance, which together with higher prices have helped to regain the trust of members.

Today, *sunflower* processors and farmers are better organised and the number of small and medium processors is increasing. The organisational capacity of processors, associations and newly established producer farmer groups via trust-based contract farming, an initiative of SNV, is rather weak, although contract farming has helped to increase the farmers' production capacity (higher yields per acre, expanded cultivation area and seeds with a higher oil content). But the farmer groups do yet not sell their seed collectively, have not yet

developed a stronger marketing position, and do not have a better understanding of market mechanisms. The sunflower processors' associations, established with SNV's support, have committed leaders and have improved their ability to influence trade policies for their members, but have not been able to improve access to credit, collection centres or more reliable oilseed supplies from farmers. Small processors are unable to oppose the market power of the large refineries and speculative middlemen as the strongest processors are able to do.

**Biogas, Vietnam** – Most of the organisational and human capacity development of the Biogas Programme Division (BPD) of the Ministry of Agricultural and Rural Development (MARD) took place in the first phase of the programme prior to 2007. However, the appointment of a new programme director (within MARD) in 2009/10 had a positive impact on human resources management and working conditions of BPD. Between 2007 and 2010 SNV provided hands-on support, and still does so. The BPD depends on funds from donors. SNV formed a National Steering Committee, with government representatives, to advise the BPD, but the committee has not been very active and involvement of other line ministries seemed to be difficult. The Vietnam Biogas Association (VBA), launched in April 2011 with SNV's assistance to bring together the various stakeholders involved in biogas, was innovative for Vietnam, but has not been a success. The VBA completely depends on technical assistance support from SNV. This multi-stakeholder platform is expected to further develop and stimulate the biogas sector as a whole. The capacity of masons and technicians to build, promote and advise on biogas technology has improved, however.

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### Coordination and collaboration

- Value chain associations and sector coordination groups that were established at the initiative of SNV have made it possible for producers, processors, traders, government representatives and other stakeholders to discuss and coordinate their interests, and to better understand their roles.
- The rise of a national expert organisation is a positive contribution to the development of a sector.
- Poor people's interests are insufficiently represented in these value chain associations or sector coordination groups.

**WaSH, Benin** – With SNV's support, coordination among actors in the WaSH sector in Benin has improved in several respects: (i) local actors' understanding of their role in the rural water and sanitation sector; (ii) the cooperation between these local actors; and (iii) the availability of tools for planning, project management, accountability and operation and maintenance. Most municipalities now have a communal water and sanitation committee that brings together local stakeholders including citizens. Formal cooperation between municipalities in the water sector is still fragile, despite SNV's efforts to encourage this.

**Fruit value chains, Ethiopia** – The coordination groups established by SNV have enabled collaboration among a wide range of relevant stakeholders, which was non-existent before. Bilateral cooperation between stronger cooperatives and fruit processors, as well as between knowledge institutions and cooperatives, has also improved. But farmer

representatives are not supported by SNV to participate in discussions or to ensure that their voices are heard in the coordination groups. Government and financial sector organisations do not participate on a regular basis and a coherent vision of market development needs to be developed. The Medium and Small Enterprises Development Agency (MSEDA) has not yet taken up the role of coordination, and is hampered by high staff turnover. In Chencha (apple value chain), the *woreda* ARD has been strengthened to monitor the apple sector and to facilitate a local extension coordination forum, which it does successfully.

**Edible oil value chains, Tanzania** – Sesame farmers, small processors, seed regulatory bodies and seed companies have been linked via sector alliances that aim to improve coordination. The commitment of stakeholders to these alliances is strong, but the alliances are young and still depend on donor funds, including support from SNV. The interactions and dialogue among actors have increased coherence in the sector, which was non-existent before. However, the differences in identity between them are not yet clear to members, and their leaders sometimes overlap (typical features for young organisations). Sunflower stakeholders, especially processors, are over-represented in the national alliance. The representation of farmers in the Tanzania Edible Oilseeds Alliance (TEOSA) is weak (legitimacy).

**Box 4** *WaSH, Tanzania*

SNV Tanzania has been active in the WaSH sector since 2008 and started its interventions with water point mapping, a tool developed by WaterAid, in rural areas to learn about the number of water points and their level of functionality. SNV covered 10 districts, while 41 other districts were covered by other organisations. The results revealed that 46% of existing water points were not functioning. SNV used the data to convince the authorities (and donors) that there was no point in building new facilities. The ongoing discussion on the functionality challenge prompted SNV to focus on local level management of water systems, developing 'planning and management models' and community-owned water supply organisations (COWSOs), and strengthening district water and sanitation teams (DWSTs). SNV's choice to improve governance in the water sector (soft approach) makes sense given the challenges in this complex context.

Much of SNV's support is provided through local service providers. They support the COWSOs to register, train them in raising the awareness of villagers about their responsibility for the operation and management of water points, etc. They support councillors by means of oversight training to enhance their understanding of the law, and their knowledge of planning, budgeting and monitoring, how to sensitize villagers/COWSOs, etc. The DWSTs are being trained about their responsibilities as well. Ultimately, SNV facilitates interactions between the COWSOs, councillors and DWSTs in order to enhance mutual accountability at the local level. SNV aims to facilitate learning through knowledge sharing, such as informing the Ministry of Water about what is happening at the grassroots level. At the national level, SNV

participates in the Development Partner Group, a forum of NGOs and bilateral donors, and in thematic working groups created under the Water Sector Development Programme 2006-2025 (WSDP) on capacity building and rural water supply. SNV interacts with the Prime Minister's Office on matters related to decentralisation. Finally, SNV has dialogue with the Netherlands embassy in Dar es Salaam, mostly in relation to the Public Accountability Tanzania programme (part of the Domestic Accountability initiative). SNV has no institutional counterpart (client) at national or district levels that will take over responsibility for implementing SNV's policy. While this gives SNV a free hand to make its own choices, it makes it difficult for SNV's work to be embedded within existing structures, which has implications for the sustainability of its work.

The evidence of the effectiveness of SNV's support is largely anecdotal. Often it is not clear whose capacity has really been strengthened, let alone how the support contributed to improved outputs and outcomes. SNV's planning, monitoring & evaluation (PM&E) has been insufficient to draw conclusions about its effectiveness.

At the village/ district level there is evidence that results are being achieved (the COWSOs are being registered, and are being strengthened, etc.), but these achievements are threatened by many other factors, such as the lack of commitment of the national government (the WSDP budget does not automatically trickle down to lower levels), the lack of commitment of local government authorities to support the COWSOs, and the problems facing the COWSOs, including the high registration fee, the lack of transport, etc.

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In the case of *sesame*, the local coordination of the agricultural marketing cooperative societies (AMCOS) and local government authorities (LGAs) has also improved, and they collaborate in supervising local market transactions. However, there are no systematic mechanisms yet to provide feedback from the LGAs to the AMCOS or for the exchange of sector information. Tanzanian knowledge institutions have gained new insights into the edible oil sector on the basis of new knowledge (mainly trade issues, economics and technical issues) that has found its way to stakeholders and policy makers.

**Biogas, Vietnam** – As explained earlier, efforts to establish a National Coordination Committee have not been successful yet. Inter-ministerial collaboration is almost non-existent, which is further complicated because MARD wants to remain the owner of biogas programme, regardless of SNV's efforts to establish an inter-ministerial National Steering Committee. Each ministry has its institutes and universities working on aspects of biogas technology, but hardly ever shares or coordinates knowledge. Research institutions do not collaborate.

### The enabling environment<sup>30</sup>

- SNV and its partners have been able to draw the attention of government (and donors) to certain strategic issues.
- Positive changes in the enabling environment have taken place, but these are fragmentary and have not yet resulted in an environment that is supportive to the poor.

**WaSH, Benin** – Since 2007 the water and sanitation sector in Benin has undergone major transformations that are closely associated with the decentralisation process under the WaSH sector strategy (PPEA – *Programme Pluriannuel Eau et Assainissement* / Multi-annual Water and Sanitation Programme) with the support of international donors and development agencies, including SNV. At the national level, management of WaSH projects has been transferred to the municipalities, including programming and operational responsibilities. SNV has been able to stimulate communal project ownership. Public accountability hearings have taken place since 2010 that have contributed to greater transparency in the management of communal affairs, encouraged by SNV Benin and civil society organisations, although in some municipalities elected officials are rarely publicly accountable. Citizens appreciate the interactions with municipalities on critical issues such as the budget. SNV has been able to influence some strategic choices within the programme, especially with respect to communal project ownership, the inclusion of reflections on cooperation between municipalities and domestic accountability.

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**Fruit value chains, Ethiopia** – Awareness of the potential of quality fruit as cash crops for poor farmers has increased. The national government, the Medium to Small Enterprise Development Agency (MSEDA) in the SNNPR region, and the Ethiopian Horticulture Development Agency have all ranked fruit as priority crops for poverty reduction. Public agencies (like MSEDA) have slowly but surely started to adopt a value chain approach and to build partnerships. However, the government is less straightforward about investing in and developing a clear regulatory and policy framework for the fruit sector. For example, official fruit quality standards do not exist or are not adhered to, and there is no effective certification body. MSEDA has played a role in promoting the development and regulation of small enterprises, but is not yet a recognized leader in the fruit sector. Moreover, the government continues to support the public marketing agencies and nurseries rather than to promote private sector development. The requirements of the financial sector and the products they offer have not been adapted to the fruit sector or made a priority; the investment climate is not yet properly developed. The legal status and identity of fruit and vegetable marketing cooperatives are unclear.

<sup>30</sup> At the start of the evaluation, SNV did not have a definition of 'enabling environment', but this changed with SNV's note dated 5 July 2013 in which the terms are explained: 'An enabling environment is a set of (interrelated) conditions – such as the legal, institutional, fiscal, informational, financial, political, economic, social and cultural norms and values – that impact on the capacity of actors to engage in development processes in a specific work field or around a specific topic in a sustained and effective manner. In practical use the understanding of enabling environment is often narrowed down to legal/regulatory, policy, financing and institutional dimensions.'

**Edible oil value chains, Tanzania** – Edible oilseeds have evolved from a minor crop to one of the seven priority crops in Tanzania’s new (draft) agricultural strategy. The government is investing in local sunflower refineries for small processors and is subsidising the distribution of improved seeds. More donors have also invested in the sector since 2011, but government policy development is following only slowly. The local government authorities have prioritized sunflower for extension, and have taken the lead in training farmers and introducing quality declared seeds in high-potential areas. But the LGAs’ budgets to develop sesame or sunflower are considerably smaller than the increased taxes they collect from the sunflower and sesame trade. The participation of small processors in national policy making, which used to be dominated by the large refineries, has improved, although the big refineries have retained their political and economic power over small processors and farmers. For sesame, the abolition of the warehouse receipt system (WHS) has been an important change for the sesame market, although the new marketing system is not yet officially accepted by regional governments. Quality standards for improved sesame seeds are not applied in Tanzania. Competition in the local market remains limited, with just two or three buyers active in a given area, and price setting is not yet fully free. The AMCOS do not have access to alternative market outlets.

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**Biogas, Vietnam** – The state controls almost every sector in Vietnam, so that SNV had to fit the biogas programme into the government system. Government officials and sector representatives are in favour of high subsidies and foresee an important role for the government, as is currently the case. But this is at odds with SNV’s ambition to achieve a commercially viable domestic biogas sector with a reduced role for the government. Quality standards are being developed at the initiative of the government, but an effective and transparent regulatory system that will encourage the development of a free market in the sector does not exist. The government has indicated that it does not have the budget to continue the biogas programme, so that continued ODA support will be needed. A commercial sector is developing outside the government programmes that could develop faster if there were less competition with government-subsidised programmes. All parties seem to agree that a commercial biogas market is something to be desired and to strive for, but realising it is taking longer than anticipated.

### 3.4.2 Poor people’s access and use to basic services and products

This section presents SNV’s results that illustrate what has been achieved in terms of improved access for poor people (with specific attention to gender) to basic services and products, the external factors that have influenced the results, and the sustainability of the improvements. Each section starts with key observations by IOB.

#### Access

- The services and products, such as training, made available through SNV’s clients or local service providers have improved poor people’s access to water, improved seeds, new fruit varieties and renewable energy.

- Whether improved access will contribute to improved living conditions is uncertain because poor farmers still face constraints that hamper their ability to apply improved technologies consistently.

**WaSH, Benin** – The proportion of the population with access to improved water services in rural Benin increased from 41% in 2005 to 61% end of 2011. Adequate sanitation is now available in 85% of the country's schools compared with less than 60% in 2006.<sup>31</sup>

Improvements were observed in the following areas:

- (i) The planning of new water points and institutional latrines (schools, health centres, and markets) is progressively being brought in line with local needs.
- (ii) The operation of water facilities is gradually being delegated, but the professionalism of the operators still has to be improved.
- (iii) Compliance with hygiene rules has improved following awareness-raising campaigns by NGOs and involving private actors.
- (iv) Minor breakdowns are repaired more quickly than in the past, but not much has changed regarding repairs of major breakdowns.

SNV has contributed to the improvements in water services, including ensuring the equitable distribution of facilities and the installation of basic management structures, even if the benefits are not yet widely felt and remain fragile. The number of water points may have increased, but the percentage of non-operational systems was still high. In the municipalities strongly supported by SNV, the people are satisfied with the number of operational water points, but reliable, systematic data on the volumes water consumed, the tariff collection rate or changes in water use were not available.

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**Fruit value chains, Ethiopia** – Whereas farmers received no training before 2008, the evaluation discovered some significant results: 40,000 farmers had been trained in fruit tree and fruit management by the *woreda* ARD and local service providers. The number of farmers trained in apple tree management is especially impressive, with 25-30% of apple growers receiving training. Some 57% of the farmers were satisfied with the training, mainly that provided by local service providers subcontracted by SNV. The new techniques and fruit varieties are now being used by 20-30% of farmers in the intervention area. Households have expanded their fruit production, but at the expense of other crops. Nonetheless, fruit growing remains small and unspecialised. Expansion of fruit production is hampered by the limited land available and the need to grow staple food crops like enset (a traditional banana variety known as false banana) for food security reasons. Farmers are also reluctant to replace the old varieties with new ones because of the loss of harvest for some years. Training and follow-up of farmers, as well as the system to provide tools, need to be intensified. Apple seedlings of quality, at an affordable price, remain a challenge.

<sup>31</sup> Data on household sanitation are less reliable with probably over-optimistic official figures.

With regard to market development, more mango and apple traders have entered the market and buy fruit directly from farmers, slightly improving the farmers' position in the market. Moreover, new varieties of pineapple and mango fetch higher prices. Apple and mango farmers now have access to market information, and obtain better prices, and have increased their sales via cooperatives. However, this is the case only with better quality fruit, for small volumes, and for a limited number of cooperatives. In reality, farmers continue to pick fruit before it is ripe, and they still sell the majority of apples and mangoes at low prices in bulk (i.e. a mixture of ripe and unripe fruit) in the market because they need cash, they lack the tools and knowledge they need to produce high-quality fruit or there is no cooperative in their village.

**Edible oil value chains, Tanzania** – A large number of *sunflower* farmers have been trained in good agricultural practices as well as post-harvest technology, and have access to improved seeds at a better price. These improvements are due to the LGAs' increased priority and investments in the sector, but also because processors have introduced trust-based contract farming. Processors have contributed to the training of farmers (about 6000 in total) and are able to reach more poor farmers than the traditional extension system. More improved sunflower seed is available in the villages, provided by contract processors, sometimes on credit. The use of improved seed has resulted in an increase in production volume that ultimately may contribute to increased incomes. The use of improved seeds is higher among farmers under trust based contract farming as they are supported and followed up better. Other farmers are more hesitant because the seeds are softer than those of traditional varieties and are more easily eaten by birds, and they do not trust the quality of the seeds. Poor marketing means that farmers remain vulnerable. The majority of farmers from the producer farmer groups sell their sunflower seeds with higher oil content to the contract processors, even though they are paid the same prices as for traditional seeds. Most of them still sell their seeds individually and have not organised collectives yet. Farmers find it difficult to make a clear cost-benefit analysis and have little understanding of their own market position. They remain price takers and the middlemen can increase or reduce the price at any time.

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**Box 5** National Biogas Programme, Ethiopia

SNV's support to the biogas programme in Ethiopia is part of the Africa Biogas Programme, a partnership between SNV, the Ministry of Foreign Affairs of the Netherlands (DGIS/DME) and Hivos. The underlying assumption was that SNV's success in promoting biogas in Nepal and Vietnam could be repeated in Africa. The original plan was to construct 14,000 digesters over a period of five years (by December 2013) and to develop a commercially viable biogas sector within 10 years.

Thanks to the training of a large number of masons, technicians and government organisations at national, regional and local level, the programme can deliver digesters of acceptable quality. By the end of 2012 the programme had succeeded in constructing about 5000 digesters, about 60% of the number originally planned. All actors demonstrate a clear view and understanding of the programme.

The hierarchical organisation with a clear results orientation maintains programme coherence. Despite its considerable achievements the programme faces several constraints, including (i) the limited production capacity of masons; (ii) bureaucracy and (iii) the minimal involvement of non-state actors. The objective to develop a commercially viable biogas sector is hardly an issue since the Ethiopian partners regard the programme primarily as a regular government programme. The gender dimension of the programme is weak in almost all respects. The sustainability of the present capacity is uncertain.

Most digester owners are better-off farmers, while the lack of sufficient credit has prevented less well-off families obtaining a digester as well. The programme could provide no information about user satisfaction or how the digesters have contributed to the well-being of farmer families.

The support provided by SNV reflects its biogas expertise gained in Asia. SNV played a pivotal role during the preparatory phase. As the programme started its operations in 2009 SNV helped to establish the programme office and to get the programme running. Its support at that time can be characterized as hands-on and omnipresent. This changed after mid-2010 when the Ethiopians took over. SNV supported the Ethiopian government offices in many ways regarding the programme functions. They clearly recognize SNV's added value, which lies in its international expertise and network. The need for SNV's support is not always clear as one would assume that the Ethiopians would be able to take over the work that is conducted by local service providers subcontracted by SNV. This gives the impression that SNV fills in the gaps whenever Ethiopians are not in a position to do a particular assignment that they otherwise could have done. SNV's commitment and involvement are closely associated with the direct responsibility it takes for achieving the programme's objectives. The quality and relevance of SNV's support for organisational development is less evident. It is not even clear whether the Ethiopians expect that type of support from SNV. Possibly it is fair to say that the relationship is much like a partnership with shared responsibility for programme implementation, rather than one between a client and an advisor on organisational development.

With regard to *sesame*, SNV and others have trained about 550 farmers in good agricultural practices and have introduced improved seeds. The training has not spread between farmers because only a limited number of farmers have been trained and the AMCOS have no extension system in place. The majority of farmers do not use improved seeds or continue to reuse them. Some of those who tried out the new seeds experienced problems because they are not drought resistant. Farmers and AMCOS lack access to credit to buy improved seed, the additional labour required to grow the new varieties, investments are too risky, the lack of access to market information, and the fact that the processors do not pay them according to the quality of their seed (they also do not understand price setting mechanisms). Since the new marketing system was introduced the AMCOS do not have to

pay the taxes and levies of the WHS, and they pay farmers higher prices right away (payments were often delayed under the WHS), so that farmers now sell six times more of their sesame to the AMCOS.

**Biogas, Vietnam** – An estimated 207,000 domestic biodigesters have been installed in Vietnam, more than 60% of which were constructed through the SNV-supported national biogas programme. During phase II of the programme (2007-2012) more than 93,000 digesters were constructed, mostly for ‘average’ poor families. The demand for biodigesters is still greater than the subsidies available. About 40,000-50,000 digesters are estimated to have been constructed by entrepreneurs in the free market.

#### Poverty focus

- SNV decided to support WaSH, fruit and edible oil value chains and, to a lesser extent, biogas because these sectors provide services and products that are relevant for poor people.
- Only in some cases have the solutions introduced been appropriate or sufficient to tackle the root causes of poverty.

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**WaSH, Benin** – The transformation of the water sector in Benin, including SNV’s support, has helped to bring the municipalities’ planning of new water points and institutional latrines into line with the needs of beneficiaries. Another improvement in some municipalities is the increased participation of population in the sector. The results achieved are important and necessary, but there are still challenges to overcome. Sensitive and more systemic issues such as equity and universal access of poor people to water and especially to sanitation facilities – which pose problems of solidarity, intelligent tariff policies, and probably also positive discrimination – are not yet sufficiently addressed, although perhaps this is understandable in this first phase of the process of transferring responsibility for water services to the municipalities.

**Fruit value chains, Ethiopia** – Poor households and women can in principle profit from price increases, and poor farmers are aware of the potential of fruit as a cash crop. However, the need for cash is the main reason why these families continue to sell unripe fruit in the market. Poor families tend to be excluded because successful cooperatives are increasingly targeting progressive farmers who are prepared and ready to go for more aggressive and riskier trade. Other limitations for poor farmers are that they do not understand the complexity of market mechanisms, particularly in the case of the pineapple value chain. Remarkably, cooperatives and ordinary farmers have not received specific support to participate in value chain regulatory bodies or coordination groups in order to make their voices heard. The coordination groups do not continuously assess progress or the needs of poor farmers.

**Edible oil value chains, Tanzania** – Both sesame and sunflower are important crops for poor farming families. This is more obvious for *sunflower*, with its drought resistance, low labour requirements and the low potential for other cash crops in the areas concerned. Poor sunflower farmers, both men and women, who are members of the producer farmer

groups established by Songela, a processor (contract farming supported by SNV), benefit from the services provided. The poorer the farmers, the more they depend on subsidised sunflower seed and credit provided by Songela. If farmers are not able to access credit most of them revert to reusing the improved seeds. To guarantee the inclusion of poor farmers in the value chain, they should be able to participate in the debate on quality standards of seeds, and have access to market information. In the case of sesame, poor farmers should in principle also be able to benefit from training and the improved marketing system, but a number of persistent factors prevent their access to services and markets. In particular, they do not yet fully understand the benefits of improved seeds and so are reluctant to use them since they are not paid a better price, and their margins remain low.

**Biogas, Vietnam** – From a poverty reduction point of view, SNV stated in the proposal for phase II of the biogas programme that it would not target the poorest of the poor because they generally do not have the minimum number of livestock needed to run a digester. The households most likely to invest in a biodigester are those with ‘average’ incomes (according to the Vietnamese poverty monitoring system) of more than USD 2 per day. Although installing a digester helps to reduce household energy costs (e.g. for cooking), the main reason for investing in a digester is that it eliminates the smell associated with keeping pigs, encouraging them to keep more pigs and consequently increase their incomes. In 2013, about 65% of households had connected their toilet to the digester, thus improving sanitation and reducing environmental pollution.

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### Gender

- SNV's decisions to support the WaSH, fruit and edible oilseeds and biogas sectors were motivated by the fact that they provide services and products that affect the daily lives of women considerably.
- SNV has consistently failed to operationalise its policy intentions with regard to gender in the value chains.

**WaSH, Benin** – Women believe that their voices are better heard through the participatory, more objective programming and monitoring mechanisms that have been put in place by the municipalities with the support of SNV and other agencies. About 60% of focus groups feel that these efforts, through the social intermediation NGOs, have had a positive impact on the lives of women, and 40% acknowledge that the construction of new water points has benefited women by relieving the chore of fetching water, reducing social conflicts about opening hours and disruptions in water services.

**Fruit value chains, Ethiopia** – SNV's choice of fruits was partly motivated by the fact that these are traditionally women's crops. Whereas in the past selling fruit was considered as a way for women to generate side income, men are now also aware of the market potential and the need to produce quality fruit. It is a limitation for women that trade income and control have moved from women to men. In the case of pineapples, women have relatively more control over a guaranteed part of their incomes. The leadership of cooperatives is mainly male dominated. Women have limited access to tools and technologies. No

compensating specific livelihood measures have been promoted to discourage women from selling unripe fruit to cover their immediate household expenses.

**Edible oil value chains, Tanzania** – Both sesame and sunflower are typical women's crops and this was one reason why SNV selected these value chains. For both crops, women continue to play an important role in production and commercialization decisions. For sunflower, women are well represented in the farmer producer groups and in their leadership, but few women hold leadership positions in the AMCOS. The evaluation finds that SNV's attention to improving the position of women has been rather *ad hoc*, and that some issues have not been taken sufficiently into account:

- (i) for both crops, improved varieties are labour intensive, especially for women;
- (ii) the issue of land ownership prevents women expanding the area for growing sesame; and
- (iii) many women find it difficult to assess the costs and benefits of improved seeds and to understand market mechanisms.

**Biogas, Vietnam** – SNV did not formulate an explicit gender strategy for the biogas programme, although women were mentioned as important beneficiaries. According to the women who took part in biogas user surveys, a digester offers several benefits for women: they no longer have to spend time collecting wood (traditional women's work), and the absence of wood smoke means that the kitchen environment is much healthier. These women estimate that they save an average of two hours per day, giving them more time to take care of their families, undertake income-generating activities and enjoy social activities.

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#### External factors that have influenced the programme results

- Economic growth, the availability of credit and the level of institutional capacity/commitment on the part of government were significant factors that have influenced the results achieved.
- Donor support is still an important condition for achieving results.
- Politics and power relations are often decisive in determining whether pro-poor changes can be achieved and sustained.

**WaSH, Benin** – Changes in sector policy such as decentralisation and budget support, in combination with the significant increase in ODA to rural water supply and sanitation since 2006, and reinforced donor harmonisation and alignment, have all had a positive influence on the position of municipalities in the WaSH sector. But the programme did not address several barriers that prevented the adequate provision of drinking water and access to proper sanitation services by deprived populations. These include tariff policies, people's behaviour related to the use of water, the quality of water supplied by the public service, and the lack of support for the construction of latrines for poor families.

**Fruit value chains, Ethiopia** – Several external factors have had a significant positive influence on the results achieved:

- (i) the increasing local, national and international demand for fruit, especially apples;
- (ii) Ethiopia's extensive local agricultural extension network; and
- (iii) government's commitment and efforts to promote fruit and vegetable marketing cooperatives that should help poor farmers to improve their access to markets.

In reality, the transition to a market economy and the creation of a supportive investment climate in rural areas is not straightforward. Other barriers are:

- (i) rural households have very limited land of poor quality;
- (ii) the lack of support from other agencies for fruit value chains;
- (iii) serious problems facing unions and cooperatives with financial accountability and transparency to their members; and
- (iv) top-down policy making and the government's lack of interest in donor support for organisational development.

**Box 6** *The cotton value chain, Benin*

Cotton is vital for farmers and the thousands of people employed in many sectors in Benin. The cotton sector has become highly politicized even though its economic importance has steadily declined. The sector has seen many reforms and moved from a state monopoly to a private monopoly and has recently gone through the process of renationalization.

In order to increase the incomes of smallholder cotton producers and improve governance in the sector, SNV-Benin partnered with the National Association of Cotton Producers (ANPC) to establish a programme for strengthening the Cotton Producers' Organisation (PROCOTON), funded by the Netherlands embassy. In 2010 the government of Benin reformed the cotton sector by creating village cooperatives of cotton producers (CVPCs) that replace the village groups of cotton producers (GVPCs) to improve supervision and regulation of their operations (administration, management of input credits, etc.). However, due to this reform, the legitimacy of SNV's clients in the value chain (ANPC and GVPCs) no longer existed. Since then, SNV has invested a lot in speeding up the process of transforming the 136 former GVPCs to CVPCs, which now have the legal status of cooperatives.

The cotton producers' unions, of which the GVPCs were members, increased their knowledge of their own governance, tools are available and trained staff have the required equipment they need. Their relations with funding partners are limited and therefore depend on funds and presence of PROCOTON staff (SNV). The national networks/platforms representing the cotton sector function relatively well, they improved their negotiation skills and their credibility is developing, but the process remains fragile. Their capacity to analyse and reflect on strategy remains rather basic. Little monitoring has been undertaken to measure organisational development.

About 3500 cotton producers have been trained in technical and economic aspects of farming and technical and management advice 'on-the-spot' have been organised. As a result producers improved their literacy, and are better able to record the amounts of inputs they receive and use, the amounts of cotton they produce, etc., although their bookkeeping skills are still poorly developed. Members of women's groups at the local level have improved their cultivation techniques of the crops they grow, besides cotton, and sell or use the vegetables for their own consumption. Their skills have not been sufficiently developed to overcome the power issues that affect their position and development. Although the women's groups participate in platforms or federations, they remain a separate group of stakeholders alongside the men who dominate the sector groups such as cotton, maize and rice.

SNV has built up an extensive network of local service providers/partners at the macro, meso and micro levels, which yields relevant information for actors at each of these levels. SNV has an added value in dialogue with donors and government, is well aware of the political and power issues and succeeded in putting the position of farmers and of women on the policy agenda. SNV's team leader was often mentioned as being highly knowledgeable and effective in policy dialogue at national level. SNV has not formulated an exit strategy. The regular contact between the embassy and SNV was considered positive and characterized by trust and mutual support when needed. The programme has been reasonably well documented, and the documents have been used to reflect on SNV's strategy.

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**Edible oil value chains, Tanzania** – The external factors that have contributed to the development of the edible oil sector in Tanzania are:

- (i) increased markets;
- (ii) the government's strategic interest in local oilseed production to replace imports of crude vegetable oil;
- (iii) the government's interest in drought-resistant sunflower as a potential crop for poverty reduction;
- (iv) the interest of local governments to recover their reduced tax revenues from sesame due to the failing warehouse receipt system in the past; and
- (v) donor support (the Rural Livelihood Development Company, financed by Swiss Aid, and more recently USAID).

Factors that have hampered the development of the sector include:

- (i) prices are strongly influenced by oil refineries and speculative middlemen;
- (ii) the continuous political pressure from the refineries to import cheap crude oil;
- (iii) the weak representation of sunflower and sesame growers in the national farmers' organisation;
- (iv) the weakly motivated staff of local government agricultural extension services;
- (v) the weak quality control of locally produced 'quality declared sunflower seeds'; and
- (vi) the weak government commitment to promote private sector development.

**Biogas, Vietnam** – Domestic biogas was already known in Vietnam, especially in the South, before SNV introduced its first biogas programme in 2003, although large-scale nationwide development had not taken place. From 2000 more international donors invested in biogas projects. The support of the DLP and MARD was crucial in mobilising hundreds of civil servants (technicians) to support the roll out of the biogas programme nationwide, and they have played an important role in promoting biogas and quality control. The high motivation and performance of the BPD were crucial, as it serves as an engine to mobilise the provinces and follow-up on the quantity and quality of their work. The performance of the various provincial BPDs has varied and has been influenced to a large extent by the circumstances in each province in terms of the number and type of livestock, its biogas potential and its financial situation.

External factors that have stimulated the biogas programme in Vietnam include the country's rapid economic growth and the increased consumption of pork that has stimulated the pig market and consequently also the interest in biodigesters.

Factors that have hampered the implementation of some parts of the biogas programme include the low capacity of vocational schools, the difficulty in accessing credit and an almost non-existent microfinance sector. The government's sectoral approach means that it is difficult to take opportunities or resolve issues that affect other sectors such as environment or energy. Several institutes and universities are involved in research and/or promoting biogas, but the government has no overarching strategy. The project-based approach has limited its impact.

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### Sustainability

- The sustainability of the clients' strengthened capabilities is often at risk due to constraints in their other core capabilities.
- The future of many of the associations and coordination groups is uncertain because the capacity of their member organisations is often weak.
- The sustainability of improvements in poor peoples' access is often uncertain due to the weak capacity of service providers.

**WaSH, Benin** – Both the NGOs and municipalities have demonstrated improvements in some of their core capabilities, but have not comprehensively developed their capacity. As a result, they are more vulnerable to external factors that may affect the sustainability of their capacity; the elections planned for 2014, for example, may lead to a high rate of staff turnover. Villagers expressed their appreciation for the participatory way in which investment decisions have been made, the social control of operators and the increased flow of information between them and the municipal teams. These changes may be seen as a basis for the sustainability of their involvement. The sustainability of other types of results observed is fragile. The first steps on the path towards better governance of water and sanitation services (including domestic accountability) need to be followed by further institutional measures to improve monitoring and regulation, to continue the professionalisation of water management, and to ensure the consistency of local

government strategies. However, the government's decentralisation agenda is not very clear and the donor community shows some fatigue after ten years of support to the decentralisation process. The creation of an enabling environment that will ensure adequate local governance of the WaSH sector remains incomplete.

**Fruit value chains, Ethiopia** – The fruit value chains are not yet sustainable. Changes at the level of individual clients, such as market linkages established and knowledge developed, may not be sustainable if they are not sufficiently embedded within a full organisational development process that guarantees continued improvements in performance. The sustainability of the coordination groups is uncertain given that individual organisations are relatively weak. The improved knowledge of the ARD extension staff is at risk of being lost due to staff turnover. The absence of a cooperative extension system or a cooperative training of trainer strategy threatens the sustainability of leaders and members who have gained knowledge of technical innovations. Furthermore, the lack of funds from donors other than SNV in the intervention areas is restricting the provision of training. The capacity of the Medium to Small Enterprise Development Agency (MSEDA) is affected by high staff turnover, and private sector investors are discouraged by the limited access to finance and their fragile market situation.

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**Edible oil value chains, Tanzania** – SNV has laid the basis for value chain development by connecting stakeholders to set joint priorities and influence policies, but the further development of the newly established associations and alliances is needed if their sustainability is to be guaranteed. However, the limited attention to organisational development of these meso-level organisations is weakening the capacity and sustainability of the multi-actor alliances. The fact that SNV trained processors and farmers and established regional branches of the associations/ alliances without their involvement means that most effects cannot yet be regarded as sustainable. The sustainability of farmers' access to services and markets is mixed but generally weak. Contract farming could continue on a smaller scale, depending on the financial situation of the processor when SNV's subsidy comes to an end. In general, important initial constraining factors continue to exist and are not yet being addressed sufficiently by the alliances or SNV.

**Biogas, Vietnam** – Although more than 200,000 biodigesters have been built the programme is definitely not yet sustainable. The expansion of the domestic biogas programme in Vietnam depends on continued donor support because the government has indicated that it does not have the budget to continue alone. The Biogas Programme Division remains dependent on SNV's support. The BPD, with support from SNV, has secured additional funding to continue the programme, but once that ends, the poorer provinces will face the consequences. Independently of the national biogas programme a free market has developed with 40,000-50,000 digesters built in the high-potential areas, so these areas are less dependent on programme funding.

### 3.4.3 SNV's effectiveness

This section elaborates on the relation between the results described above and the support provided by SNV. The relation is expressed in terms of 'SNVs contribution' if no clear relationship can be established with results achieved at higher levels, and in terms of 'SNV's attribution'<sup>32</sup> if a causal relationship is clear. This section also discusses aspects of SNV's way of working that may explain the observed results.

#### SNV's contribution and attribution

- SNV support is effective in developing services at the village level in the short term.
- SNV has contributed to the strengthening of single clients, coordination groups and associations. These improvements are often at risk due to deficiencies in the clients' other core capabilities. SNV has not supported its clients to learn how to remain relevant and act according to their mission statements in changing contexts.
- SNV has not been able to improve the position of farmers and their interests in these settings.
- SNV has failed to take gender dynamics in account except in WaSH-Benin, which can be considered as best practice.
- It cannot easily be established whether in the value chains enhanced capacity of coordination groups and associations results in more outputs of their members and improved access.
- SNV has contributed to the increased awareness among stakeholders of the importance of good governance by means of domestic accountability.

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**WaSH, Benin** – The changes attributable to SNV are at the level of capacity development of municipalities and NGOs. The rollout of the national water and sanitation programme (PPEA), with SNV's support, has contributed to:

- (i) greater ownership by the municipalities and more objective planning of new investments, resulting in more water points for deprived populations than before;
- (ii) the growing experience of municipalities in managing the installation of simple water facilities and institutional latrines, and as contractors of the social intermediation NGOs;
- (iii) the progressive delegation of operation and maintenance to private actors; and
- (iv) improved compliance with hygiene rules around water points and institutional latrines.

Attribution is more difficult to determine with regard to changes in the performance of SNV's clients, such as their ability to question the government's strategic choices, and changes in households' access to water and sanitation services. In these two areas there are definitely positive results that are aligned to the sector reforms, supported by SNV, among many other projects and agencies. However, as mentioned above, SNV's monitoring system

<sup>32</sup> A causal link between observed changes and a specific intervention. See OECD/DAC (2002) *Glossary of Key Terms for Evaluation and Results-Based Management*.

was insufficiently structured to properly document the impacts of its activities on access to services or on the performance of the municipalities and NGOs during the evaluation period. The added value of SNV's support is mostly related to leadership training for the municipalities and its efforts to improve inclusion, participation and citizen vigilance through the domestic accountability initiative.

Consequently,

- (i) the population is more satisfied with the communal involvement in the organisation of water services;
- (ii) the communes are more explicitly engaged in the sector – in setting budgets, drawing up organisational charts, managing transferred funds and in consultation mechanisms; and
- (iii) at the village level, minor breakdowns are repaired more quickly and there are fewer service disruptions than in the past.

**Fruit value chains, Ethiopia** – Several important achievements can be attributed to SNV:

- (i) It has brought together value chain stakeholders in the coordination groups, promoted the potential of the three fruit value chains for poverty reduction, provided access to market information, and facilitated reflection on innovations and goal setting.
- (ii) Knowledge of fruit tree management and new varieties has been integrated in the government extension services and for apple in the cooperative system.
- (iii) The extension services now offer TOT courses and, via local service providers, training for model farmers (apples, mango) and members of cooperatives (access).
- (iv) Mango cooperatives have been connected to processors and to markets, enabling their members to develop their businesses and explore new markets.
- (v) Cooperatives have been connected to knowledge institutions and nurseries.
- (vi) SNV has contributed to the availability of good quality planting materials by identifying and distributing new varieties and supporting linkages between private nurseries and cooperatives, ARD offices and farmers.

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These changes, together with the increasing demand for fruit, have improved the dynamics of the system. But SNV has not succeeded in supporting the coordination groups to question strategic orientations or external conditions. In implementing its 'connecting people' approach, SNV has paid little attention to the position of farmers, which is still weak and not much objective information on farmers has been available and analysed. SNV has not addressed some constraints in the institutional context of Ethiopia, the organisational weaknesses of its clients, nor has it prepared an exit strategy, all of which have resulted in the limited sustainability and the fragility of its efforts to upscale the results.

**Edible oil value chains, Tanzania** — For *sunflower*, the following results can be attributed to SNV:

- (i) The Tanzania Edible Oilseeds Association (TEOSA), its two regional branches and the small and medium processor associations CEZOSOPA and UMAMBE have been established. Connecting stakeholders in these associations has been a unique step in

the development of the sector, and the attention to small processors has been innovative.

- (ii) TEOSA is now coordinating its most active members (CEZOSOPA and TASUPA) to influence national trade policies for edible oilseeds.

For *sesame*, the representation in TEOSA of unions involved in sesame can be attributed to SNV. For both value chains, other results attributable to SNV's support include the new knowledge of the sector developed by Tanzanian institutions, mainly trade, economic and technical issues, which has been useful for stakeholders and policy makers.

SNV has also contributed to changes in the *sunflower* value chain:

- (i) improved seeds are now being used by 50 new farmer groups through trust-based contract farming with Songela (supported by SNV);
- (ii) improved relations between local governments, producer farmer groups and small processors at the local level via the support to Songela; and
- (iii) improved access of UMAMBE and CEZOSOPA to the Cooperative Rural Development Bank (facilitated by the RLDC) and to UMAMBE's own refinery (with the Small Industry Development Office, SIDO, and UNIDO).

For *sesame*, SNV has contributed to the AMCOS' awareness of the weaknesses of the old marketing system, and of their own position within it, which probably strengthened their confidence to complain about it to the local government authorities. Consequently, the LGA's have changed the marketing system to the benefit of AMCOS and their members.

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For *sunflower*, SNV did not address or was unsuccessful in changing:

- (i) the organisational development of TEOSA, CEZOSOPA and UMAMBE, where important gaps remain, and are being addressed by other donors;
- (ii) the voice of sunflower farmers is not strong and they are not well represented in the sector associations, and their market position remains weak;
- (iii) the business development of CEZOSOPA's members remains weak. Few have business plans, computerized accounting systems, or are able to obtain credit from alternative financial institutions;
- (iv) small processors still suffer from political and commercial power imbalances in the market, which is dominated by the large refineries and middlemen; and
- (v) trust-based contract farming has not evolved beyond the experimental phase.

For *sesame*:

- (i) farmers' access to training or to improved sesame seed has not systematically improved;
- (ii) the AMCOS do not have access to new, more rewarding market outlets; the momentum provided by the new marketing system has not helped to improve their capacity to explore new markets, or to negotiate prices; and
- (iii) the capacity of the AMCOS to demand more from the LGA extension services has not yet been strengthened adequately.

**Biogas, Vietnam** – SNV's decision in 2003 to introduce domestic biogas in Vietnam, starting with support at the central level, provided an opportunity to roll out a large-scale programme in several provinces in a coherent and systematic way. SNV entered into dialogue with the government about the roles of the government and other actors. Of the 130,000 biogas digesters installed since 2003, more than 96,000 of them were constructed during phase II of the programme, 2007-2012, with SNV's support. The quality problems that hampered the breakthrough of biogas in the early days have been overcome, as most households expressed their satisfaction with the digesters. Crucial elements such as the availability of credit, and reducing government subsidies to allow a free market to develop have not been realised. SNV is a proponent of a commercial viable biogas sector, with a reduced role for the government. This is in strong contrast with the current situation in Vietnam, where state control is very prominent in almost every sector. SNV thus had to fit in the Vietnamese government system, otherwise its functioning would have been seriously compromised. Policy changes towards a more commercial orientation of the sector had to happen from within. There seems to be a common view that a commercial market is something to be desired and to strive for but there are still divergent views on the steps to take and the way to achieve it. Nevertheless, SNV has been able to operate aptly within this institutional and political context.

| 88 | SNV's hands-on approach has helped to improve the capacity of the Biogas Programme Division (BPD) and but not so much of the Vietnam Biogas Association (VBA). The quality of the support provided by SNV and local service providers differs in several respects. Regarding the future of the programme, SNV's director appears to have been well aware of the political room for manoeuvre.

#### SNV's way of working

- SNV is able to roll out programmes in a short period of time by means of its broad network, including local service providers, as well as its international expertise, local knowledge, commitment and good relations with governments, private sector actors and donors in the sector or value chain.
- SNV's support to capacity development is mostly exogenous, focused on short-term results that are supposed to contribute to the implementation of a programme. The strategy does not necessarily contribute to long-term endogenous capacity development processes.
- SNV has a pro-poor and gender focus during the programme identification phase but does not maintain this focus consistently during implementation. The bottlenecks that prevent the poor and women from improving their positions are insufficiently addressed.
- With regard to value chains, SNV chooses sectors with economic potential and that are relevant for poor people.
- Governments and donors consider SNV to be a reliable partner.
- There is a lack of analytical rigour in the programme identification phase, planning, monitoring and evaluation.

**WaSH, Benin** – Aligned with the Beninese government's decentralisation policy in the WaSH sector, SNV has operated as a project implementer in operationalising the strategic

choices made by the technical ministries and donors involved in the Multi-annual Water and Sanitation Programme (PPEA) in the WaSH sector (German Agency for International Cooperation is the most important donor). SNV has been in charge of training, training of trainers and co-developing and disseminating training modules/tools to improve governance in the sector (e.g. leadership) in all municipalities except Cotonou. Implementation was coordinated by the Water Directorate (DGEau), and SNV established a clear division of labour with the German agency GIZ. With this approach, SNV has helped to create the conditions for the sustainability of certain changes. However, SNV's capacity development efforts consisted mainly of transferring knowledge to clients in order to deliver results quickly, and not necessarily to contribute to their know-how or empowerment. A comprehensive package of capacity building activities to support all local stakeholders together with hands-on training and guidance in practice would have required a more pronounced geographical concentration and more structured alliances with other development agencies in the municipalities.

SNV regularly charts the actors in the WaSH sector, but its analysis of their roles and factors in preventing or enabling change could be more thorough, more systematically documented and followed up. SNV's positioning at the macro level and the roll out of part of the sector strategy (funded by the Netherlands embassy) limited its room to question some strategic choices or experiments in areas that thus far had been poorly managed by the sector in Benin. Nonetheless, SNV took the lead and was successful in introducing a domestic accountability approach that has been valued by government and donors.

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**Fruit value chains, Ethiopia** – SNV's operations are of good quality and are well aligned with government strategies. SNV is recognized by its partners for promoting operational innovations in the fruit value chains and for investing in the 'soft side' of capacity development. However, SNV's capacity development support consists of a fragmented set of interventions that is assumed will catalyze the further development of clients and systems, but in reality this fragmentation makes it rather difficult to establish a continuous process of capacity development of organisations and value chains. SNV's strategic choices regarding the type of clients, intervention logic, approach and roles are often not substantiated with evidence from the farmer field level, documented or re-questioned (lack of second-order learning). Many strategic decisions are taken by SNV's advisors who do not have a strategic overview. It would need a lot of time, courage and diplomacy to question basic issues in the top-down policy context in Ethiopia with their clients, for instance. Perhaps related to its search for programme funding, SNV tends to speed up the implementation of processes by means of its broad network, including local service providers, without questioning the approach in depth.

With regard to upscaling, SNV does not have a documented strategy or a set of conditions that need to be in place. Several external factors can undermine the process of upscaling, including:

- (i) the low level of commitment farmers to deliver higher-quality produce because of their livelihood security considerations;

- (ii) the government's weak financial commitment to making policy for the fruit sector (other than export fruits) and structural changes that would promote private sector development in the sector;
- (iii) the quality of the traditional extension system and the top-down policy making at regional and national levels; and
- (iv) the 'voice' of farmers in multi-stakeholder processes (MSPs) is often weak.

SNV had a poverty and gender focus in the programme identification phase and has taken measures to overcome some of the risks for poorer farmers, but there are also some shortcomings linked to:

- (i) implicit assumptions about, and weak monitoring of farmers' priorities;
- (ii) limited risk assessments and inadequate measures to improve the livelihoods of households (including women); and
- (iii) the limited attention paid to strengthening the voice of farmers in multi-stakeholder processes and to facilitating more permanent contacts between farmers and the private sector.

**Edible oil value chains, Tanzania** – SNV is seen as a reliable partner by the government, one that is well aligned to national agricultural strategies and priorities. At the same time, SNV also diplomatically questions the roles and positions of stakeholders in the value chains. Poverty and gender played a role in the identification of the value chains and clients, but there was no analysis or follow-up of the possible effects on poor people/ farmers. Thanks to its network, including local service providers, SNV was able to roll out the programme in a relatively short time. Regarding SNV's strategic choices, some were relevant and innovative, but others were often based on unjustified assumptions. SNV's internal learning by re-questioning basic assumptions and external constraints related to its strategies, position, intervention logic and replication remains a challenge (second-order learning). SNV continues to promote the same 'solutions'. The question is to what extent SNV can afford second-order learning in view of the need to speed up the process to promote its approach in order to attract funds.

SNV's support consists mainly of facilitating multi-actor processes, brokering linkages, organising exchange visits, training, and the development and distribution of manuals. SNV's support for capacity development often lacks an intervention logic with a clear objective, a strategy grounded in evidence and documentation. There are examples where SNV has taken the initiative, started to implement activities itself if the clients did not respond sufficiently, or has taken over the intervention without much involvement of processor associations or sector alliances, as was the case with contract farming. With regard to organisational capacity development, the initiative usually comes from SNV, fitting in its own wider plan to trigger system development and facilitate institutional relations. However, the sustainability of system development cannot be guaranteed if levels of organisational development are low. SNV staff has good knowledge of the value chain approach and experience with system and knowledge development, but less experience with supporting organisational capacity development processes. With regard to system development, SNV most probably underestimated what it would require to break the power

of the large refineries. It must also be noted that the duration of the programme was too short to achieve a full sector transformation and that the budget was too limited to enhance organisational development of the stakeholders involved.

**Biogas, Vietnam** – Based on its experiences in Nepal, in 2003 SNV introduced an approach and methodology to roll out a large-scale biogas programme in Vietnam. SNV positioned itself at national level. Given the dominant role of the government, SNV chose to try to establish changes in collaboration with the government, which created opportunities to carry out policy work at the national level. On the other hand, this made it difficult for SNV to realise its ambition of establishing a commercially viable biogas sector with an important role for private actors. SNV's choice of the domestic biogas sector did take into account gender – women could be expected to benefit most from a digester – but poverty to a lesser extent, since it is not the poorest of the poor who invest in digesters.

SNV Vietnam considers capacity development as an integral part of the biogas programme, but has not described a specific capacity development strategy with objectives and expected results. SNV believes in adopting a long-term objective that is clear and shared by all stakeholders and the trajectory to achieve this objective gains shape through experimenting with different approaches during implementation. This open approach can be justified in the context of biogas sector development in Vietnam. The challenge of this approach lies in the lack of documentation, substance and clarity on the concrete intermediary milestones. In practice, the goal of realising a commercial viable biogas market, for example, is shared by all parties but they have different opinions about how to achieve it. SNV has a vision on the functions that need to be developed in order to support biogas sector development. But how these functions need to be translated for the Vietnamese context and what functions can be taken over by the commercial market, and how, have been the subject of continuous discussion between SNV and the government, and of experimentation. This approach can be justified in the context of biogas sector development in Vietnam. The goal of realising a commercial viable biogas market is shared by all parties but the way to achieve this is gaining shape gradually, by experimenting with different approaches. No specific capacity development strategy with objectives and expected results was described but capacity development is seen as an integral part of the programme. Emphasis was given to human resources development (training of technicians and masons) in combination with organisational development of the Biogas Programme Division at the central and provincial levels.. But SNV has also spent time, energy and resources on facilitating the political dialogue about biogas sector development, in harmonising the approaches of the different biogas programmes, contributing to donor harmonisation and the establishment of a sector organisation (multi-stakeholder platform).

SNV passes on knowledge and outsources a large part of the technical work, capacity building and biogas user surveys to its network of local service providers. These local service providers do not receive capacity development support, but are regarded as implementing partners. When their performance is successful, it frees up time to learn new things that in turn can be passed on again. The role of SNV's technical assistance was therefore considerably reduced as the capacity of the Vietnamese counterparts improved. Besides its

role of capacity developer, SNV has acted as supervisor, financier and (knowledge) broker. On the other hand, SNV has also spent time, energy and resources on facilitating the political dialogue about biogas sector development, harmonising the approaches of the different biogas programmes, contributing to donor harmonisation and establishing a sector organisation (multi-stakeholder platform).

### 3.5 Summary and conclusions

- External factors are critical for success; the most important stimulating factors include economic development, government institutional capacity in countries such as Vietnam and Ethiopia, including decentralisation in Benin, and the presence of local expert organisations. Important constraining factors include the lack of pro-poor policy implementation and the opposing power of interest groups. SNV and its partners have been able to draw the attention of government (and donors) to certain strategic issues. Positive changes in the enabling environment have taken place, but these are fragmentary and have not yet resulted in an environment that is supportive to the poor.
- SNV's support for capacity development has been partly effective. Most of SNV's clients have demonstrated improvements in two or three core capabilities, such as their capability to improve their performance or to relate to their stakeholders. The main deficiency in SNV's support is that the clients' structural organisational weaknesses remain and put the sustainability of the client's improved performance beyond SNV's support at risk. SNV has insufficiently supported its clients to learn how to remain relevant and act according to their mission statements in changing contexts.
- The associations and coordination groups initiated by SNV and its clients have enhanced communication and coordination among stakeholders at the (sub)sector level. Participation by farmers is usually minimal or absent. The preconditions necessary to ensure the sustainability of these associations and groups are absent due to the lack of capacity of their member organisations or lack of incentives for them to continue investing in the association or collaboration.
- SNV's support has contributed to improved access to basic services and products for poor people. Poorer people often benefit less from the services and products (biogas, value chains) as they are not appropriate for them, or the organisations responsible for delivering these services and products often give less priority to poorer people.
- SNV has failed to take gender dynamics in account except in the WaSH programme in Benin, which can be considered as best practice.
- Relatively strong points of SNV that explain its performance are:
  - (i) its commitment;
  - (ii) its broad network of national and international staff and local service providers;
  - (iii) its local knowledge;

- (iv) its good relations with governments, NGOs, private sector organisations and donors;
- (v) its choice of sectors with (economic) potential; and
- (vi) its emphasis on domestic accountability. SNV's work is generally appreciated by its clients and the donor community.

- Relatively weak points of SNV that explain its performance are:
  - (i) the responsibility SNV takes for results regarding capacity development of its clients and results that are supposed to be achieved by its clients;
  - (ii) the lack of policy consistency regarding its focus on poverty, gender and organisational capacity development and, by extension, the lack of rigorous analysis, planning, monitoring and evaluation of its support programmes. SNV does not generate evidence about the results of its work in relation to its two core objectives; and
  - (iii) the insufficient attention given to the sustainability of results in combination with absence of an exit strategy in many programmes.

IOB concludes that SNV has been successful in getting programmes up and running at village level at relatively short notice. These programmes have contributed to improving access to and use of basic services and products, but poor people, like marginal (male and female) farmers, often benefit less from SNV programmes. Most of SNV's individual clients, associations and coordination groups have demonstrated improvements in two or three core capabilities, such as their capability to improve their performance or to relate to their stakeholders. These improvements are often at risk due to deficiencies in the clients' other core capabilities. There is a considerable gap between SNV's ambitious objective of capacity development and the results achieved on the ground: SNV has scarcely supported its clients to learn how to remain relevant and act according to their objectives in changing contexts. The conditions necessary to ensure the sustainability of improved access and use of basic services and products have often been insufficiently realised. This is mainly due to deficiencies in the capacity of SNV's individual clients, associations and coordination groups. Positive changes have not yet resulted in an environment that is supportive to the poor.

4

## SNV's efficiency

### Reader's guide

This chapter addresses the efficiency of SNV's support. Section 4.1 describes the organisational efficiency, i.e. the ratio between SNV's income and the number of advisory days and the cost per day. Section 4.2 presents some examples of the costs of SNV's support. Section 4.3 summarises the observations regarding the willingness of SNV's clients to pay for the services it provides. Finally, section 4.4 provides the conclusions for this chapter.

This chapter addresses evaluation questions 13-15:

- 13) How efficiently does SNV operate in terms of its input-output ratio (organisational efficiency)?
- 14) What are the costs of the services provided by SNV in relation to the capacity development of its clients (groups of clients) and their outputs (cost effectiveness)?
- 15) What factors explain the degree of SNV's organisational efficiency and cost effectiveness?

For this study of SNV's efficiency, the main sources of information were data on SNV incomes and expenditures, the assignment agreements, reviews and records of SNV's advisory days.

## 4.1 Organisational efficiency

SNV's organisational efficiency is expressed as the ratio between SNV's income and the total cost of the services provided by SNV, determined by the number of advisory days and the cost per advisory day.

Table 5, row 4, shows that over the evaluation period 2007-2011, SNV's expenditures on capacity development increased by 4%, from EUR 88.4 million in 2007 to EUR 91.6 million in 2011, with some higher expenditures in between.<sup>33</sup> It assumes that all these expenditures are targeted at capacity development of its clients. The share of the MFA core subsidy in the budget decreased from 92% in 2007 to 74% in 2011. In every year except 2007, SNV's expenditures have exceeded its income that is explained by agreed accounting standards.

<sup>33</sup> The difference in core subsidy between Tables 4 and 5 relates to the unused part of the subsidy received of EUR 18.9 million.

		2007	2008	2009	2010	2011
1	Core subsidy, MFA (EUR million)	82.9	90.8	92.4	83.7	67.4
2	Resources mobilised (EUR million)	7.2	7.5	11.6	17.0	23.2
3	Total income (EUR million)	90.1	98.3	104.0	100.7	90.6
4	Expenditures on capacity development (EUR million)	88.4	100.9	104.4	102.0	91.6
5	No. of advisory days (PPDs) provided	168,027	192,261	226,423	214,132	196,457
6	Average cost per advisory day	530	528	464	4760	454

Source: SNV database.

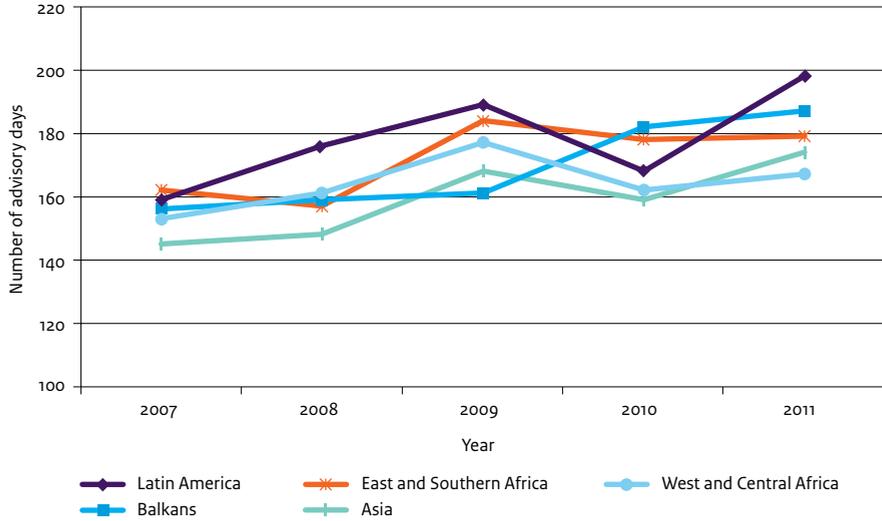
Row 5 shows that between 2007 and 2011 the number of advisory days provided by SNV has increased by 17%, from 168,207 to 196,457. These include the advisory days provided by SNV advisors, local service providers, associate advisors and consultants. The days cover the days made available to SNV's clients, days spent on general coordination, etc. This increase is partly explained by the increase of expenditures on capacity development (row 4) by 4%.

Row 6 in Table 5 shows that the average cost per advisory day fell by 14%, from EUR 530 to EUR 454 per day. Costs at the global or corporate level include country, regional and head office costs and is thus the only indicator that covers the 'full costs'. The decrease cannot be explained easily as unknown fluctuations in programme support costs may have had a significant influence. Plausible explanations are:

- i) the number of advisory days delivered per SNV increased by 14%;
- ii) an increase in the volume of work that has been sub-contracted to local service providers who are much cheaper than international advisors and;
- iii) the changed ratio international / national staff employed by SNV.

Figure 6 illustrates the number of advisory days provided by SNV advisors themselves, thus excluding those provided by local service providers, etc. It illustrates that the number of advisory days per SNV staff member increased in all regions. The increase in Latin America is the highest in relative terms, at 25%, and in absolute terms, at 198 advisory days per year. The increases in the two African regions were the lowest, at 9-10%. The increases in Asia (Vietnam) and Latin America in 2011 reflect SNV's transformation process (see Chapter 5) taking place there.

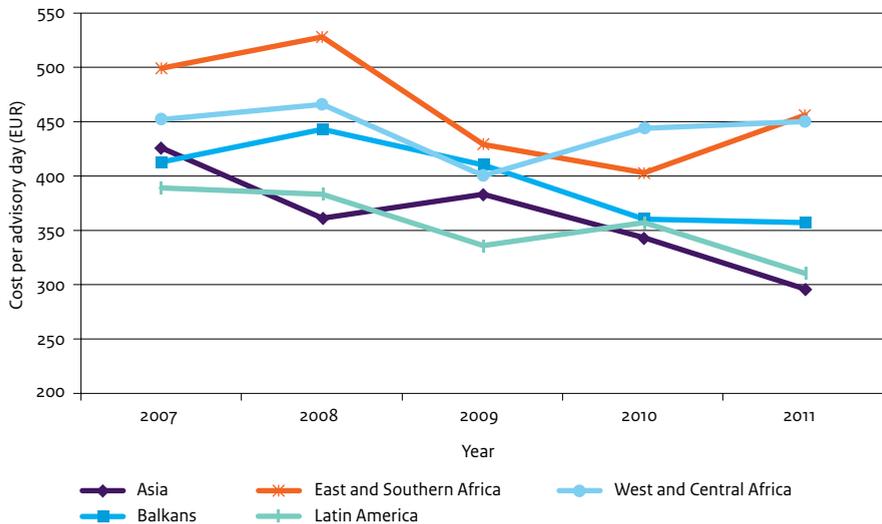
**Figure 6** Average number of advisory days provided by SNV advisors by region, 2007-2011.



Source: SNV database.

Figure 7 shows the cost per advisory day for SNV advisors in the five regions. These costs are at regional level include the costs at country level and the costs of the regional teams.

**Figure 7** Costs per advisory day for SNV advisors by region, 2007-2011 (EUR).



Source: SNV database.

Figure 7 shows that the costs of SNV advisors have fallen across the board, but with some variations across the regions. The Asia region stands out, with a reduction of 31%, while costs in West Africa stayed the same. SNV gives a number of reasons for the fluctuations over the years. One is that cash contributions to the local capacity development facilities (LCDFs) and partnerships, which can be substantial, were excluded as of 2010, resulting in a reduction in the cost per advisory day. Another reason is the volume of advisory days subcontracted to local service providers. SNV explains the high cost in East and Southern Africa in 2008 as being due a substantial cash investment in a regional partnership. The increase in the costs per day in 2010 in Latin America and in West and Central Africa has two explanations. First, SNV laid off some of its staff, which incurred additional payments, and second, there were fewer assignments since it was clear that some sector activities would be discontinued.

The in-depth studies indicate that the costs of SNV's advisory days are generally high. However, these costs cannot be easily compared with those of other development organisations or the rates charged by consultancy firms due to the way SNV calculates these costs that comprise all programme costs, including for example workshops, transportation, etc.

## 4.2 Costs of SNV's services and efficiency

This section presents some examples of the costs of SNV's support. A calculation of the costs per unit is in most cases not possible.

This part of the evaluation was difficult because the ways in which SNV has applied the assignment agreements and recorded of SNV's advisory days have been rather haphazard. As a consequence, the evaluation team can only assess SNV's efficiency in broad terms.

Findings from the in-depth and validation studies include:

- SNV-client relations are not always formalized in an assignment agreement (Benin).
- Assignment agreements often do not specify SNV's support in terms of services or products to be delivered (Ethiopia, Benin, Tanzania and Vietnam).
- Assignment agreements are often not clear about the expected changes in the client's capacity and performance (Ethiopia, Benin, Tanzania and Vietnam). Consequently, these changes are not systematically monitored.
- Review forms rarely include the number of days effectively worked (Benin). Implementation consistently takes more time than planned (Ethiopia, Benin, Tanzania and Vietnam).
- Advisory days are not always allocated to the right client (Benin, Tanzania and Vietnam)
- In externally funded programmes the days contracted to local service providers for programme support (such as training, quality control, conducting surveys, etc.) are recorded as advisory days, which means that the number of advisory days of local service providers can be very high (Vietnam).

- Clients are not properly informed about the costs of services provided by SNV (Ethiopia, Benin, Tanzania and Vietnam).
- SNV's archives are not always properly structured (Benin, Ethiopia).

**WaSH, Benin** – SNV's support to the WaSH programme in Benin was almost entirely in the form of advisory days – 12,165 days, or 66 person-years, at a total cost of EUR 5.3 million. The average cost per advisory day over the period 2007-2011 has been calculated at EUR 367.

Most of SNV's support (80%) is targeted at 74 municipalities with a total population of almost 7 million. Although the average support per municipality was 128 days, there are significant disparities in relation to the presence of other development agencies in the municipality (such as the division of labour with GIZ) and the availability and receptiveness of the municipal teams. The efficiency of SNV's support to these 74 municipal teams is assessed as highly variable, depending on factors such as the receptiveness and stability of the team. Support to three pilot municipalities (1,120 days) was costly but justified when taking into account the convincing results and the experimental nature of the activities.

**Fruit value chains, Ethiopia** – The cost of SNV's support for the three value chains amounted to EUR 1.6 million over the period 2007-2011. The entire budget was made available by the Netherlands embassy through its support to the Business Organisations and Access to Markets (BOAM) programme. Of this, EUR 0.7 million was spent on 3,783 advisory days, or about 19 person-years, and a further EUR 0.9 million in the form of grants to promote private sector investments or cooperatives, inputs (mainly seedlings) and promotional activities for fruit and training for farmers by private and public agencies.

SNV's support for the apple value chain amounted to EUR 400,000, and for the mango value chain only EUR 64,000. At least 40,000 apple and mango farmers have been trained and received inputs. An impressive 25-30% of apple farmers have received training in apple tree management. About 57% of these trainees were satisfied with the training, which was mainly provided by local service providers subcontracted by SNV. Given the small investment per farmer, the support can be considered to be efficient. Fruit growing remains small and specialised.

SNV's support to the pineapple value chain amounted to EUR 1.2 million. Despite this considerable investment – in particular the grant of almost EUR 500,000 to a private investor – little has changed for the farmers or in the capacity of SNV's clients. In sum, SNV's support to the pineapple value chain was inefficient.

SNV's support for the facilitation of the three coordination groups and for the coordination of the BOAM programme for the three value chains amounted to 22% of the total budget of EUR 1.6 million. Of the total number of 3,783 advisory days or about 20 person-years, SNV spent half on support for the coordination groups and on general coordination of the programme. This is a large share, given the minimal results achieved, and its efficiency is questionable, although this number may include some days that were made available to support individual clients.

**Edible oil value chains, Tanzania** – The efficiency of SNV’s support to the edible oil value chains is difficult to track due to the lack of reliable information about SNV’s support and about changes in its clients’ capacity and their outputs.

**Biogas, Vietnam** – Over the period 2007-2012 the Netherlands contributed EUR 8 million (18%), i.e. EUR 5.4 million (MFA) and EUR 2.6 million (SNV core funding), to phase II of the Biogas Programme. The total programme budget, including the investments of beneficiaries in their biodigester, was EUR 43.7 million. During the programme, 96,592 digesters were constructed, which is 70% of the original target or 75% of the revised target. All the digesters are functioning, although about 20% of households have had problems.

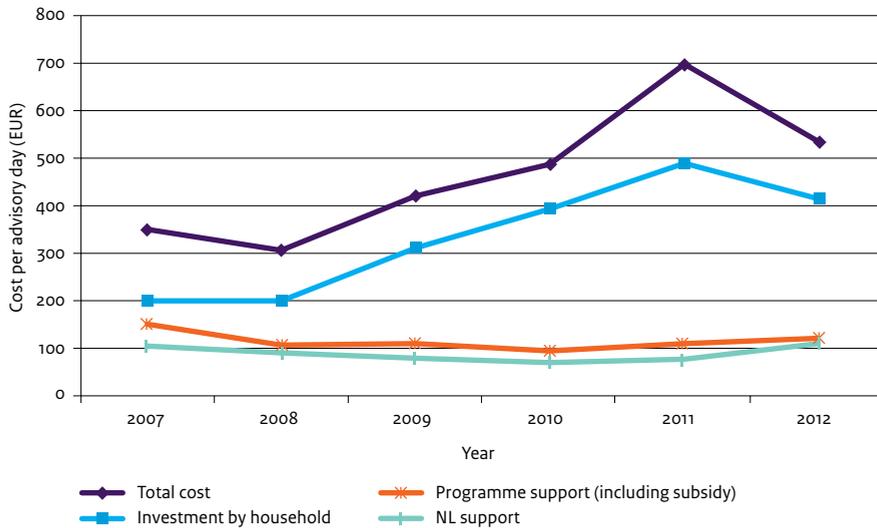
		2007	2008	2009	2010	2011	2012	Total
1	Beneficiaries	1,470	3,402	7,100	8,800	6,700	5,564	33,036 (75.6%)
2	Government of Vietnam	341	269	712	533	427	254	2,636 (6%)
3	The Netherlands	766.6	1,546	1,792	1,580	1,066	1,275	8,027 (18.4%)
4	Total	2,578	5,217	9,604	10,913	8,194	7,193	43,699 (100%)

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Figure 8 illustrates that the average household investment in a digester is estimated to have increased from EUR 200 in 2007 to EUR 489 in 2011.<sup>34</sup> There are no explanations for the large increases in the cost of a digester of 30% in 2009, 27% in 2010 and 24% in 2011,<sup>35</sup> nor why the investment per digester fell in 2012. Households contributed 76% of the total budget. Figure 8 illustrates also that the programme support per digester – including a subsidy of VND 1-1.2 million (about EUR 40 million) – decreased from EUR 150 million in 2007 to EUR 94 million in 2010. One of the factors that explains this decrease is the high level of local service providers (85-93%) rather than SNV advisors that brought down the personnel costs. The increase in 2012 was to a large extent due to the costs incurred by SNV in establishing the Vietnam Biogas Association (VBA). This explains also why the Netherlands contribution increased to EUR 1,472 million in 2012 (Table 6, row 3). As the development of the VBA showed little or no progress, the efficiency of SNV’s substantial support is questionable.

<sup>34</sup> These are estimates – no information on the amounts invested by households in 2007, 2008 and 2012 was available.

<sup>35</sup> Annual inflation was on average 13% between 2007 and 2012.

**Figure 8** Contributions to the cost of installing a biogas digester, 2007-2012 (EUR).

Source: SNV database.

The support provided by SNV and local service providers in phase II of the biogas programme declined from 3,800 advisory days in 2008 to 3,000 days, or 15 person-years, in 2012. The number of SNV advisors has also fallen over the years from 2 to 0.5 (FTE), even though they play a crucial role in providing knowledge that is not available in the country. Although the performance of the SNV advisors varied considerably, their cost remained rather high; some were good enough to justify this cost, but not all of them.

During interviews the evaluation team learned that other biogas programmes are less efficient, with higher costs for programme support per digester.

### 4.3 Clients' willingness to pay

Clients' willingness to pay is a proxy for how they value the services provided by SNV. This question does not ignore the fact that in practice donors pay for the services that SNV delivers for free to its clients. However, SNV wants its clients to contribute one way or another to their increased capacity.

For various reasons the evaluation team found it difficult to discuss with SNV's clients their willingness to pay for the services provided by SNV. The research would have required a far more elaborate approach to do so successfully. One fundamental constraint is the relationship between SNV and its clients. Often it is SNV that invites clients to participate in the programme, or provincial or district officials are asked by higher authorities to facilitate and assist SNV in programme implementation. Consequently, they feel that since they have not asked for SNV's services they should not be required to pay for them.

Another constraint occurs when SNV acts as programme implementer or supporter – as in the fruit value chains in Ethiopia, WaSH in Benin and the biogas programme in Vietnam – and provides support for both capacity development and programme implementation. In such cases SNV may provide support that is critical for achieving programme results but that is not requested for by its clients. Finally, SNV's clients have no idea of the cost of the services it provides as they receive them for free. Under these circumstances it would have been rather futile to pursue this question.

SNV does not, as a rule, calculate in advance the costs of the services or products it develops to make sure that they can be replicated or upscaled. As a consequence, SNV may develop approaches, such as the Community-led Total Sanitation (CLTS) in Benin, that the government cannot or is unwilling to afford or that donors find too expensive.

## 4.4 Summary and conclusions

- SNV has established a system that provides information about the number of advisory days provided and the costs incurred. Due to definition issues and the way advisory days are recorded, however, the system yields little information that can be used to draw firm conclusions about SNV's efficiency. Lack of data at outcome level and weaknesses in the monitoring system and difficulties converting capacity results in monetary terms made it impossible to assess the cost effectiveness of SNV support.
- Before 2012 the question of whether the same results could have been achieved with less money was apparently rarely addressed within SNV.
- At the corporate level, it can be stated with some degree of certainty that the average cost of the advisory days provided by SNV around the world (corporate level) declined by 14%, from EUR 530 per day in 2007 to EUR 454 in 2011. Plausible explanations are:
  - (i) the number of advisory days provided by SNV increased by 14%;
  - (ii) an increase in the volume of work that has been subcontracted to local service providers who are much cheaper than international advisors; and
  - (iii) the changed ratio international / national staff employed by SNV. This reduction in cost does not necessarily mean that the same results were achieved for less money.
- At the programme level, efficiency levels differ when it concerns SNV's support for improving poor people's access, or support for establishing coordination groups and associations. The support for improving poor people's access appears to have been more efficient than that for establishing coordination groups and associations.

IOB concludes that data from SNV's database were not available or reliable enough to allow firm conclusions about SNV's efficiency. SNV's awareness of the need to manage efficiency has not been well developed. Between 2007 and 2011 the costs per advisory day declined by 14%



5

## Institutional aspects

## Reader's guide

This chapter discusses four issues that for various reasons received extra attention in the discussions between the MFA and SNV – complementarity, localisation, planning, monitoring and evaluation, and resource mobilisation.

The chapter addresses evaluation questions 6-9:

- 6) What is the nature of SNV's collaboration with the embassies?
- 7) How has SNV's localisation process been implemented?
- 8) Does SNV have a PM&E system in place that makes it possible to monitor its performance and effectiveness, and adjust its policy?
- 9) Has SNV succeeded in diversifying its resource base?

Section 5.1, 'Complementarity', deals with the special relationship between the MFA and SNV to help bridge the macro-micro gap. Section 5.2, 'Localisation', stems from the idea that at the end of the present subsidy period in 2015 local organisations would be able to provide capacity development support and take over the role of SNV and, that organisations at the meso and micro levels in developing countries would be able to pay for these services themselves. Section 5.3, 'Planning, monitoring and evaluation', is included as the 2006 evaluation of SNV pointed to the need to improve SNV's results reporting. Section 5.4, 'Resource mobilisation', is included as this is considered critical for SNV's sustainability in the longer term beyond 2015.

## 5.1 Complementarity: bridging the macro-micro gap

### 5.1.1 Problem description

For the MFA, the macro-micro gap is closely associated with the introduction of the sector-wide approach (SWAp) in the 1990s. The approach emphasized the need for broad-based participation of actors from both the public and private sector in development processes, and the need to link national-level reforms to institutional changes and dynamics at lower levels.

The IOB evaluation report *From Project Aid towards Sector Support* (April 2006)<sup>36</sup> noted that the Dutch government had failed to systematically operationalise a pro-poor focus in its sector support and that effective interactions between macro and micro levels had receded to the background.

### 5.1.2 SNV's proposal

In its subsidy application 2007-2015, SNV describes the macro-micro gap as 'discrepancies between policies formulated and results achieved'. SNV gives three main reasons for this situation:

<sup>36</sup> IOB (2006) *From Project Aid towards Sector Support: An evaluation of the sector-wide approach in Dutch bilateral aid 1998-2005*. IOB evaluation report 301.

- (i) Subnational government and civil society organisations participate insufficiently in the formulation of national development policies and sectoral plans.
- (ii) Sectoral planning and budgeting logics at the national level often collide with decentralised planning and implementation logics, and decentralisation is often not accompanied by the necessary transfers of financial resources.
- (iii) Actors at the local level often lack the absorptive capacity to play an effective and efficient role in the implementation of sector policies. These omissions result in the lack of broad ownership of such plans and a poor reflection of local realities in national sector plans. Therefore, these plans do not offer an integrated approach to development at the local level, and do not provide a context for local actors to develop tailor-made solutions appropriate to their local situation.

According to its subsidy application 2007-2015, SNV would, together with its partners and clients, enter into partnerships with national and international agencies (in a specific sector, for example). In such partnerships SNV would:

- assist local organisations to participate in and influence the development and implementation of national poverty reduction strategies and sector programmes, so that these are relevant to their local realities;
- support local organisations to make effective use of the financing opportunities and institutional mechanisms that sector programmes provide; and
- help partners at the macro-level with the localisation of their processes, creating room for local dynamics that will incorporate local knowledge and specific needs, and ensuring that their working mechanisms empower local actors to become effective and efficient.

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At the level of complementarity between the embassies and SNV country offices, SNV proposed that in bilateral partner countries it would<sup>37</sup>:

- systematically coordinate and maintain dialogue with the Netherlands embassies. SNV and the embassies together would develop a common vision on mutually agreed themes to ensure that both are working towards the same results;
- allocate a minimum of 50% of its core subsidy in these countries to agreed sectors;
- monitor implementation at the meso-level and provide feedback to the national level, and the embassies; and
- stimulate and facilitate discussions between different actors at various levels to describe and reduce the gap between the macro and meso levels in a specific sector.

SNV's proposal was endorsed in the MFA's appraisal memorandum. The section of the memorandum on risk emphasized that "the complementarity between SNV and DGIS, as foreseen in the subsidy application, depends not only on the intentions and efforts of SNV, but depends just as much on the efforts of the MFA, especially the embassies. In case embassies fail to do so, complementarity as strived for will not be realised. Therefore, to

<sup>37</sup> SNV, 2006, pp. 26-27

give shape to the implementation of complementarity, it has also become important to mobilise power within DGIS”.<sup>38</sup>

### 5.1.3 Evaluation findings on complementarity

This section focuses on SNV’s experiences in the bilateral partner countries and in particular the four countries that are the focus of this evaluation. Due to the lack of adequate information, however, the complementarity with other donors and NGOs is not addressed.

In an internal report made available to IOB, SNV reports that collaboration with the embassies has achieved different levels of intensity and formality. SNV entered into formal agreements with embassies in 14 of the 16 bilateral partner countries and engaged with embassies in seven bilateral countries in partnerships to support a domestic accountability programme. The formal agreements between the embassies and SNV often included third parties. In addition to such formal agreements, much informal collaboration takes place, which often involves exchanging information, sharing experiences, or asking for advice or informal SNV participation or representation in donor coordination meetings or other gatherings. In all countries, the embassies and SNV discuss complementarity in sectors and themes. In all instances, according to SNV, relations and contacts have been respectful and open, and the many informal exchanges contribute to mutual understanding and a readiness to help each other.

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SNV reports that it has achieved the quantitative target set out in its policy regarding complementarity to spend 50% of the allocated MFA core subsidy on mutually agreed sectors and themes.

SNV reports that there has been a lack of common understanding about what complementarity entails. SNV also observes that neither SNV nor the MFA have provided clear guidance from the corporate offices to the field offices. In addition, it is perceived that SNV has followed the complementarity requirement more strictly than the MFA, as this was a condition in the subsidy decision 2007-2015. SNV would have appreciated being invited more often to participate in the preparation of the embassies’ development strategies (Multi-Annual Strategic Plan 2012-2015) and sees its limited involvement in the embassies’ planning processes as a missed opportunity.<sup>39</sup> Sometimes the strategies of the embassies and SNV’s corporate strategy, even though both have been approved by the MFA, do not match. Another difficulty experienced by SNV is that both SNV and the embassies have no

<sup>38</sup> This is a translation of the following quote in Dutch: “De in de subsidieaanvraag beoogde complementariteit tussen SNV en DGIS niet alleen afhankelijk is van de intentie, voornemens en inzet van SNV op dit punt, maar ook van de inzet van het ministerie, met name van de posten. Als de posten het hier laten afweten, dan zal de gewenste complementariteit niet van de grond komen. Het is daarom noodzakelijk dat ook van de kant van DGIS de interne krachten voldoende gemobiliseerd worden om aan complementariteit gestalte te geven.”

<sup>39</sup> Many embassies invite Dutch NGOs to attend general meetings on their multi-annual strategic plans, among them SNV.

common understanding of how complementarity should be measured. Consequently, SNV has found it difficult to show hard evidence of the effectiveness of complementarity.

Both the embassies and SNV share the opinion that they have only a modest role to play in bridging the macro-micro gap as solutions to this problem have to come from within the country. In general, the attention of the Netherlands embassies to the macro-micro gap seems much more limited now than in 2007 due to shifts in the bilateral policy in which the sector-wide approach plays a far less prominent role.

From interviews with the current staff of the Netherlands embassies in the four case study countries it emerged that the complementarity has been shaped in various ways. According to embassy staff, the embassies and SNV have regular informal contacts, but none of them referred to the formal complementarity agreements mentioned by SNV. The most common form of collaboration is that an embassy funds programmes proposed by SNV. Programme funds could be made available to SNV, directly or indirectly, when the embassy enters into an agreement with a third party (e.g. UNICEF) in which SNV makes its support available. Some of these programmes started before 2007. The embassies appreciate the information exchange with respect to these programmes. They find that SNV provides information about its experiences and observations at the meso and micro levels that they are able to use in their policy discussions. However, they make the general observation that the quality of SNV's work at policy level does not always meet their expectations. Some of the impediments they mentioned included SNV's repositioning, which requires a lot of internal discussion, SNV expressing itself in its own jargon, and that SNV tends to be disconnected from recent policy developments.

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#### 5.1.4 Domestic accountability

In 2008 the then Minister for Development Cooperation entered into a partnership with SNV and the Association of Dutch Municipalities (VNG) on domestic accountability. The Minister stressed the importance of domestic accountability, in line with the Paris Declaration on aid effectiveness, since the governments of some partner countries appeared to be more focused on their accountability to donors than to their own institutions and people. The partners aimed to resolve such accountability issues in seven bilateral countries (Benin, Bolivia, Ghana, Mozambique, Rwanda, Tanzania and Zambia). Within the MFA, the Department for Effectiveness and Quality (DEK) was responsible for this agenda.

Domestic accountability is an initiative where embassies and SNV in a small number of countries joined forces in 2009 to improve accountability relations by improving clarity of mandates and responsibilities among key district actors, and improving the effectiveness of ministry steering. The evaluation team came across domestic accountability programmes in Benin and Tanzania. In Tanzania, 70% of the Public Accountability Tanzania (PATA) programme focused on the WaSH sector (including schools and the functionality of water points). This programme aimed at strengthening accountability relations by improving clarity of mandates and responsibilities amongst key district actors, improving the effectiveness of ministry steering, and the exchange of information between the partners. The start-up phase was recognized to have been slow, labour-intensive and difficult as a

result of discussions between the embassy and SNV about finding good local service providers and the high cost of consultancy fees compared with salaried staff (according to the embassy), which would hamper sustainability. In 2012, things appeared to be getting off the ground, but due to the limitations of this evaluation, the results were not investigated.

In Benin, the domestic accountability project was initiated and co-financed by the Netherlands Embassy and involved, in its test phase, VNG, the National Water Partnership and the Beninese NGOs Social Watch and ALCRER. The development of a methodology, skills and tools for the area of domestic accountability was greatly appreciated and constitutes a good example of an upscaled innovation. After a trial phase in three municipalities, the approach was extended to 14 municipalities and a nationwide programme is now in preparation. The principles of local transparency have also been adopted by other development programmes and agencies and they often refer to the DA experience in the water sector, and to the methods and tools developed by SNV and its partners ALCRER and Social Watch, NGOs that specialise in citizen's participation.

#### 5.1.5 Summary and conclusions

- Complementarity in the bilateral partner countries, as it emerged in 2006, refers mainly to cooperation between Netherlands embassies and SNV with the aim of making the support provided at the macro (national) level more effective at the (micro) local level.
- The choice of SNV as a collaborative partner thus was a logical one since SNV focuses on strengthening organisations at the meso level. The MFA's choice of SNV remains unsubstantiated as it was not supported by an in-depth analysis of the macro-micro gap and its causes, so it remains unclear what it would require to be successful in this ambitious field of work.
- An implementation strategy, with guidance for both the embassies and the SNV country offices, has not materialized. Implementation has suffered further from the lack of integration of the issues attached to the macro-micro gap, including their causes.
- Due to the lack of further elaboration and common understanding of the subject by the MFA and SNV, insufficient instructions to the embassies, and because of resistance at some embassies, the cooperation on complementarity took on a different form in each country.
- Complementarity has been shaped and implemented on case by case basis, usually at the initiative of SNV. Personal relationships between the staff of SNV at country level and of the Netherlands embassies have played an important role.
- There is no common understanding of how the results of complementarity in terms of closing the macro-micro gap should be measured. Activities and results are very much *ad hoc* in character.

- The effectiveness of complementarity during the period 2007-2011 remains unclear, but has definitely not reached the levels anticipated by the MFA and SNV and as proposed in SNV's subsidy application.
- SNV's emphasis on domestic accountability, which plays an important role in the WaSH sector and also in value chains, is seen as a strong element of SNV's way of working.

IOB concludes that the policy agreements on cooperation between the Netherlands embassies and SNV, which aimed to make bilateral support more effective at the micro level, have not lived up to their expectations.

## 5.2 Localisation<sup>40</sup>

The term 'localisation' in this context refers to the shift of SNV from an organisation that provides advice for capacity development to its clients to one that:

- (i) supports local service providers in improving their capacity to advise on organisational and institutional capacity development; and
- (ii) strengthens the ability of organisations at the meso level to pay for these services.

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### 5.2.1 Problem description

Localisation received ample attention during the preparatory discussions because, in the opinion of the MFA, developing countries have their own organisations that in time could take over SNV's role and the tasks it performs. The ministry also wished to accommodate the criticisms of the embassies on SNV's complementary role as this would conflict with local ownership and create unfair competition with local service providers.<sup>41</sup>

### 5.2.2 SNV's proposal

SNV's subsidy application announced a rather revolutionary shift in thinking about its role and position. It stated that

'For SNV itself, sustainability is not a key concern. Development organisations exist to empower others and to make themselves redundant wherever possible. SNV tries to "walk that talk".' (p.83.)

However, SNV's position was ambiguous, as it expressed its position in different ways in its subsidy application 2007-2015. In the document various statements can be found that, without further explanation, seem rather contradictory:

'SNV's presence will take flexible forms',

<sup>40</sup> This section is based on *SNV Localisation 2007-2011*, a paper written in preparation for IOB's mid-term evaluation of SNV, 2007-2011, February 2012.

<sup>41</sup> Internal memorandum from Ministry of Foreign Affairs in The Hague to the heads of development cooperation of the embassies.

'SNV will maintain its presence in different continents/regions, to foster South-South exchange, and to increase its value as an employer and a knowledge-based organisation', and  
'where possible, [SNV] will increasingly focus on developing and strengthening the advisory capacities of local actors, while pursuing opportunities to move into roles with higher added value' (p.35).

For SNV, 'localisation' includes all its efforts to promote the emergence of a local market where both the demand and supply sides function well, and its support to capacity development of organisations at the meso level. SNV stresses that at that time localisation was uncharted territory, and that it had to learn a lot in order to develop a potentially effective approach.

In all regions SNV's main concern was to enable the continuing supply of effective capacity development services, including effective local capacity development funds, knowledge networking and brokering to support them. The application promised that in Latin America, the Balkans and parts of Asia, SNV would implement a radical transformation, but SNV argued that this would definitely not be possible in Africa. In Africa the picture would be more mixed. SNV's arguments were:

- (i) the lack of qualified advisors (supply side) in Africa compared with other world regions; and
  - (ii) meso- and micro-level organisations did not have the financial resources to contract advisors (demand side), and SNV offers its services to these organisations for free.
- Further, SNV argued that local service providers could not take over SNV's entire role in the same form, as SNV is a Netherlands-based, then largely subsidised organisation.

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Overall, however, towards the end of the subsidy period SNV promised a radical shift in its allocation of core subsidy funding by:

- halving the number of SNV staff;
- using half of its financial volume to promote local capacity builders; and
- spending some 10% of its financial volume on knowledge brokering and networking; and
- spending 40% of its financial volume on providing services to its clients.

By the end of the subsidy period SNV would be a much smaller organisation, but with a recognized profile and the ability to realise effective local capacity development for poverty reduction (Subsidy application 2007-2015, p.85).

SNV elaborated localisation further in its strategy paper 2007-2015, *Local impact, Global presence*, under three headings: subcontracting, creating local capacity development facilities (LCDFs) and, professionalising local service providers.

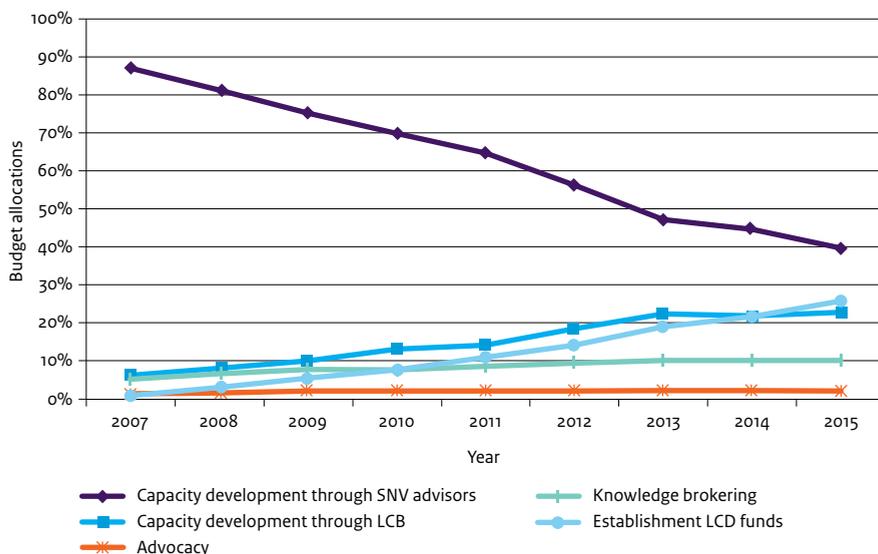
- **Subcontracting** of SNV's advisory work to local service providers (local capacity builders, LCBs) in order to expand local markets, to develop their skills/quality of work, to strengthen their track record/attractiveness to others and, through them, to influence the market rather than having the work done by SNV staff.

- **Professionalising local service providers** through cooperation, knowledge brokering/ networking, learning events and training, to improve the quality and outreach of their services.
- **Creating local capacity development facilities (LCDFs)**<sup>42</sup> to improve local markets through demand-supply interactions by establishing local ‘baskets’ of support for local organisations, mainly to finance their capacity development support. According to SNV, a local capacity development facility is a locally owned and managed, nationally registered, not-for-profit organisation that serves to increase access for local organisations to affordable and tailor-made capacity development services geared to their needs. The objective of the LCDFs is to provide local organisations with greater access to locally owned funds for advisory services. These funds are also intended to offer opportunities for the MFA and the embassies, as well as other national and international actors, to fund capacity development efforts. The setup as presented in the subsidy application was that after an initial period of research, SNV would launch an LCDF at country level. SNV assumed that this would involve establishing local ownership and access for local clients and local service providers, as well as attracting donors to co-fund the facility.

Figure 9 illustrates how these policy intentions were translated into budget allocations for the period 2007-2015.

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**Figure 9** Budget allocations to SNV services, 2007-2015.



Source: SNV subsidy application 2007-2015 (May 2006).

<sup>42</sup> The original name, local capacity development fund, was changed to local capacity development facility to account for all activities (brokering and funding).

The budget for the period 2007-2015 would be about EUR 90 million annually. The volume of work provided by SNV advisors would be more than halved, from 87% to 40% of the budget in 2015, in favour of a fourfold increase in the services provided by LCBs (from 6% to 23%), and that the provision for establishing the local capacity development funds would increase to 26% of the budget (EUR 18.5 million). The consequences for SNV advisors were expected to be significant, with a probable reduction in staff from 925 to less than 350 (full-time equivalents) in 2015.

SNV defines a local service provider as any type of actor that provides capacity development services to meso-level actors and that is owned and governed within the country or regional context.<sup>43</sup> They offer a variety of services such as training, facilitation and coaching, organisational development advice, technical assistance and knowledge networking, often combined with knowledge of, or expertise relating to, a particular sector such as WaSH.

### Monitoring localisation

SNV and the MFA agreed to use the number of primary process days (PPDs, or advisory days) subcontracted to the LCBs and the value of LCB contracts as the main indicators for measuring progress in the process of localisation. The subsidy decision and subsequent documents do not clarify what parts of SNV's work were expected to be taken over by local service providers.

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### SNV's strategy paper 2011-2015

SNV explained in its strategy paper 2011-2015 that due to various internal and external developments, SNV would have to adapt its localisation ambitions substantially. The major shifts in SNV's 2011-2015 strategy included:

- (i) a reconfirmation that SNV itself would continue to provide advisory services as there is apparently a market and a need for them;
- (ii) the LCDFs would be phased out as a corporate priority as SNV had found that the LCDF concept had gained little traction in the outside world; and
- (iii) SNV would increase its collaboration with local service providers in programme implementation and resource mobilisation in order to reach scale. As a consequence, SNV adapted its original subcontracting targets and now has the ambition that 60% of its activities (those funded from the MFA core subsidy) will be performed by local service providers by 2015 (original target 65%).

### 5.2.3 Evaluation findings

In a preparatory note for this evaluation SNV reported that: "Although the SNV localisation efforts are bold, they are certainly not without contention 'in-house'. They are bold as they implicitly support a slow but steady transfer of certain elements of SNV's core business and functionality to local providers of capacity development services. They are bold in the sense that they prepare the ground for an SNV that moves on to other pastures and more complex assignments. But they are not without contention at the same time, as it is the SNV advisors

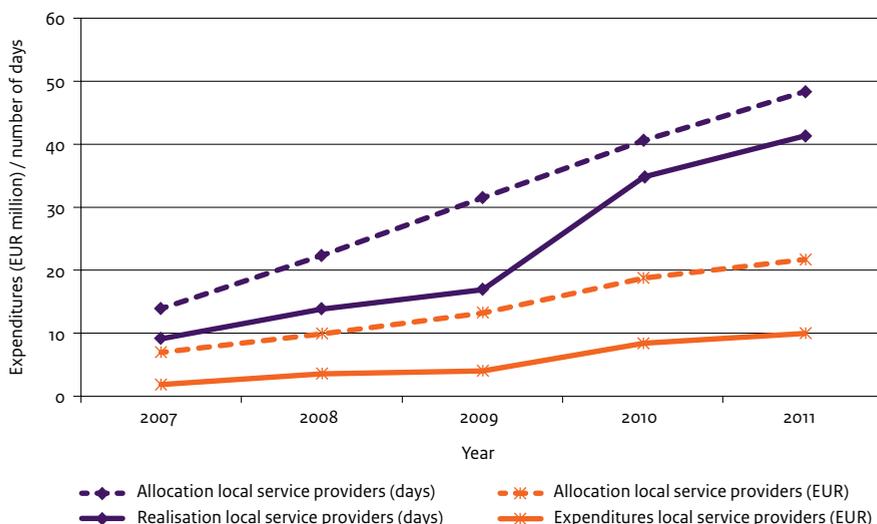
<sup>43</sup> SNV Strategy Paper 2007-2015, p.25.

themselves who are to strengthen and support ‘their own future competition’. Not an easy challenge! But it is definitely a challenge that makes SNV’s localisation all the more interesting”.

### Subcontracting local service providers

Since the subsidy application in 2007, all of SNV’s corporate annual plans have included detailed targets for subcontracting local service providers by region, and the results have been reported in SNV’s corporate annual reports.

**Figure 10** Share of advisory days allocated to local service providers and actual expenditures, 2007-2011 (%).



Source: SNV database.

In Figure 10, the blue line indicates that in the subsidy application it was SNV’s intention to increase the share of advisory days subcontracted to local service providers to almost 50% in 2011. The red line indicates that after a slow start, subcontracting increased sharply in 2009, reaching 41% in 2011. In terms of its budget SNV has not realised its original intentions; in 2011 only 10% of its budget was subcontracted to local service providers rather than 23% as planned. The explanation for this difference is that the cost of subcontracting local service providers has been much lower than SNV assumed in 2007.

The concept of local service providers – or LCBs as SNV refers to them – is not that clear. They may be large and small consultancy firms, some of which have been established by local former SNV staff, specialised knowledge institutes, vocational high schools, research institutes, NGOs or universities. Some of SNV’s clients are also involved as service providers. They are subcontracted by SNV to carry out specific assignments that could last a few days or weeks, or for larger assignments that could extend over periods of up to a year. Well performing service providers are subcontracted again by SNV. For some SNV is their main

client, while for others SNV assignments are part of a larger portfolio of contracts and assignments with their main clients (including donors).

In the in-depth studies, the level of subcontracting of local service providers varies. In the WaSH programme in Benin it increased to 58% of the total number of advisory days provided by SNV to its clients in 2011. In the fruit value chains in Ethiopia it was 31% over the period 2007-2011, and in the edible oil value chains in Tanzania it was 20%. In the biogas programme in Vietnam, local service providers now deliver 90% of advisory days, with SNV advisors in a supervisory role. The high level of advisory days performed by local service providers compared with the number of advisory days performed by SNV (WaSH Benin and biogas Vietnam) has helped to reduce personnel costs and has not had a negative impact on performance and outputs.

From discussions with local service providers subcontracted by SNV, and with SNV staff during the validation missions and in-depth studies it emerged that local service providers undertake a wide variety of work for SNV. For example, at the municipal level, they provide training for government officials (planning, budgeting, proposal writing), technicians (biogas), masons (biogas), cooperatives (value chains, farmers (value chains), women's groups (WaSH), teachers (WaSH), etc. Other assignments may include monitoring of programme implementation, studies and research (water point functionality, feasibility studies, baseline studies). At the national and meso levels, local service providers develop curricula, manuals, guidelines, etc. Local service providers conduct training and provide other services like feasibility studies and research assignments. Most of their services involve work at the municipal level. The evaluation team did not encounter any cases where local service providers were systematically involved in analysing, strengthening and monitoring the capacity of SNV's clients or client groups.

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In the WaSH programme in Benin the most visible aspects of improved capacity among local service providers are that they have:

- (i) a better understanding of the strategies and challenges of the rural water supply subsector;
- (ii) better relationships with the municipalities and with decentralised services; and
- (iii) increased rigour within their organisation.

In the fruit value chain in Ethiopia local service providers have learned by doing. Some business consultants have improved their capacity to deliver services independently of SNV and have increased their client base. Knowledge institutions have learned to integrate their knowledge in a value chain approach, and how to upscale to reach more farmers by a training of trainers (ToT) system. Moreover, they are active members of coordination groups (CGs), they are now recognized for their knowledge and have established links with other institutions and sources of information, but for the implementation of this particular field of work they remain dependent on SNV funding.

In the edible oil value chains in Tanzania the capacities of local service providers have improved. SNV monitors the execution of contracts, but genuine follow-up does not take

place systematically. SNV guides and supports the best performing organisations, such as the Economic and Social Research Foundation and Sokoine University, and together they are exploring new pathways and opportunities for knowledge development and brokering. They are also increasingly using information from their own networks for policy making, learning events, writing articles or in forums.

In the biogas programme in Vietnam local service providers do not receive capacity development support from SNV, but they are seen as implementing partners in carrying out some capacity development work. Organisations and consultants have been able to develop their expertise (to varying degrees) and experience in conducting quality control in the biogas sector that could enable them to participate in tenders (once a free market has developed). The quality of the work of these local service providers differs (good in training and quality control, questionable for research), but no strategic capacity development was foreseen, and SNV provides support when needed.

From interviews with local service providers, the evaluation team found that they appreciate working for SNV, they find SNV's assignments interesting and they welcome the opportunities to undertake new types of work. Research institutes and universities are able to work at the field level, for which they otherwise would not have the resources. Local service providers find that their relationship with SNV provides added value because SNV provides feedback on their subcontracted work, which they usually do not receive from other clients (donors, governments). They also value being connected to other service providers working in the same field, and the easy access to and interactions with SNV. They benefit from working for SNV as it helps them to build up a track record that in turn means that they are more likely to be contracted by other authorities (donors, governments). Local service providers subcontracted by SNV often call in individual consultants, making the quality control chain longer and more complex, while their own institutional knowledge development remains marginal. For universities and vocational high schools working for SNV is attractive because it contributes to improving their education and networks. Many local consultancy firms are not financially secure and/or tend to be over-dependent on specific donors and programmes, and many struggle to find, develop and retain their staff.

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SNV has found that it often needs to invest considerable resources in steering and on-the-job coaching for the staff of local service providers. Such support may include training in project planning and programme management, report writing and consultancy skills, and learning to engage effectively with other actors.

On the basis of discussions with SNV's clients regarding the involvement of local service providers, the evaluation team observed that SNV's clients often feel they have become disconnected from SNV staff, particularly at the municipal level. Clients report that the quality of the services provided varies widely and is sometimes poor. Clients at the municipal level do not always feel adequately informed about the work of local service providers, and they do not always have a say in their selection. As SNV staff visit the municipalities infrequently, this raises questions about the reliability of the monitoring

information and whether, if necessary, timely adjustments are made in the support provided.

IOB observes that it is not always clear why SNV subcontracts local service providers to carry out work at the municipal level, where one would have expected that it would be the responsibility of SNV's clients to take up this work, eventually through service providers contracted by them. We observed situations where SNV's meso-level clients find this convenient and a welcome temporary expansion of their capacity that they would be happy to see continue. On the other hand, there are other situations when SNV acts as programme implementer and provides support for both capacity development and programme implementation. In such cases SNV may provide support that is critical for achieving programme results but which has not been requested by its clients. SNV claims that together with its clients it sorts out how local change can best be brought about. That does indeed sometimes mean (especially with externally funded programmes) that SNV assists in implementing micro-level activities, but as learning grounds and as ways to establish sustainable local practices.

### Professionalisation

SNV reports that it has not systematically monitored the 'increased capacities' of local service providers that received support for professionalisation (client LCBS). Such monitoring, including assessments of the 'capacities at the beginning of the assignment', was properly undertaken only as of 2012. As a consequence, SNV has no generic information on the results of the support for professionalisation it made available. The evaluation team did not come across any cases of local service providers that were systematically supported by SNV to become professional advisors on organisational or institutional capacity development.

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### Local capacity development facilities

SNV reports that it has undertaken various activities to explore the possibilities for setting up LCDFs. It commissioned the Overseas Development Institute (ODI) to conduct a study (2008) to identify pilot countries (2008, 2009) after explorations, awareness raising and contextual analyses in selected countries. First lessons (2010) indicated that significant capacity is required to convince and align key stakeholders, while potential funders tend to 'wait and see'.

Seven countries were allowed to proceed with LCDF proposals in 2009 and 2010.<sup>44</sup> At that time, the intention was to scale up the LCDFs to some 15-20 countries in 2010 and 2011, but in 2011 the number was scaled down to 11. The reasons for this decision were that establishing LCDFs was more challenging than anticipated and was progressing slowly, leading SNV to question whether they would ever fly in view of the budget cuts faced by SNV. SNV's Corporate Annual Plan 2012 indicated a further downsizing of the ambitions for the LCDFs: 'SNV cannot afford to continue funding those [LCDFs] from its own resources'. SNV

<sup>44</sup> Vietnam, Kenya, Ghana, Cameroon, Albania and two countries in Latin America.

aims to have seven financially viable LCDFs (partly co-financed by donors other than MFA) up and running. In 2011, three LCDF initiatives were active, in Albania, Kenya and Vietnam, and four additional LCDFs became active in 2012, in Benin, DR Congo, Ethiopia and Nepal. SNV will not consider establishing new LCDFs with core funding, and all are to be 100% externally funded.

To strengthen the LCDF resource base, SNV has invested considerable effort in attracting additional (co-)funding for the existing LCDFs, but with little success so far, making the feasibility of seven financially viable LCDFs uncertain.

The results regarding the LCDFs are far from what was foreseen in SNV's subsidy application. From interviews with SNV staff, IOB observes that the most likely explanations are:

- The complexity and associated expertise and efforts required to develop a comprehensive localisation strategy, in particular regarding the establishment of LCDFs, were underestimated. A market for services by local service providers in support of capacity development for organisations at the meso and micro levels is determined by many factors and actors with diverse interests that may be beyond the influence of this initiative. The lack of political priority and interest in investing in LCDFs among other donors indicate that pursuing the idea may be a challenge.
- Developing LCDFs as a 'product' would require a considerable budget. Because of the above-mentioned challenges, the CEO of SNV (2007-2011) was not ready to make such a budget available.
- Partnering with the Netherlands embassies (as part of complementarity) may have helped to strengthen the case for LCDFs to convince other donors.
- Introducing and implementing a concept at field level that has been thought out at corporate level is challenging in a highly decentralised and field-driven organisation, as SNV was at that time and still is to some extent (which is not unique for SNV).
- The assumption that the Paris Declaration on aid effectiveness, harmonisation and alignment would enable the establishment of local funds for capacity development was unfounded. SNV found it difficult to attract other donor funds.
- The pilots were not successful, resulting in a substantial reduction in the budget for the LCDFs.

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### SNV's position

SNV has not made the radical shift in its position that it proposed in its subsidy application 2007-2015. Basically it remains an organisation that provides advice to its clients and subcontracts local service providers as a way to reach scale and increase its own efficiency. SNV's strategy paper 2011-2015 confirms that it had to adapt its localisation ambitions substantially, confirming its subcontracting practice in earlier years. SNV staff have changed as the positions of many international advisors were taken over by national advisors.

#### 5.2.4 Summary and conclusions

- The MFA originally took the position that SNV would hand over essential parts of its roles and responsibilities to local service providers and that SNV would then withdraw. SNV never agreed with this understanding of the MFA MFA and planned to shift its advisory

work to other areas. The MFA's decision to give SNV the opportunity to mobilise additional resources had profound implications for SNV's localisation strategy.

- SNV's position on localisation was ambitious and ambiguous at the same time. In its 2007-2015 subsidy application, 'localisation' had notions of handing over essential parts of SNV's roles and responsibilities to local service providers.
- SNV has not reorganised its work as it proposed in its subsidy application 2007-2015. Its strategy document 20011-2015 confirms that SNV basically remains an organisation that provides advice to its clients. It now sees subcontracting of local service providers as a way to reach scale and increase its own efficiency.
- SNV subcontracted 41% of its advisory days to local service providers in 2011, which is close to the target stated in its subsidy application. In terms of its budget, SNV subcontracted only 10% rather than 23% as was planned. The explanation for this difference is that the cost of subcontracting local service providers has been much lower than SNV assumed in 2007.
- Local service providers subcontracted by SNV appreciate working for the organisation. They are strengthened because they learn by doing, learn from SNV's international expertise and expand their networks. This has resulted in improved training skills, improved networks and better positioning on the market. The evaluation team did not come across any local service providers that were systematically supported by SNV to become professional advisors on organisational or institutional capacity development.
- That SNV makes its services available for free may also be an impediment to the capacity development of local advisors that could have performed the same role and tasks as SNV, but not for free. In the same vein, one could look at the implications of hiring local experts as (associated) SNV staff.
- It is not always clear why SNV subcontracts local service providers to carry out work at the municipal level, where one would have expected that it would be the responsibility of SNV's clients to take up this work, eventually through service providers contracted by them.
- SNV has not succeeded in improving local markets for advisory services at the meso level through the introduction of LCDFs.

IOB concludes that local service providers have strengthened their position in the market thanks to the work subcontracted by SNV. They have not evolved as independent professional advisors on organisational or institutional capacity development. SNV has increased substantially the volume of work subcontracted to local service providers, but has not changed its strategy in favour of local service providers and basically remains an organisation that provides advice to its clients.

## 5.3 Planning, monitoring and evaluation

### 5.3.1 Problem description

The 2006 evaluation of SNV's programme over the period 2002-2005 concluded that the outputs of SNV's planning, monitoring and evaluation (PM&E) system were not strong or solid enough: the evidence of results was not sufficient and not academically sound.<sup>45</sup> At that time SNV had no system in place that enabled it to conduct meaningful impact studies.

### 5.3.2 SNV's proposal

In response to the 2006 evaluation, SNV put forward an ambitious PM&E plan in its subsidy application 2007-2015. It recognized the urgent need to improve its PM&E system, and to show clear results. To achieve this ambition SNV proposed to 'develop a review approach that can be used in a wide variety of SNV practices, and which fully exploits contemporary academic thinking from results-based management to complex systems approaches'.

The broad intentions that SNV presented in its subsidy application were further elaborated in the policy framework 'SNV Managing for Results 2007-2015'. The paper was developed in consultation with the MFA (DEK) to ensure that it incorporated the criteria of the monitoring protocol that was part of the decision, including harmonised results indicators. The framework emphasized assessing impact (access, living conditions of poor people), intensified and systematic approaches to assessing outcomes at the client level (performance of SNV's clients), and objective and straightforward measurements of SNV's outputs. The ambitions presented in the framework emphasize a shift from 'measuring results' to 'managing for results'.

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### 5.3.3 Evaluation findings

#### Overview of developments since 2007

SNV has made considerable efforts since 2007 to strengthen its planning, monitoring and evaluation system and its practice. The backbone of the system is the Triple AAA model and the Managing for Results (MfR) framework that were developed in 2007. 'Triple AAA' stands for the cyclical process of 'Analysis and planning', 'Action and monitoring' and 'Assessing results and evaluation' at the country or sector, client and assignment levels. Each of these processes represents a learning cycle in which plans are drawn up, implemented and reviewed. By treating these three PM&E cycles as mutually interactive, the Triple AAA model is expected to provide an adaptable working logic in which results and lessons learned at the various levels and associated time frames can influence each other.

There is no specific reason that explains the gap between SNV's high level of ambition and considerable investment in developing its PM&E system and the poor quality of the

<sup>45</sup> Cornelissen, W. and Oosterbaan, M. (2006) *Evaluation SNV. New strategy, new results?* Ecorys Nederland BV, SEOR BV.

monitoring and evaluation information in the period 2007-2011. From discussions with SNV staff and the managing board of directors, however, various possible explanations emerged:

- (i) Before 2007 attention was paid to documenting results at the client level. At that time SNV had a set of indicators to assess the capacity development of its clients;
- (ii) SNV advisors and managers paid more attention to planning than to monitoring and evaluation;
- (iii) SNV staff tend to be more interested in analysing and developing new approaches rather than to stick to one approach, implement it systematically and do M&E before deciding on whether to adapt;
- (iv) SNV's business culture was permissive with regard to compliance with planning, monitoring and evaluation standards; and
- (v) in 2007 SNV was not aware of the full implications of its ambitions.

In a reflection on its experiences SNV concluded that:

“... it is challenging to assure quality and maintain a focus on results over time. Experiences prove that a well thought out set of standards firmly embedded in the business processes is a prerequisite but not sufficient. In addition staff members need to be driven by inspiration rather than inspection. Similar to scientific work the advisory practice requires a certain amount of inspired self-discipline to document the evidence and observations from time to time, which can be challenging for some who experience this as time consuming bureaucracy. Inspiration requires of advisers and teams to be curious about the results of their own day-to-day performance against the backdrop of a much bigger picture and time frame. To this end SNV management needs to foster a culture of curiosity through hiring the right mix of staff, asking challenging questions that aim to constantly improve the effectiveness of their practice and maintaining a healthy balance between control and allowing staff freedom to explore, learn from mistakes, and be creative.”<sup>46</sup>

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In 2012 SNV developed the Managing for Results (MfR) standards that were introduced with corresponding tools, guidelines and a format that replaced the Triple AAA model and the MfR framework. The MfR standards focus more firmly on evidence. To the three original purposes of MfR – accountability, learning and steering – SNV added a fourth, profiling, to demonstrate what SNV does and achieves, and its added value. The tools and guidelines to operationalise the MfR standards included, for example, a guide on how to develop intervention logics and ‘actor constellation maps’, a web-based planning, monitoring and evaluation format, a guide on how to collect baseline data on outcome and impact indicators, a capacity assessment tool to assess clients’ capacities inspired by the 5 core capabilities (5CCs) model, a governance for empowerment guide with leading questions to ensure that especially accountability and social inclusion issues are taken into account in all intervention results, and review guidelines.

<sup>46</sup> SNV (2012) *PM&E in SNV 2007-2012*, a paper written in preparation for the IOB mid-term evaluation 2007-2012.

The request of the ministry in 2011 for a new monitoring protocol 2012-2015 was the main reason why SNV developed a new set of corporately harmonised outcome indicators, as well as output types. It was also agreed to use the 5CC framework to assess their clients' capacities. At the impact level a distinction was made between poor people's access to basic services such as WaSH and renewable energy, and changes in their living conditions. These adaptations were subsequently built into SNV's web-based PM&E format in 2012. In the first quarter of 2012 MfR implementation workshops were held in the regions, to train SNV staff who act as the MfR country focal points to use the new tools and formats, and to enable them to support their colleagues in their respective countries to do the same.

According to SNV, in 2012 almost all its interventions had intervention logics and baseline studies were conducted. PM&E information for the majority of interventions is available in online PM&E formats, making it possible for all colleagues to access the information and learn from each other's PM&E practice. The partially standardized results and indicators enable the organisation to aggregate intervention-level outputs, outcomes and impacts, at the country, sector and corporate levels.

#### Findings of IOB's evaluability study

Prior to this evaluation, in 2011 IOB conducted an evaluability study to establish in advance whether the SNV programme *could* be evaluated, and for which of the standard evaluation questions data were available (IOB, 2011). An evaluability study reveals whether a programme design is soundly based on a theory of change, and whether the information on results is available, valid and reliable. The study was conducted on the basis of a framework and methodology developed by IOB.

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IOB studied files from 18 SNV programmes, including the 12 programmes examined for this evaluation. They are representative of how SNV conducts its planning, monitoring and evaluation in practice. For each of the five levels of results (impact, access, performance of SNV's clients, capacity development of SNV's clients, SNV's outputs), IOB studied the availability and quality of baseline information, indicators that allow changes to be tracked over time, and the presence, validity and reliability of monitoring and evaluation information. IOB also assessed the availability of system information such as the support of other donors and external (international, national and local) factors affecting the intervention, and the quality of the theory of change. This resulted in seven indicators: impact, access, performance of SNV's clients (or client output), capacity development of SNV's clients, SNV's outputs, system information and theory of change (see Annex 6).

The study produced some important findings:

- All 18 cases have some serious deficiencies, in some cases for all six indicators. The biogas programmes in Tanzania and Vietnam are the best documented.
- Information about impact scores 'very low' or 'low' for all cases except for the biogas programme in Vietnam.
- Information about changes in the capacity and the performance of SNV's clients scores 'very low' or 'low' in most cases.
- Information about SNV's output scores 'very low' or 'low' in most cases.

- System information scores ‘very low’ or ‘low’ for all cases except two.
- Information about SNV’s theory of change scores ‘moderate’ or ‘high’ in eight cases.

These findings mean that on the basis of the information available from SNV it was not possible to attribute SNV’s support to changes in results at a higher level. The implication of these findings has been that it was impossible to draw conclusions about SNV’s effectiveness on the basis of the information provided by SNV.

### Quality of SNV’s corporate evaluations

SNV submitted to IOB the reports of the 18 corporate evaluations conducted in the period 2007-2011 and the management responses of its board of directors (for an overview, see Annex 7). The main purpose of these corporate evaluations is to account for budget expenditures to the MFA, to learn, and to adjust SNV’s strategy where necessary. The corporate evaluations concern country and thematic evaluations. The budget for hiring external evaluators to conduct these evaluations was almost EUR 0.7 million, or an average of almost EUR 40,000 each. In 2010 and 2011 the average amount paid to external consultants increased to EUR 57,000 per evaluation, which is still less than 0.2% of SNV’s budget.<sup>47</sup>

IOB assessed the quality of these evaluations on the basis of IOB’s quality assessment framework for evaluations (see Annex 3).<sup>48</sup> Key indicators in this framework are the validity and reliability of data and usefulness of the evaluation findings.

The main finding of this assessment was that these reports lack the basic components for them to qualify as evaluations that provide insight into the extent that SNV’s programmes have achieved their objectives. SNV admits that this was not its intention as it was agreed in the subsidy decision 2007-2015 that in the period 2007-2010 corporate evaluations would be exploratory, and would contribute to the setup of new programmes. Actually, the reports are often more reviews of implementation processes or of strategic choices. The origin of this situation lies in the terms of reference for the evaluation assignments, which are often not clear and do not meet the basic requirements for evaluations such as those proposed by the OECD/DAC (2010).

The authors of several evaluation reports informed SNV about their difficulty in assessing SNV’s effectiveness, due to some of the issues mentioned above, as early as 2007 (Nepal country evaluation 2003-2006, 2007; Tanzania country evaluation 2004-2007, 2007), several times since then, and also more recently (Albania country programme 2007-2010, 2011). SNV’s board of directors usually responded in its management response by expressing its appreciation for the quality of the reports and their usefulness for developing SNV’s strategy, and by asking country and regional directors to improve their planning and monitoring, such as by setting clearer outcome targets.

<sup>47</sup> It is not known how much SNV spends on programme and project evaluations.

<sup>48</sup> The framework has been used to assess the quality of evaluations of Dutch co-financing organisations.

SNV has published summaries of the corporate evaluations and the responses of its board of directors on its website since 2011.

IOB is of the opinion, on the basis of discussions with the management board of SNV and SNV staff, that there are several explanations for the low quality of corporate evaluations:

- (i) Responsibility for organising corporate evaluations lies with the MfR department, whose first responsibility is to enhance the PM&E capability of the country offices. This responsibility puts its role for organising independent evaluations of good quality under pressure.
- (ii) SNV has no system in place to supervise the quality of corporate evaluations and relies on the expertise of individual staff.
- (iii) SNV further assumed that it could rely on the professionalism of the consultants who conduct the evaluations. Finally,
- (iv) sometimes there were tensions between the scope of the evaluation and the available budget, in particular when monitoring data were not available and primary research had to be conducted.

### Assignment agreements

Assignment agreements and their reviews are critical for the success of the planning, monitoring and evaluation of SNV's support, since they document the agreements made between SNV and its clients. Assignment agreements are the building blocks of the entire PM&E system. They provide information about the expected performance of SNV's clients, the clients' required capacity and the support SNV provides to help develop that capacity, in terms of both deliverables and advisory days. This evaluation has observed that in most cases assignment agreements are agreed between SNV and its clients and client satisfaction reviews are available. At present the assignment agreements show several shortcomings.

To ensure that these agreements do indeed provide the necessary information for an evidence-based PM&E system, to which SNV has committed itself for the period 2012-2015, several points require attention:

- The sustainability of the client's capacity that is developed in complex environments requires more attention in planning and monitoring – including an exit strategy for SNV.
- The client's performance and the beneficiaries' access to its services are often reported by the client. This may result in under-reporting, as the evaluation teams observed in Ethiopia and Vietnam. Triangulation of data could help overcome this problem.
- As local capacity builders take over the roles of SNV advisors, SNV tends to be at a greater distance from the micro or local level. This may require new monitoring arrangements to ensure the reliability of data gathered.
- SNV's deliverables are often not sufficiently documented.
- The successive annual assignment agreements and reviews do not easily fit together to provide an integrated picture; this is particularly the case when SNV supports client groups.

### 5.3.4 Summary and conclusions

- SNV's planning, monitoring and evaluation system has improved since 2007 but in 2011 still suffered from serious deficiencies in providing valid and reliable information about SNV's effectiveness.
- The poor quality of SNV's corporate evaluations up to 2011 cannot be explained only by the deficiencies in the PM&E system at country level since responsibility for corporate evaluations rests with SNV's headquarters in The Hague. First, SNV's expenditure of less than 0.2% of its budget on conducting corporate evaluations is too little. The budget is definitely not enough to conduct three to five evaluations each year that should provide evidence of SNV's effectiveness. Second, the ToRs and evaluation reports show deficiencies that indicate SNV's incompetence regarding this matter if it was its intention to follow up on its effectiveness.
- The usefulness of monitoring and evaluation reports for accountability, SNV's learning and policy development purposes is very limited.
- In responding to the shortcomings observed in 2011, SNV's approach (2012) was to develop an electronic system that enforces compliance and transparency regarding the entry of data, in combination with extensive guidance for staff members on how to generate the required data.<sup>49</sup> It may offer possibilities to address these shortcomings, but proof of success will emerge the coming years. Factors that put the success of SNV's recent (2012) efforts at risk are that:
  - SNV's theory of change is difficult to capture by any monitoring or evaluation methodology.
  - The monitoring protocol (2012) is unclear about how the quality of evaluations will be improved. It does not explain, for example, what 'independent evaluations' imply, nor how such independence will be safeguarded.

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IOB concludes that SNV's reporting on its performance with respect to its goals has been largely unsatisfactory. SNV's PM&E system has improved since 2007 but in 2011 still suffered from serious deficiencies in producing valid and reliable information. The usefulness of the information for SNV to learn about the effectiveness of its way of working was very limited.

## 5.4 SNV's transformation and resource diversification

### 5.4.1 Overview of developments

The ministry's decision to discontinue core funding for SNV's programmes in Latin America, Vietnam and the Balkans was associated with the idea that SNV would exit from these countries.

<sup>49</sup> SNV has just finalized (2013) an evaluation policy that provides for guidelines and quality measures.

The drive to diversify its resources was not yet that urgent when SNV announced that it would seek diversification in its strategy paper 2007-2015. To put this intention into effect, SNV announced a transformation process in Latin America and the Balkans. The need to mobilise additional resources became much more urgent in 2011 when the MFA decided to stop providing core funding entirely by the end of 2015. This decision had serious implications for SNV and was thus an important urgent reason for the organisation to revise its strategy. However, SNV's reasons for revising its strategy were not limited to the funding issue as it also wanted to update its strategy in view of external developments, SNV's niche and impact considerations.

Two SNV documents, 'Partnerships and Resource Mobilisation (PRM) Vision' and 'PRM Policies and Procedures' (both 2007), set a number of resource mobilisation and other global targets. For example, the PRM vision document stated that SNV's goal was to 'reach a diversification level of 40% externally mobilised resources (EUR 33.6 million) in the year 2015'. The PRM risk assessment tool was introduced to manage the risk of deviating from corporate strategy and to assess the financial, legal and commercial risks. One way to minimize these risks was described as: 'In principle SNV does not want to manage externally financed projects that are not intended for its advisory days and support processes, and will only accept them in exceptional circumstances'.

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SNV announced in its strategy paper 2011-2015 that it would seriously step up its efforts to diversify and broaden its funding base while maintaining the integrity and coherence of its strategy. SNV believed that in doing so it could substantially scale-up the outreach of its expertise and thus its contribution to impact. SNV assumed that diversifying its finances could also be a driver of innovation, quality and performance. SNV announced further that it would explore opportunities for introducing new business models. New players, development cooperation models and various forms of finance were expected to present valuable opportunities in this regard. SNV would continue to be a not-for-profit development organisation, but most of its funding would come from a wider base of private and public sources, including the Dutch government. Its funds would be secured through both direct negotiations and competitive procurement processes. SNV would continue to work with commercial partners in agriculture, renewable energy, and water, sanitation and hygiene on a fee-for-service basis, where this fit its mandate, as well as through innovative partnerships. The total composition of funds would have to cover all relevant costs including overheads, infrastructure and investment in expertise. It was critical for SNV to build up sufficient reserves to withstand the uncertainties of programmatic and competitive funding modalities.

The fact that after 2015 all SNV programmes will be funded from sources other than the ministry's core funding will have implications for SNV's organisational structure. With regard to content, knowledge networking, advocacy, risk management and control, there may be an increased role for a corporate approach, whereas flexibility may be significantly increased with respect to administration and systems requirements. SNV will consider various models, including franchising and associate membership with increased local accountability and space for local partnerships.

The new subsidy decision 2012-2015 no longer prohibits SNV from undertaking commercial activities as the 2007-2015 decision did. For these commercial activities, however, SNV is not permitted to use the subsidy and must provide evidence to show that its commercial activities in no way benefit from the subsidy accounts. The decision describes commercial activities as ‘activities in which it (SNV) acts as a company as described in the Treaty on the functioning of the European Union (e.g. through acquisition or implementation of commercial contracts)’.<sup>50</sup> SNV has been allowed to use the subsidy to fund the preparation of its proposals for the ‘grant or subsidy market’, which is encouraged by the MFA as is the case for other Dutch NGOs that receive a subsidy. This gives SNV and other subsidised NGOs a privileged position above NGOs and consultancies that do not receive a subsidy that also operate in this market. Netherlands embassies and other bilateral or multilateral donors occasionally treat SNV and other agencies as a privileged party and do not put their contracts out to tender.

The transformation that is necessary to enable SNV to raise the required amount of funding implies a significant reduction in and changing composition of its core staff. Contractual relationships will be more flexible and open – the number of full-time core staff on indefinite contracts will be reduced while ensuring a critical mass of international and local expertise. The number of management layers in the organisation, as well as the number of management staff, will also be reduced.

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SNV aims to realise a budget of about EUR 390 million for the period 2012-2015, a significant part of which (EUR 240 million) will be provided by the MFA’s core funding. Resources mobilised from other sources will contribute about EUR 150 million to this budget. SNV has set a target of increasing its resources by about 20% per year over the period 2012-2015.

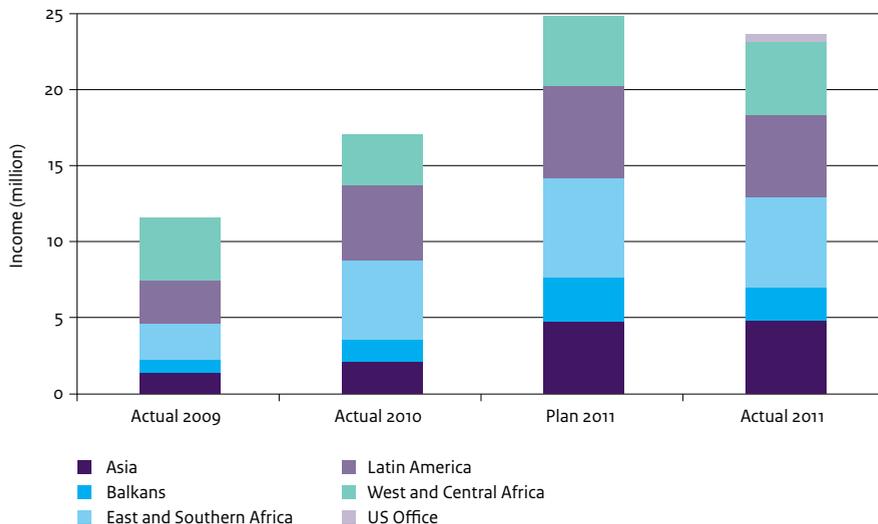
## 5.4.2 Evaluation findings

### Resource mobilisation

Over the period 2007-2011 SNV raised approximately EUR 67 million in addition to the MFA subsidy, which was used to fund SNV’s primary process days (PPDs for SNV advisors and local service providers) and programme support. This figure excludes EUR 44.4 million received for ‘externally funded projects’. In 2011 SNV’s annual revenue stream amounted to EUR 23 million, compared with EUR 17 million in 2010 and EUR 11.6 million in 2009. The levels of resources mobilised varied across sectors and regions. Most resources were mobilised for its work in the agricultural sector and less for water and sanitation and renewable energy (except for biogas). The volume in Asia is growing. In Africa it is easier to mobilise resources for the East and Southern Africa region than for West Africa, where it is rather difficult. Figure 11 shows how the income from other donors increased in all regions and doubled over the three years 2009-2011.

<sup>50</sup> This is a translation of the following quote in Dutch: ‘activiteiten waarbij hij (SNV) optreedt als onderneming in de zin van het EU-Werkingsverdrag (bijvoorbeeld bij de verwerving of uitvoering van commerciële opdrachten)’.

**Figure 11** SNV's income from donors other than the MFA, 2009-2011 (EUR).

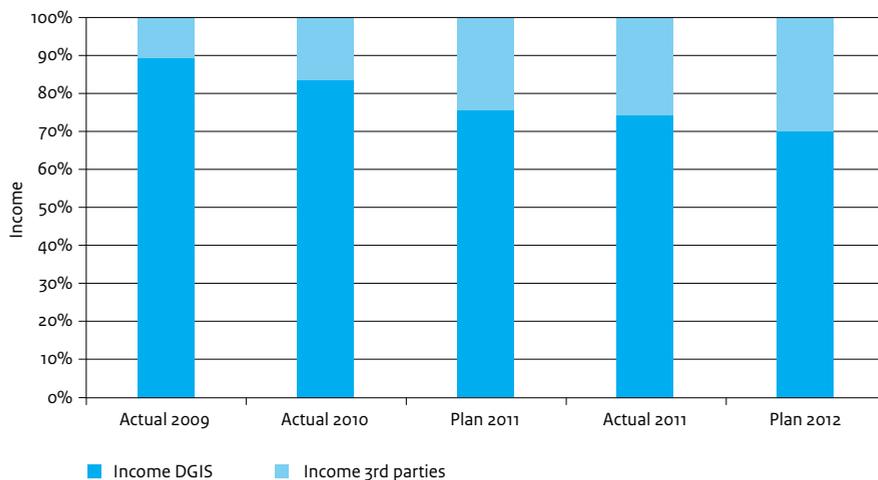


Source: SNV database.

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Similarly, Figure 12 shows how in 2011 close to one-third of SNV's income (26%) came from sources other than the MFA core subsidy. SNV is experiencing a significant growth in its average deal size, which almost doubled over the period 2009-2011, from EUR 138,000 to EUR 275,000.

**Figure 12** SNV's income from the MFA and other donors, 2009-2011.



Source: SNV database.

## Transformation

Even though the MFA's decision to discontinue its core funding for SNV beyond 2015 may have been the immediate cause, global economic, social and political changes also motivated SNV to sharpen its vision, approaches and mode of operation. According to SNV, the transformation process is best understood as a part of a process of change that has taken place in SNV in recent decades (Paul McCarthy, March 2012).

The first major change occurred between 2000 and 2006, as SNV evolved from being an implementing agency to an advisory organisation for capacity development. During this period the organisation took a step back from the 'frontlines' of development, and stood behind other partner organisations who took responsibility for actual programme delivery, focusing on institutional development and organisational strengthening. This shift required a complete change in self-identity and skillsets within SNV.

The second shift took place around 2006, when SNV was about to apply for the core subsidy 2007-2015 from the MFA. At that time SNV proposed a strategy that included a sharper focus on strategic advisory work in a limited number of sectors using a clear, impact-focused approach to the provision of basic services (BASE) and productivity, employment and income generation (PEI) in a more systemic multi-stakeholder approach.

The third period of change began in late 2009, when SNV began to look beyond the 2015 limit of the subsidy decision of the Dutch government and its dependency on the MFA subsidy. This phase may have gained momentum following the 2010 elections in the Netherlands when it became clear to SNV that the loss of its core subsidy would affect the organisation globally. An internal review was undertaken, supported by an external consultant, which recommended that SNV focus on just three key sectors – agriculture, renewable energy, and water and sanitation services – with 'governance for empowerment' as a cross-cutting theme. This recommendation was made on the basis of SNV's demonstrated impact, potential 'fundability' and where a distinct market niche could be identified.

There are several wider issues related to the transformation process and the basic change in SNV's funding model (Paul McCarthy, March 2012, p.6):

- SNV's accountability systems and procedures had been built over decades and had always been oriented towards its main donor, the Dutch government.
- Managing the MFA core subsidy had promoted a tendency towards centralisation, while the need to begin generating local resources created a pull in the opposite direction. This tidal change was further exacerbated by the need for 'full cost recovery' and its many implications.
- The changes in the aid 'architecture' (e.g. the aid effectiveness agenda) were causing global changes in how NGOs operate and are supported.
- This transformation was happening at a difficult time for the global economy.

As SNV would stop providing core subsidies to its programmes in Bolivia, Ecuador, Honduras, Nicaragua, Peru and Vietnam by the end of 2012, the process of transformation

was started in these countries to create the conditions that would allow these SNV programmes to continue on a sustainable financial basis. A similar transformation process was initiated in the Balkans as part of the 2011 strategy process, but it was decided to close SNV's operations there as the required changes were considered to be too significant to achieve sustainability.

### The transformation process in practice: Vietnam

SNV decided to stay in business in Vietnam and to ensure that the country office would be able to sustain itself financially, and the outlook on localisation and resource mobilisation changed accordingly. The transformation process in Vietnam (and Latin America) was based on the following assumptions (Paul McCarthy, March 2012):

- A critical assumption was that, despite increasing economic prosperity in these countries, SNV's services and contributions were still needed to address the persistent levels of poverty, inequality and/or socio-economic exclusion. SNV felt that it had expertise in or could develop approaches that were attractive, relevant and marketable to funders. SNV assumed that it had something to offer, or had the skills to develop innovative appropriate methodologies to respond to the issues of socio-economic exclusion.
- There was a widely held belief within SNV that it needed to change and adapt its way of doing things, given the strategic direction towards localisation and working more closely with local capacity builders.
- The organisation's managers assumed that SNV would be able to obtain funding to undertake this work.
- SNV assumed that it could adapt quickly enough, as an institution, to the withdrawal of the subsidy and continue working in Latin America and Vietnam.
- There was an assumption that staff were sufficiently committed to SNV's mission to continue working with the organisation even though the changes that would ensue would be wrenching, especially considering the labour market competition for experienced national staff.
- It was assumed that the transformation could take place within the evolving strategic boundaries defined by the organisation.
- Finally, it was widely assumed that the rest of the organisation would accept SNV's decision to remain in Latin America and Vietnam, based on the relevance of these programmes to its mission from a poverty perspective.

Subsequently, in the fourth quarter of 2009, SNV Vietnam embarked on its transformation process by challenging itself to justify its continued presence. A two-year business plan was developed that proposed three key new directions:

- Moving towards a 'programme approach', whereby several related initiatives would be managed together to enable improved sharing of knowledge, client intelligence and networks.
- Treating the MFA's subsidy in the same way as other forms of financing. This allowed SNV Vietnam to build its resource mobilisation position using the subsidy as investment capital to build its external donor base.
- Recognizing that during this transformation SNV risked losing key national staff, and thus valuable intellectual capital and considerable institutional memory, and that the

transformation could not succeed without radical changes in labour agreements, as European-based human resources policies were too expensive to maintain.

Looking back, it can be said that SNV Vietnam's transformation process was structural, with deep impacts on its culture, organisation, staff, way of working and the content of its work. At present SNV Vietnam sees itself as far more competitive, results-oriented and cost conscious. Only three out of the 72 (2013) staff members are now employed on permanent/regular contracts; all other staff are temporary. Some are associated through longer-term consecutive contracts. SNV Vietnam's annual turnover increased from EUR 2.3 million in 2009 to EUR 8.4 million in 2013. USAID is now SNV Vietnam's largest donor. The costs of SNV Vietnam are fully recovered (106%). In retrospect, SNV Vietnam views the MFA's decision to stop its core funding as a blessing in disguise.

SNV Vietnam also acts as an implementing agency as well as providing advisory services, as it used to do. This new service has not yet been included in SNV's strategic paper as the organisation was hesitant to do so at that time.

With its shift in focus from northern Vietnam, where most poor people live, to a sector focus, SNV Vietnam has broadened the geographic scope of its operations to the entire country. SNV's argument is that poor people live everywhere in the country. SNV focuses on enterprises (including those that do not fall into the poverty category) but says it does so always in view of people living in poverty. Another focus is the environment and its impacts on poverty.

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SNV Vietnam's marketing strategy is informed by the fact that it has to operate in a situation with far fewer donors and more competition from many national and international NGOs. It has decided that in order to maintain a solid position it must be a leader in its three sectors at international and national levels. This requires, according to SNV Vietnam, that it must keep ahead of its competitors and innovate continuously its products and approach. Recent examples of this approach include SNV's shift from Community-Led Total Sanitation (CLTS) to Sustainable Sanitation and Hygiene for All (SSH4A), and the introduction of the inclusive business concept and Reduced Emissions from Deforestation and Forest Degradation (REDD).

### 5.4.3 Summary and conclusions

The urgency of the need for SNV to mobilise resources in addition to its core funding increased steadily as the MFA first cut SNV's budget and the minister for European affairs and international cooperation then announced in 2011 that core funding to SNV would end entirely at the end of 2015.

The new 2012-2015 decision, which replaced the decision 2007-2015, provided much more space for SNV to continue its work beyond 2015. It has permitted SNV to mobilise resources from the embassies and MFA departments in The Hague in addition to the core funding, to compete in commercial markets, and to liaise with donors and businesses to raise additional funds.

The transformation process that has taken place in Vietnam illustrates what it may entail for the 30-plus other countries where SNV may want to continue its presence. SNV Vietnam's transformation shows that the process was structural, with deep impacts on its culture, organisation, staff, way of working and the content of its work. SNV Vietnam now sees itself as far more competitive, results-oriented and cost conscious. Annual turnover almost tripled between 2009 and 2013. USAID is now SNV Vietnam's largest donor. The costs of SNV Vietnam are fully recovered. SNV Vietnam today acts as an implementing agency as well as providing advisory services, as it used to do. SNV Vietnam has shifted its poverty orientation from a geographic to a sector focus. It also strives to have an impact on poverty reduction by engaging with larger enterprises, applying an inclusive business approach. SNV Vietnam is pursuing an aggressive marketing strategy in a field with a decreasing number of donors and increasing (local) competitors. In retrospect, SNV Vietnam views the ministry's decision to discontinue its core funding as a blessing in disguise.

IOB's interpretation of the transformation process is that it has been successful in creating a stimulating and fertile environment for mobilising additional resources, but that it also brings with it a number of new challenges and dilemmas that SNV has not yet adequately addressed:

- SNV's dependency on funding from a larger number of donors puts pressure on safeguarding SNV's central objective of reducing poverty and on its way of working (client/demand orientation). Success in mobilising resources can never serve as proxy for justifying the relevance of interventions.
- SNV's dependency on short-term donor funding does not fit easily with its strategy to support institutional capacity development, in which organisations take responsibility for their organisational development in the first place, which usually takes a long time and is not easily accommodated by donors' priorities that usually focus on short-term results at the societal level (Brouwers, 2010). SNV's strategy to develop programmes funded by a series of projects is only a partial solution since it puts SNV's clients in a dependent position with a lot of uncertainty in relation to SNV.
- As donor funding is SNV's future lifeline it may be at the expense of downward responsiveness to its clients and of its clients to their target groups (Brouwers, 2010).
- SNV's drive to innovate may become a risky business if it is not based on firm evidence regarding its effectiveness that is generated through rigorous evaluations.
- SNV's ambition to compete on the local market through an aggressive marketing strategy may be achieved at the expense of local organisations that might otherwise have occupied that position. Local organisations comment that, in general, trust relations between donors and international development organisations tend to exclude them on grounds they believe are unfair.
- The role of local service providers will be redefined in the light of SNV's marketing strategy. Their contribution mainly involves providing services for SNV's clients, while SNV conducts general programme management tasks such as monitoring, coordination and reporting. It is not clear to IOB how SNV is preparing these service providers to take over its core business, i.e. providing support for capacity development.
- SNV's business plan still requires a budget for innovation and dealing with risks.

Finally, IOB concludes that SNV has been successful in mobilising substantial financial resources in addition to its core funding. The experiences in Latin America and Vietnam illustrate very clearly the depth of the transformation that is required if SNV is to stay in business in a sustainable manner. Unless the transformation process includes steps to safeguard SNV's objectives of reducing poverty and strengthening local capacity, SNV's 'new way of working' may put the realisation of these two objectives at risk. A more fundamental question is to what extent SNV will be able to maintain its poverty reduction objective and what concessions it will need to make in order to stay in business.



## Annex 1 About IOB

### Objectives

The objective of the Policy and Operations Evaluation Department (IOB) is to provide insight into the implementation and effects of Dutch foreign policy. IOB meets the need for independent evaluation of policy and operations in all policy fields falling under the Homogenous Budget for International Cooperation (HGIS). IOB also advises on the planning and implementation of the evaluations for which policy departments and embassies are responsible. Its evaluations enable the Minister of Foreign Affairs and the Minister for Foreign Trade and Development Cooperation to account to parliament for their policy decisions and the allocation of resources. And what is learned from these evaluations helps government to steer Dutch foreign policy into the future.

Efforts are made to incorporate the findings of evaluations into the Ministry of Foreign Affairs' policy cycle. Evaluation reports are used to provide targeted feedback, with a view to improving both policy intentions and implementation. Insight into the effects of implemented policy allows policy makers to devise measures that are more keenly focused, and therefore more effective.

### Approach and methodology

IOB has a staff of experienced evaluators, and it administers its own budget. When carrying out evaluations, it calls on the assistance of external experts with specialised knowledge of the topic under investigation. To monitor its own quality, it sets up a reference group for each evaluation, which includes not only external experts but also interested parties from within the ministry.

### Programme

IOB's evaluation programme is part of the Programme Evaluations annex to the explanatory memorandum of the budget of the Ministry of Foreign Affairs.

### An organisation in development

Since IOB was established in 1977, major shifts have taken place in its approach as well as in its areas of focus and responsibility. In the early years, IOB's activities took the form of individual project evaluations for the Minister for Development Cooperation. During the mid-1980s, evaluations became more comprehensive, taking in sectors, themes and countries. Moreover, IOB's reports were submitted to parliament, which brought them into the public domain. Dutch foreign policy was renewed in 1996 and the Ministry of Foreign Affairs underwent reorganisation. As a result, IOB's mandate was extended to the Dutch government's entire foreign policy. In recent years, it has extended its partnerships with similar departments in other countries, usually through joint evaluations.

Finally, IOB also aims to expand its methodological repertoire. This includes greater emphasis on statistical methods of impact evaluation. As of 2007, IOB has undertaken policy reviews as a type of evaluation.

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## Annex 3 IOB assessment framework for evaluations

### Validity

- 1.1.1 The problem definition concisely formulates the criteria on which the subject is to be evaluated. The evaluation questions arise from the problem definition.
- 1.1.2 Unambiguous description of the benchmark criteria – such as effectiveness – that are applied in the evaluation.
- 1.2.1 List, description and parameters of the operational population of component activities (type, target group, location, period, organisation, financial scope, etc.) to which the evaluation results relate.
- 1.2.2 Relevant policy-related background information and principles, and an account of the institutional setting in which the subject of the evaluation operates.
- 1.3.1 Description of policy theory including the assumptions about the causal and final relationships underlying the interventions evaluated and about the input/output/ outcome hierarchy.
- 1.3.2 Degree to which the indicators defined at the various result levels can be considered specific, measurable and time-related.
- 1.4.1 Degree of care with which the information sources have been selected; accuracy and transparency with which data from these sources have been analysed and processed.
- 1.4.2 Degree to which the conclusions are actually underpinned by the evaluation results.

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### Reliability

- 2.1.1 Accurate identification and justification of the methods and techniques applied in the evaluation.
- 2.1.2 Degree to which data have been checked, and a range of different sources/methods used for collecting data about the same characteristics and phenomena.
- 2.2.1 Degree to which the conclusions drawn from the sample evaluated or case studies conducted apply to the entire evaluation population.
- 2.2.2 Identification and explanation of any shortcomings in the evaluation and limitations on the general applicability of the findings and conclusions.
- 2.3.1 Degree to which the selection and content of the information sources consulted, particularly documentation and respondents, were independent of parties with an interest in the evaluation, e.g. contracting authorities, implementing agencies and beneficiaries.
- 2.3.2 Degree to which the evaluators operated and reported independently from parties with an interest in the evaluation, e.g. contracting authorities, implementing agencies and beneficiaries.
- 2.4.1 Account and explanation of the progress of the evaluation, including any modifications to the original design.
- 2.4.2 Checks on the design and/or conduct of the evaluation by a supervisory or steering group within or outside the MFS organisation(s).

### Usefulness

- 3.1.1 Clarity of the stated aim of the evaluation (external to the evaluation itself), for which the evaluation results will be, or have been, used.
- 3.1.2 Degree of clarity and completeness with which the essence of the evaluation (especially its main findings) are reflected in the evaluation report and its summary.
  - 3.2.1 Extent to which the conclusions fully answer all the evaluation questions.
  - 3.2.2 Practical feasibility of the recommendations presented and the degree to which they lie within the capacity of the parties responsible, especially those that commissioned the evaluation.

## Annex 4 Indicators for assessing the five core capabilities

Indicators for assessing organisations	
Core capability	Components
1. Capability to relate	<ul style="list-style-type: none"> <li>• Political and social legitimacy.</li> <li>• Integrity of leadership and staff (upright, incorruptible or undiscussed).</li> <li>• Operational credibility/reliability.</li> <li>• Participation in coalitions.</li> <li>• Adequate alliances with external stakeholders.</li> </ul>
2. Capability to commit and act	<ul style="list-style-type: none"> <li>• Presence of a work plan, collective decision making and action.</li> <li>• Effective mobilisation of resources (human, institutional and financial).</li> <li>• Effective monitoring of the work plan.</li> <li>• Inspiring/action-oriented leadership.</li> <li>• Acceptance of leadership's integrity by staff.</li> </ul>
3. Capability to deliver on development objectives	<ul style="list-style-type: none"> <li>• Financial resources.</li> <li>• Facilities, equipment and premises.</li> <li>• Human resources.</li> <li>• Access to knowledge resources.</li> </ul>
4. Capability to adapt and self-renew	<ul style="list-style-type: none"> <li>• Understanding of shifting contexts and relevant trends (external factors).</li> <li>• Confidence to change, leaving room for diversity, flexibility and creativity.</li> <li>• Use of opportunities and incentives, acknowledgment of mistakes that have been made and stimulation of the discipline to learn.</li> <li>• Systematically planned and evaluated learning, including in management.</li> </ul>
5. Capability to maintain coherence	<ul style="list-style-type: none"> <li>• Clear mandate, vision and strategy, which are known by staff and are used by the management to guide its decision-making process.</li> <li>• A well-defined set of operating principles.</li> <li>• Leadership is committed to achieving coherence, balancing stability and change.</li> <li>• Coherence between ambition, vision, strategy and operations.</li> </ul>

Additional indicators for assessing collaborative associations	
Core capability	Components
2. To commit and act	<ul style="list-style-type: none"> <li>• Leadership is shared rather than positional.</li> <li>• Members act to promote the interests of all members.</li> </ul>
3. To deliver on objectives	<ul style="list-style-type: none"> <li>• There is sufficient transparency, data are freely shared and explained.</li> </ul>
4. To adapt and self-renew	<ul style="list-style-type: none"> <li>• Members effectively deal with their diversity and power asymmetries.</li> </ul>
5. To achieve coherence	<ul style="list-style-type: none"> <li>• There is a results-driven structure and process.</li> <li>• Attitudes of respect and trust are present, avoiding stereotyping or reactive behaviour (culture).</li> <li>• Credit and responsibility for the collaboration are shared among members.</li> <li>• Members ensure that the less powerful stakeholders are given a voice.</li> </ul>

## Annex 5 Summaries of the four in-depth studies

### 1: WaSH – Benin

SNV's drinking water and sanitation (WaSH) programme in Benin over the period 2007-2011 consisted of a series of projects and subprojects implemented in partnership with or alongside other agencies. The overall budget of the activities and services managed by SNV amounted to EUR 5.3 million. The total budget of the projects in which SNV participates was EUR 20 million. Besides the MFA's core funding of EUR 2.7 million, SNV was contracted by the Netherlands embassy, valued at EUR 2.6 million, to support the government of Benin with the implementation of component 2 of the Multi-annual Water and Sanitation Programme (*Programme Pluriannuel Eau et Assainissement*, PPEA), 'Transfer of competences and development of communal project ownership'.

Table 1 Overview of the WaSH programme in Benin.		
Objectives (impacts) Results indicators	<i>Objectives:</i> 1. Sustainable and equitable access to water.	<i>Results indicators:</i> <ul style="list-style-type: none"> <li>• Number of functional water points.</li> <li>• Collection rate, water tariffs.</li> <li>• Revenues from the sale of water.</li> <li>• % of inhabitants using public water services.</li> </ul>
	2. Conditions in place for development and equity in the field of hygiene and sanitation.	<ul style="list-style-type: none"> <li>• Compliance with hygiene rules around water points.</li> <li>• Number of latrines constructed by families.</li> </ul>
Ultimate beneficiaries	Rural population in the 76 communes of Benin, representing nearly 7 million inhabitants.	
Objectives (CD) Results indicators	<i>Objectives – per group of clients:</i> Municipalities are capable of taking up their role in planning, mobilising, realising and managing the public water sector and promoting sanitation.	<i>Results indicators:</i> <ul style="list-style-type: none"> <li>• % of municipal budgets assigned to the WaSH sector.</li> <li>• Management of the construction of water infrastructures according to the principles of good governance (public tendering, management of contracts).</li> <li>• % water points exploited according to the modalities as described in the contracts for delegation.</li> <li>• Effective consultation mechanisms and downward accountability.</li> </ul>

Objectives (CD) Results indicators	NGOs are capable of offering services that meet the needs of the communes.	<ul style="list-style-type: none"> <li>The degree of respect for contracts by the municipalities and (social intermediation) NGOs.</li> <li>Municipalities observe improved service delivery of the NGOs.</li> </ul>
	Local actors are capable of taking up their role in managing and maintaining water points.	<ul style="list-style-type: none"> <li>The degree of respect for contracts.</li> <li>Municipalities observe, supervise improved service delivery by local actors.</li> </ul>
	Improved collaboration between municipalities in order to deliver better and more efficient services.	<ul style="list-style-type: none"> <li>The number of effective inter-municipal initiatives.</li> <li>The advantages of inter-municipal collaboration are clear to all actors involved.</li> </ul>
Programme period	2007-2011	
SNV core funding	EUR 2,719,877	
External funding	EUR 2,603,718	
Total ODA	EUR 5,290,575 (+EUR 33,020 private funding)	
Total advisory days	12,165 days	
SNV advisors	8194 days (67%)	EUR 3,005,632 (56%)
Local service providers	3971 days (33%)	EUR 565,312 (11%)*

\* SNV invested a further EUR 1,684,764 in equipment and studies, mainly for the communes.

SNV defined a chain of desired changes for the entire WaSH programme in 2008, but it remains rather vague. Each (sub)project has its own intervention logic but the coherence of the various frameworks is not clear and SNV is mostly not in charge of all components. During the evaluation exercise, a consolidated intervention logic was reconstructed with the assistance of the evaluators.

SNV's activities during the period under evaluation included:

- developing 11 training modules for the communes;
- providing practical support to 74 communes in sector planning, project and tender management and/or the delegation of operations;
- training in organisational development for 40 NGOs, WaSH social intermediation for 22 NGOs, and WaSH-specific and other issues for nine local service providers;
- training in advisory skills for 17 regional water or sanitation services;
- providing financial and technical support for the development of around 20 communal water or sanitation plans, starting up six inter-municipal cooperation initiatives, and providing office equipment (software and furniture) for 77 communes (overall budget EUR 1,613,157);
- developing a methodology, skills and tools for a domestic accountability process for WaSH, with pilot projects in three communes; and
- providing technical and other assistance to the national directorates in charge of rural water, hygiene and sanitation, and decentralisation.

## Changes in the capacity of SNV's key clients, coordination and the enabling environment

### Capacity development of SNV's key clients

With SNV's support, the municipalities (established in 2003) have started to organise themselves to assume their responsibilities in the sector. SNV's support has contributed to a rather narrow concept of capacity, focusing on staff development through training to meet the need for qualified personnel in the short term. SNV has not so much focused on the broader concept of capacity of being more empowered, and having the know-how and flexibility to cope with threats and challenges from the outside world. The organisational capacities of the social intermediation NGOs have evolved considerably, especially in the areas of human resource management, the functioning of bodies and the preparation of structured documents. Their social anchorage and financial basis remain very weak, however, and most donors are shifting away from working with these NGOs to private consultants and municipal teams.

### Coordination

With SNV's support, the coordination among actors in the rural WaSH sector has improved:

- (i) local actors have a better understanding of their roles in the sector;
- (ii) cooperation between them has improved; and
- (iii) tools for planning, project management, accountability and operation and maintenance are available.

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Most municipalities have a communal water and sanitation committee that brings together local stakeholders. Formal cooperation between municipalities is still young and remains fragile.

### Enabling environment

In parallel with the decentralisation process in Benin, the water and sanitation sector has undergone major transformations since 2007, under the WaSH sector strategy (PPEA), supported by various international donors and development agencies, including SNV. On a national scale, responsibility for project management, including programming and operations, has been transferred to the municipalities. SNV has been able to stimulate communal project ownership. Public accountability hearings have taken place since 2010 that have contributed to transparency in the management of communal affairs, encouraged by SNV Benin and civil society organisations, even though in some municipalities elected local officials are rarely publicly accountable. Citizens appreciate the interactions with municipalities on critical issues such as the budget. SNV has been able to influence some strategic choices within the PPEA, especially with respect to communal project ownership, reflections on inter-communal cooperation and domestic accountability.

### Capacity development of local service providers

Since 2009, most capacity development interventions have been implemented by local service providers, which are NGOs or consulting firms that were already providing training. In 2011, 58% of the advisory days in the SNV WaSH programme were delivered by local service providers.

This has allowed

- (i) the expansion of the programme to include all Beninese communes;
- (ii) reductions in training costs; and
- (iii) the creation of a number of specialised trainers that operate more or less independently of SNV. The capacity of local service providers has been increased through:
  - their involvement in the preparation of training modules;
  - training in the communes, supervised by an SNV advisor where appropriate; and
  - training programmes provided by SNV, addressing aspects of leadership for change, advisory skills and technical modules that local service providers subsequently apply in the communes.

SNV has established long-term relationships with nine local service providers. It should be noted that these local service providers in turn often call in individual consultants, making the quality control chain longer and more complex, while their institutional development has remained marginal.

The most visible effects of SNV's capacity development support to local service providers are related to:

- (i) a better understanding of the strategies and challenges of the rural water supply subsector;
- (ii) better relationships with the communes and with decentralised services; and
- (iii) the increased rigour within the organisations.

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## Poor people's access to basic services and products

### Access

Water services in rural Benin have improved. In 2011, 61% of the rural population had access to clean water compared with 41% in 2005, while adequate sanitation facilities were available in 85% of schools compared with less than 60% in 2006.<sup>51</sup>

The following improvements were observed:

- (i) the planning of new water points and institutional latrines (schools, health centres, markets) is progressively being brought into line with local needs;
- (ii) the operation of water services is gradually being delegated to the communes but the professionalism of local operators still has to be improved;
- (iii) compliance with hygiene rules has improved following awareness-raising campaigns by the NGOs and private actors; and
- (iv) minor breakdowns are repaired more quickly than in the past, but little has changed regarding repairs of major breakdowns. SNV has contributed to optimizing the service, including the equitable distribution of facilities and the installation of basic structures

<sup>51</sup> Data on household sanitation are less reliable with probably too optimistic official figures.

for the management of water facilities, although the effects are not yet widely felt and remain fragile. The number of water points may have increased, but the percentage of non-operational systems remains high. In the municipalities strongly supported by SNV, the people are satisfied with the number of operational water points, but systematic and reliable data on the volumes of water consumed, the tariff collection rate or changes in the uses of water are not available.

### Poverty focus

The transformation of the sector, with SNV's support, has contributed to bringing planning by the municipalities of new water points and institutional latrines into line with local needs. Another improvement in some municipalities is the increased participation of population in the sector. The results achieved (see above) are important and necessary in order to have an impact on poverty reduction, but several challenges remain. SNV's activities related to water quality or people's behaviour related to water use, hygiene and sanitation have been modest. Sensitive and more systemic issues with respect to equity and universal access to water for poor people but even more so access to sanitation – which pose problems of solidarity, intelligent tariff policies, and probably also positive discrimination – have not been addressed. This is not illogical in this first stage of the transfer of responsibilities to the municipalities.

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### Gender

Women believe that their voices are now being heard through participation, improved programming and monitoring mechanisms that have been put in place by the municipalities with the support of SNV and other development agencies. About 60% of focus groups report that the social intermediation NGOs have had positive impact on women, and 40% report that the construction of new water points has reduced their workloads (they no longer have to fetch water) and social conflicts about opening times and water service disruptions.

### External factors that have influenced programme results

Changes in sector policy such as decentralisation and budget support, combined with a significant increase in ODA since 2006-2007, and reinforced harmonisation and alignment, have had a positive influence on the position of municipalities in the rural water supply and sanitation sector. Barriers that have prevented adequate use of drinking water and access to proper sanitation services that have not been addressed include tariff policies, people's behaviour related to the use of water, the quality of water supplied by the public water services, and the lack of support for the construction of latrines for poor families.

### Sustainability

Both the NGOs and the municipalities have demonstrated improvements in some of their core capabilities, but not a comprehensive development of capacity. As a consequence, organisations are more vulnerable to external factors that may affect their capacity, e.g. the elections planned for 2014 may lead to high staff turnover, affecting the sustainability of

developed capacity. Villagers appreciate the participatory way in which investment decisions have been made, the social control on operators and the increased information flow between them and the municipal teams. These changes may be considered a basis for sustainability of their involvement. The sustainability of other types of results is fragile. The first steps on the road to better governance of water and sanitation services (including domestic accountability) need to be followed by more institutional measures (monitoring and regulation, professionalisation, continuity and consistency of local government strategies, etc.). However, the government's decentralisation agenda is not very clear and the donor community is showing some fatigue after ten years of support to the process. The enabling environment for adequate local governance still has to be completed.

## SNV's effectiveness

### SNV's contribution and attribution

The changes attributable to SNV are at the level of capacity development of the municipalities and NGOs. The roll out of national programme has contributed to:

- (i) more ownership and more objective planning of municipalities of the new investments, which have resulted in more water points for deprived populations than before;
- (ii) the municipalities have gained experience in project management, in the construction of simple water facilities and institutional latrines, and in contracting social intermediation NGOs;
- (iii) the progressive delegation of operation and maintenance to private actors; and
- (iv) improved compliance with hygiene rules around water points and institutional latrines.

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Attribution is more difficult to determine for changes in the performance of SNV's clients, such as their ability to question the government's strategic choices, and in households' access to water and sanitation services. In these two areas there have been positive results that are aligned to the sector reforms, supported by SNV and many other projects and agencies. However, SNV's monitoring system was insufficient to document the effects of its activities on access to services or on the performance of municipalities and NGOs during the evaluation period.

The added value of SNV's support is mostly related to the leadership training in those municipalities and its efforts to improve inclusion, participation and citizen vigilance through the domestic accountability initiative. As a consequence,

- (i) the population is more satisfied with the communal involvement in and the organisation of water services;
- (ii) there is more explicit communal engagement in the sector (budgets, governance of transferred funds, consultation mechanisms); and
- (iii) at the village level, minor breakdowns and water service disruptions are dealt with more efficiently.

## SNV's way of working

SNV has positioned itself at the macro and meso levels and focuses its interventions in two areas:

- (i) facilitating the transfer of competencies and resources to the communes, including knowledge sharing, advocacy, support for the development of a road map for transfer in the field of sanitation and of planning tools, reflections on cooperation between communes; and
- (ii) the capacity development of actors, mainly the communes, and, to a lesser extent the social intermediation NGOs.

Since 2010 SNV has also developed training modules for national and regional government bodies (decentralised services) and for the private sector. In line with the government's decentralisation policy, SNV has operated as a project implementer in operationalising strategic choices made by the technical ministries and the group of donors involved in the rural WaSH sector (PPEA and the German Agency for International Cooperation, GIZ). SNV has been in charge of training, training of trainers and co-developing and disseminating modules/tools to improve governance in the sector (e.g. leadership) in all municipalities except Cotonou. Implementation was coordinated by the water directorate, and SNV established a clear division of labour with GIZ. With the approach of providing tools, the division of labour and its alignment with national policy, SNV created the conditions needed to ensure the sustainability of certain changes. However, SNV's position as a 'glorified project implementer' is not necessarily in line with the specific added value and comparative advantages one would expect from an international development agency.

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SNV's efforts to develop capacity focused on transferring knowledge to its clients in order to deliver results in a short time, and not necessarily on the development of know-how and empowerment. A comprehensive package of capacity building activities to support local stakeholders, together with hands-on training and practical guidance, would have required a more pronounced geographical concentration and better structured alliances with other development agencies in the municipalities.

## 2: Fruit value chains – Ethiopia

A value chain is a chain of activities, where one or more economic actors in a specific commodity or industry perform in order to deliver a valuable product to the market with optimal economic margins for the various actors involved. A value chain can include a broad set of stakeholders such as input suppliers and extension services, farmers, cooperatives, processors, middlemen, cold rooms, traders, exporters, importers, retailers, etc. Margins may improve through capacity development, efficiency gains, or better regulation and coordination in the value chain. Addressing aspects of an enabling

environment for value chain development is generally sensitive because of diverging economic interests and power issues.

When value chain development is supported in a poverty reduction strategy, the challenge is to improve the market position of the most vulnerable and poorest stakeholders, most often farmers or small local processors. This can be achieved by organising farmers or small processors to access inputs, market outlets, finance and land. SNV aims to ensure that farmers' interests are taken into account by improving their technical skills and economic cooperation with other stakeholders or developing their capacity to participate in platforms.

### SNV's support programme for fruit value chains in Ethiopia

SNV's Business Organisations and Access to Markets (BOAM) programme, 2007-2011, aimed to improve the weak market position of farmers in the Southern Nations, Nationalities and Peoples' Region (SNNPR), and their limited awareness of the potential of fruit as cash crops. SNV identified three main challenges:

- (i) the limited diversity of market segments, channels and products;
- (ii) poor quality fruit and low productivity; and
- (iii) the limited business relationships and the related provision of services to farmers and farmers' organisations.

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The logic of SNV's intervention was never explicit and changed continuously. Power relations were implicitly known by SNV advisors but they were not analysed with the value chain stakeholders and were not addressed in the coordination and priority setting of the value chains. For economic cooperation in the value chains, SNV has supported farmers' fruit marketing cooperatives and their linkages to processors as a way to break the power of illegal traders.

SNV envisaged achieving:

- (1) new market arrangements that would be more profitable for cooperatives and guarantee more stable incomes for (more) farmers, in which improving the quality of fruit was seen as essential;
- (2) a shared commitment among value chain stakeholders to develop knowledge and create an enabling environment for value chain development in favour of farmers; and
- (3) the availability of professional, stable (local) service and input providers for farmers.

SNV's capacity development strategy focused on introducing and learning from innovations in the value chains, on facilitating cooperation between stakeholders to create and strengthen market linkages and on integrating technical knowledge and skills in the value chain. SNV's main roles were

- (i) facilitator of contacts between stakeholders and of joint reflection in value chain coordination groups;
- (ii) knowledge broker, providing market information and market linkages mainly via the coordination groups; and

- (iii) funder and coach of innovation projects for selected clients in the value chains. SNV also contracted local service providers to deliver training to (model) farmers to complement the government extension system.

Objectives (impacts) Results indicators	Improved incomes for apple, mango and pineapple farmers	
Target group/ ultimate beneficiaries	Poor farmer families	
Objectives (CD) Results indicators	Upgrading value chains for apple, mango and pineapple. <ul style="list-style-type: none"> <li>• New market arrangements that would be more profitable for cooperatives and for (more) farmers.</li> <li>• An enabling environment for the production of quality fruit, investments in the sector and more efficient/stable marketing arrangements.</li> <li>• Stable and efficient (local) service and input providers for farmers.</li> </ul>	
Programme period	Business Organisations and Access to Markets (BOAM) programme, 2007-2011	
SNV core funding	0.0 (0%)	
External funding	EKN (91%), Irish Aid (9%)	
Total ODA	EUR 1,176,429 (apple VC 46%, mango VC 14%, pineapple VC 39%)	
Total advisory days	3929 days	
SNV advisors	2613 days (69%)	EUR 569,634 (90%)
Local service providers	1316 days (31%)	EUR 38,545 (10%)

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SNV has supported five groups of clients:

- three *coordination groups* (CGs) for the apple, mango and pineapple value chains have received continuous support;
- nine *cooperatives* for apple, six for mango, and two for pineapple. The strongest cooperatives received support to develop their businesses and market outlets, while the support to pineapple cooperatives has been very limited;
- *Agricultural and Rural Development* (ARD) offices that provide extension services to farmers have been supported to improve their capacity to train farmers on fruit tree management and to distribute seedlings of new varieties;<sup>52</sup>
- *Medium and Small Enterprises Development Agency* (MSEDA) has been supported to train and coach small processors and to coordinate the value chains; and
- *private sector organisations* have been supported to improve their commercial links and services to cooperatives or farmers (processors, investors, retailers), and to supply improved planting materials (private nurseries, research laboratories).

<sup>52</sup> Several specialised institutions have been involved in training ARD staff and farmers, and in identifying improved varieties and supplying planting materials.

## Changes in the capacity of SNV's key clients, coordination and the enabling environment

### Capacity development of SNV's key clients

Client groups that have received support from and still depend on SNV are the value chain coordination groups, MSEDAs, cooperatives and the Agricultural and Rural Development (ARD) offices that provide extension services to farmers. The *coordination groups* (CGs), still at an early stage, have developed their capability to bring together a wide range of value chain actors, but an open culture to discuss realities on the ground and to analyse farmers' realities, remains difficult. The sincere commitment of actors is questionable; government representatives or decision makers often do not attend CG meetings, and their follow up of recommendations of the CG between meetings is inadequate. The *cooperatives* are socially oriented (focusing on poor farmers), and reasonable sales. Their leadership (mostly male dominated) and members have a better knowledge of technical innovations. Only a minority of cooperatives with a strong business orientation have improved their capability to remain relevant by exploring new markets or encouraging their members to produce better quality fruit. The ARD extension staff are more aware of technical innovations (fruit tree management) thanks to the training, but their services to farmers remain limited due to the lack of commitment, high staff turnover and top-down agenda setting. Overall, the changes in capacity appear to be strongest in the apple value chain, medium for mango, and weakest in the pineapple value chain.

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### Coordination

The coordination groups established by SNV have to some extent enabled collaboration between a wide range of relevant stakeholders, which was non-existent before. Bilateral cooperation between the stronger cooperatives and fruit processors, and between knowledge institutions and the cooperatives, has also improved. But SNV has not supported farmer representatives to participate in discussions or to make their voices heard in the coordination groups. Representatives of government and financial institutions do not participate on a regular basis and a coherent vision of market development still needs to be developed. MSEDAs have not yet taken up the task of coordination, and is hampered by high staff turnover. In Chench district, the ARD has been strengthened to monitor the apple sector and to facilitate a local extension coordination forum, which it does successfully.

### Enabling environment

Awareness of the potential of quality fruit as cash crops for poor farmers has increased. The government, MSEDAs and the Ethiopian Horticulture Development Agency have ranked fruit as priority crops for poverty reduction. Public agencies (like MSEDAs) have slowly but surely started to adopt a value chain approach and to build partnerships. However, the government is less straightforward about developing a regulatory and policy framework for the fruit sector. For example, official quality standards for fruit do not exist or are not applied, and there is no effective certification body. MSEDAs have played a role in regulating and promoting the development of small and medium enterprises, but is not yet a recognized leader of the value chain. Moreover, the government continues to support the public marketing agency and public nurseries, instead of giving priority to private sector

development. The requirements of the financial sector and the products they offer have not been adapted to the fruit sector or are not yet a priority, and the investment climate is not well developed. The socially oriented fruit and vegetable marketing cooperatives do not have a clear legal status and identity, they are not yet fully business oriented, and in the SNNPR they are not allowed to invest in joint ventures.

### Capacity development of local service providers

Of a total of 3929 advisory days, more than 1300 (31%) were delivered by local service providers and more than 2600 (69%) by SNV. SNV has supported two types of local service providers. The first group includes *business consultants / consultancy firms* contracted by SNV to provide business training for the cooperatives, conduct value chain analyses and facilitate the CGs. SNV has supported them to adapt their services to the capacity of cooperatives or CGs. These local service providers have also been supported by specific competency and professional internship programmes (with German GIZ and Dutch aid agency ICCO) to build their knowledge and experience on the value chain approach and business development. These local service providers have broadened their client base and deliver services independently of SNV. They have not really developed their competences to strengthen the cooperatives as they have no comprehensive capacity development strategy.

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The second group of local service providers includes *specialised knowledge institutions* that have the capacity to replicate mass training and extension activities that target farmers. They have been linked to ARD offices and private sector actors, and are recognized by other stakeholders up to the national level for their innovative approaches and insights. They are also active members of the CGs. However, most of them will have to reduce the scale of their support when SNV funding comes to an end.

### Poor people's access to basic services and products

#### Access

The evaluation found that since 2008 40,000 farmers have been trained in fruit tree and fruit management via *woreda* (district) ARD and local service providers, compared with none before that time. The number of farmers trained in apple tree management is especially impressive (25-30% of apple growers). 57% of the trainees were satisfied with the training, mainly those trained by local service providers subcontracted by SNV. The introduced technologies and varieties have been adopted by 20-30% of farmers in the intervention area. Households have expanded their fruit production, but at the expense of other crops. Nonetheless, fruit growing remains small and unspecialised. Expansion of fruit production is hampered by the limited land available and the need to grow staple crops like false banana for food security. Farmers are also reluctant to replace old varieties with new ones because of loss of harvest for some years. Training and follow up of farmers, as well as the system to provide tools, need to be intensified. The affordability of quality apple seedlings remains a challenge.

With regard to market development, more mango and apple traders have entered the market and buy fruit directly from farmers, slightly improving the farmers' position in the market. Moreover, new varieties of pineapple and mango fetch higher prices. Apple and mango farmers now have access to market information, which has enabled them to obtain better prices and to increase their sales via the cooperatives. However, this is the case only with better quality fruit, small volumes and a limited number of cooperatives. In reality, farmers continue to pick fruit before it is ripe, and they still sell most of it in bulk (i.e. a mixture of ripe and unripe fruit) at low prices because they need cash, they lack the tools and knowledge they need to produce high-quality fruit or there is no cooperative in their village.

### Poverty focus

Poor households and women can in principle benefit from higher prices, and are aware of the potential of fruit as cash crops, but they continue to sell unripe fruit because they need the money. Poor families tend to be excluded because successful cooperatives are increasingly targeting progressive farmers who are prepared to go for more aggressive and riskier trade. Other limitations for poor farmers are that many of them do not understand the complexity of market mechanisms, particularly in the case of the pineapple value chain. Remarkably, cooperatives and ordinary farmers have not received specific support to participate in value chain regulatory bodies or coordination groups in order to make their voices heard. The coordination groups do not continuously assess progress or the needs of poor farmers.

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### Gender

SNV's decision to focus on fruit value chains was partly motivated by the fact that these are traditionally women's crops. Whereas in the past selling fruit was considered as a way for women to generate extra incomes, men are now also aware of the market potential and the need to produce quality fruit. It is unfortunate for women that the income and control have moved from women to men. For pineapples, women have relatively more control over a guaranteed part of their incomes. The leadership of cooperatives is mainly male dominated. Women have limited access to tools and technologies. No compensating livelihood measures have been promoted to discourage women from selling unripe fruit to cover their immediate household expenses.

### External factors that have influenced programme results

Several external factors have had a significant influence on the results achieved:

- (i) the increasing local, national and international demand for fruit, especially apples;
- (ii) Ethiopia's extensive local agricultural extension network; and
- (iii) the government's commitment and efforts to promote fruit and vegetable marketing cooperatives, which should help poor farmers to improve their access to markets.

In reality, the transition to a market economy and the creation of a favourable investment climate in rural areas is not straightforward. Other barriers are:

- (i) rural households have very limited land of poor quality;
- (ii) the lack of support from other agencies for fruit value chains;

- (iii) serious problems facing unions and cooperatives, especially their financial accountability and transparency to their members; and
- (iv) top-down policy making and the government's lack of interest in donor support for organisational development.

### Sustainability

The fruit value chains are not yet sustainable. Changes at the level of individual clients, such as market linkages established and knowledge developed, may not be sustainable if they are not sufficiently embedded within a full organisational development process that guarantees continued improved performance. The sustainability of the coordination groups is uncertain given that individual organisations are relatively weak. The improved knowledge of the ARD extension staff may be lost due to staff turnover. For the cooperatives, the absence of an extension system or a training of trainers (ToT) strategy may mean that the knowledge of technical innovations acquired by their leaders and members may be lost. Furthermore, the lack of funds from donors other than SNV in the intervention areas is restricting the provision of training. The capacity of MSEDA is affected by high staff turnover, and private sector investors are discouraged by the limited access to finance and their fragile market situation.

### SNV's effectiveness

#### SNV's contribution and attribution

Several important achievements can be attributed to SNV.

- (i) For actors in the value chains, SNV has brought together stakeholders in the coordination groups, promoted the potential of the three fruit value chains for poverty reduction, provided access to market information, developed new knowledge and facilitated joint reflection on innovations and goals.
- (ii) Practical knowledge of tree management and new varieties in the government extension services and for apple into the cooperative system.
- (iii) It has complemented the extension ToT system by training model farmers and farmers (apples, mangoes) and members of cooperatives via local service providers (access).
- (iv) It has connected cooperatives to processors and to markets (mangoes, apples) and strengthened the cooperatives' capacity to develop their businesses and explore markets.
- (v) SNV has contributed to the availability of good quality planting materials by identifying new varieties and integrating this knowledge into the extension services, and by supporting linkages between knowledge institutions, private nurseries, cooperatives, ARD offices and farmers. These improvements, together with the growing demand for fruit, have created a new dynamism in the system.

However, SNV has not succeeded in supporting coordination groups to question strategic orientations or external conditions. In the implementation SNV has devoted little attention to the position of farmers in the 'connecting people approach' given that their position is still poor and little objective information about farmers is available and analysed. SNV has

not addressed some limiting constraints in the institutional context of Ethiopia, several organisational weaknesses of its clients, or prepare an exit strategy, all of which have resulted in limited sustainability and fragile upscaling of results.

### SNV's way of working

SNV's operations are of good quality and are aligned with the government's strategies. SNV is recognized by partners for promoting innovations in the value chains and for investing in the 'soft side' of capacity development. However, SNV's capacity development support has consisted of a fragmentary set of interventions that were assumed would catalyze its clients and systems, but in reality this fragmentation has made it difficult to generate a continuous process of capacity development of organisations and value chains. With regard to SNV's strategic choices of the type of clients, intervention logic, approach and role, these choices were often not based on evidence at the field level, documented or re-questioned (lack of second-order learning). Many strategic decisions have been taken by SNV advisors who do not have a continuous strategic overview. It would need a lot of time, courage and diplomacy to question, for example, basic issues with their clients in the top-down policy context in Ethiopia. Perhaps related to SNV's search for programme funding, SNV has tended to speed up the implementation of processes using its broad network, including local service providers, without questioning the approach in in depth.

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With regard to upscaling, SNV does not have a strategy or set of conditions that need to be in place. Several external factors have undermined upscaling, including:

- (i) the farmers' lack of commitment to deliver better quality fruit because of their livelihood security considerations;
- (ii) the weakness of government policies to develop the fruit sector (other than to promote exports), the unfavourable investment climate in rural areas and the weak financial commitment of private actors;
- (iii) the quality of the traditional extension system and top-down policy setting at regional and national levels; and
- (iv) the weakness of the farmers' 'voice' in multi-stakeholder dialogues.

SNV did focus on poverty and gender in the programme identification phase and has taken measures to address some of the risks for poorer farmers, but there are also some shortcomings linked to:

- (i) implicit assumptions in combination with weak monitoring of farmers' priorities;
- (ii) limited risk assessments and inadequate measures to ensure the livelihoods of households (including women);
- (iii) the limited attention paid to enabling farmers to make their voices heard in multi-stakeholder processes, and
- (iv) facilitating more permanent contacts between farmers and the private sector.

### 3: Edible oilseed value chains – Tanzania

Prior to 2007 the Tanzanian government regarded sesame and sunflower as minor crops. Today, both crops have high priority at the national level because of growing demand for edible oil and oilseeds, and their potential to contribute to incomes of poor people and to reduce the import bill for crude vegetable oil. The regulatory framework and measures to promote entrepreneurship are rudimentary, especially at the rural level. Moreover, the state controls or influences business and marketing in the agricultural sector, especially for export crops such as sesame. The state plays a role in price setting of sesame and in establishing agricultural marketing cooperative societies (AMCOS). District and village councils and unions collect taxes and levies on local transactions but not all actors are aware of the legal framework and little of these revenues flow back to development of these crops. The accountability of local government authorities (LGAs) and unions to councillors and farmers about these revenues and investments in the agricultural sector or specific commodities is weak and was rarely questioned by councillors and farmers in the past. Finally, commodity policy making in Tanzania is highly fragmented, which does not contribute to a democratic or coherent policy-making process. Coordination among actors in the subsector of edible oilseeds has not been sufficiently developed to improve the economics of value chains<sup>53</sup> or to address policy issues.

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#### SNV's programme to support oilseed value chains

SNV's intervention logic does not include outcomes or impacts at the level of farmers' access to markets or services, but it does make many assumptions. For both sunflower and sesame, although not clearly explained in the intervention logic, SNV's support was aimed at integrating farmers into markets in a more rewarding and competitive way. In the sunflower value chain small and medium processors were expected to take over the role of industrial refineries and middlemen to buy seeds from farmers, and in doing so to end speculation and stabilize the market for farmers. In the sesame value chain SNV's support to the AMCOS has been central in improving their members' productivity and in their demands to unions and local governments that they participate in the warehouse receipt system (WHS).

SNV's capacity development strategy is not clearly described. SNV has brought together key actors in multi-stakeholder dialogue and alliances to take action in the sector, and set up the Oilseeds Multi-stakeholder Forum (OMSF) to enable actors to discuss, agree and coordinate priorities and action for policy changes. The multi-stakeholder dialogues resulted in the formation of the Tanzania Edible Oilseeds Alliance (TEOSA) and the Central Zone Sunflower Processors' Association (CEZOSOPA). In addition, SNV has also supported marketing cooperatives for sesame (AMCOS) by providing them with information to encourage dialogue and collective action. SNV has directly supported processors to develop

<sup>53</sup> For an explanation of the value chain approach, see the introduction to the programme in Ethiopia.

sustainable relations with farmer groups and LGAs to provide farmers with extension services and credit. SNV has contracted local service providers to train farmers and processors, to assess the capacity of farmers and processors' associations, to facilitate multi-stakeholder platforms and to develop knowledge. SNV also organises thematic meetings for local service providers once or twice a year.

Table 3 Overview of the edible oilseed value chains programme in Tanzania.		
Edible oil value chain; sunflower and sesame – Tanzania		
Objectives (impacts) Results indicators	<ul style="list-style-type: none"> <li>Increased incomes from oilseeds for at least 40,000 households in nine regions by 2015.</li> <li>Improved performance of edible oilseed processors.</li> <li>Improved edible oilseeds business environment.</li> </ul>	
Target group/ ultimate beneficiaries	Poor farmer families	
Objectives (CD) Results indicators	<ul style="list-style-type: none"> <li>Upgrading value chains for sunflower and sesame</li> <li>Improved performance of producer farmer groups in organising and managing group members.</li> <li>Improved performance of alternative financial institutions in meeting the expectations of value chain segments.</li> <li>Improved performance of oilseed producers and processors to analyse and understand information for business growth and equity.</li> <li>Improved performance in knowledge and framework for contract farming among producer groups, processors/buyers.</li> <li>Improved performance of edible oilseed processors in collective access to capacity development services through associations.</li> <li>Improved governance of edible oilseed alliances to influence policy change.</li> <li>Improve oversight functions within local government authorities for developing edible oilseed value chains.</li> </ul>	
Programme period	2005-2011 (sesame since 2009): support to both value chains is ongoing	
SNV core funding	EUR 1,209,590 (97%) (2007-2011)	
External funding	3% (mainly FAO to establish regional chapters of TEOSA and CEZOSOPA in 2011).	
Total ODA	EUR 1,247,000	
Total advisory days	4091	
SNV advisors	Days 3281 (80%)	EUR 1,078,773 (88%)
Local service providers	Days 810 (20%)	EUR 141,857 (12%)

SNV has supported seven main clients:

- The *Oilseed Multi-stakeholder Forum (OMSF)*, to coordinate activities mainly for sunflower value chain development. The OMSF no longer exists, but two other associations emerged from it (TEOSA and CEZOSOPA).
- The *Tanzanian Edible Oilseeds Alliance (TEOSA, national)*, to influence policy.

- The *Central Zone Sunflower Processors' Association (CEZOSOPA)* and the *Association of Edible Oil Processors in Manyara (UMAMBE)*, two regional associations of sunflower processors, to access finance and business development services and to improve economic connections with farmers via contract farming.
- The *Manyara Agricultural Initiative (MAI)*, a multi-stakeholder platform for agricultural development in Manyara (including sunflower), to coordinate and lobby on behalf of the sunflower sector.
- The *ILULU Cooperative Union and Masasi-Mtwara Cooperative Union (MAMCU)* in Lindi and Mtwara are farmer unions active in the sesame trade. In reality, the AMCOS (members of ILULU) were selected as entry points rather than the unions because of their weak position towards the unions and local government authorities in the marketing system.
- *Producer farmer groups (PFGs)* for sunflower have received indirect support from SNV via its support for one processor (Songela) to introduce 'trust-based' contract farming.
- *Local government authorities (LGAs)* have not received direct support from SNV but it was assumed that their capacity would develop as a result of their interactions with producers', processors' and sector associations.

## Changes in the capacity of SNV's key clients, coordination and the enabling environment

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### Capacity development of SNV's key clients

In 2011, following complaints from the AMCOS, the unions and LGAs abandoned the warehouse receipt system and introduced a new marketing system for sesame. Since then, the AMCOS have been able to sell their sesame directly to private buyers, avoiding the taxes and levies set by the unions and thus receive higher prices. With the new marketing system, the AMCOS have been able to negotiate prices and to raise internal capital from/ for sesame, but market prices are not yet linked to the quality of seeds. The AMCOS do not have adequate access to market information or to alternative market outlets, other than traders who approach them. SNV's training has contributed to improved leadership, mainly male-dominated, and governance which, together with the improved prices, have helped to regain the trust of members.

Today, *sunflower* processors and farmers are better organised and the number of small and medium processors is increasing. The organisational capacity of processors, associations and newly established producer farmer groups via trust-based contract farming, an initiative of SNV, is rather weak, although it has increased the production capacity of producer farmer groups (higher yields per acre, seeds with higher oil content). But the farmer groups have not yet organised collective sales, have not developed a stronger market position, and do not have a better understanding of marketing mechanisms. The sunflower processors' associations, established with SNV's support, have committed leaders who have been able to influence general trade policies for processors, but not to improve their access to trade credit, collection centres or reliable supplies from farmers. Small processors are unable to oppose the market power of the large refineries and speculative middlemen, as the stronger processors are able to do.

### Coordination

Sesame farmers, small processors, seed regulation bodies and seed companies are now linked via sector alliances triggering better coordination. The commitment of stakeholders is strong, but the alliances are still young and dependent on donor funds, including from SNV. The interactions and dialogue among actors has increased the coherence in the sector, which was non-existent before. However, the differences in the identity of the associations and alliances are not clear yet for members and sometimes their leadership partly overlaps, which are typical features of young organisations. Sunflower stakeholders, and especially processors, are over-represented in the national alliance, while the representation of farmers in TEOSA (legitimacy) is weak.

With regard to sesame, the local coordination of the AMCOS and LGAs has also improved, and they collaborate to supervise local market transactions. However, there is no systematic feedback from the LGAs to the AMCOS and no exchange of sector information. Tanzanian knowledge institutions have gained insights into the edible oil sector (mainly trade, political economy, and technical issues) that has found its way to stakeholders and policy makers.

### Enabling environment

Edible oilseeds have evolved from a minor crop to one of the seven priority crops in the new (draft) agricultural strategy. The government has invested in local sunflower refineries for small processors and also subsidises improved seeds. More donors have invested in the sector since 2011. Although government policy is following only slowly, but the LGAs have prioritized sunflower for extension and have taken the lead in training farmers, and have introduced 'quality declared seeds' in high-potential areas. But the budgets that LGAs make available to develop sesame or sunflower are considerably smaller than the increased taxes they collect from the trade in these crops. The participation of small processors in national policy making, which used to be dominated by the large refineries, has improved, although the large refineries have retained their political and economic power over small processors and farmers.

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For sesame, the abolition of the warehouse receipt system and has been an important change for the sesame market, although the new marketing system has not yet been officially accepted by the regional government. There are no quality standards for improved sesame seeds. Competition in the local market is still limited (two or three buyers may be active in one area) and price setting is not yet fully free. The AMCOS do not have access to alternative market outlets.

### Capacity development of local service providers

SNV contacted local service providers to deliver 20% of SNV's advisory days between 2007-2011 (810 primary process days, or PPDs). The results of SNV's capacity development support to local service providers vary. SNV has guided and supported well-established specialised knowledge institutions such as the Economic and Social Research Foundation

and Sokoine University, and together they have identified new pathways and opportunities for knowledge development and brokering. They are also increasingly using information from their own networks for policy making, learning events, articles or in forums. But local, rural, and often weaker advisors have also been contracted to provide training or organisational capacity assessments of farmer groups or to train processors. SNV monitors the execution of their contracts, but there has been no systematic follow-up to ensure the relevance, quality and the results of their work. SNV maintains contacts with its clients but does not systematically document its support and progress in capacity development. These local service provider advisors of course gain experience, get to know the local organisations and learn how to adapt their training to the capacity/interests of local actors. SNV has not provided significant support to further their expertise on capacity development. One of the explaining factors is that the staff of SNV Tanzania understand the value chain approach and have experience with system and knowledge development, but little experience in supporting organisational capacity development processes.

## Poor people's access to basic services and products

### Access

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A large number of sunflower farmers have been trained on sunflower agricultural practices and post-harvest technology, and have access to improved seeds at a better price due to LGAs increased priority and investments in the sector, but also through processors who have introduced trust-based contract farming. Processors are increasingly providing training for farmers (about 6000 so far) and are able to reach more poor farmers than the traditional extension system. More improved sunflower seed is available in the villages provided by contract processors, sometimes on credit. The use of improved seeds has resulted in higher yields, which ultimately contributes to increased incomes. The use of improved seeds is higher among farmers under trust-based contract farming as they are better supported and followed up. Other farmers are more hesitant because the seeds are softer, and so more easily eaten by birds, or they do not trust the quality of the seeds. Poor marketing keeps farmers vulnerable. Most farmers from contracted producer farmer groups sell their seeds with a higher oil content to the contract processors, even though they are paid the same prices as for traditional seeds. Most of them still sell individually and have not organised collective sales. Farmers are not able to compare the costs and benefits and have little insight into their own market position. They remain price takers and middlemen can raise or reduce the price they pay at any time.

About 550 sesame farmers have been trained in agricultural practices and improved seeds by SNV and others. The training has not spread between farmers because only a limited number have been trained and the AMCOS have no extension system in place. The majority of farmers do not use (or continue to reuse) improved seeds for various reasons: some farmers who tried the new seeds had problems because seeds are not resistant to drought; the farmers and AMCOS do not have access to credit for seeds; the improved varieties involve too much additional work; the investment is seen as too risky; or the market does not pay farmers according to the quality of their seeds (they also do not understand price

setting mechanisms). Under the new marketing system, farmers are paid higher prices and are paid immediately by the AMCOS (under the warehouse receipt system payments were often delayed) and so sell six times more of their sesame to AMCOS.

### Poverty focus

Both sesame and sunflower are important crops for poor farmer families. This is most obvious for sunflower, with its drought resistance, low labour demand and the low potential for other cash crops in the concerned areas. Poor *sunflower* farmers, men and women, who are members of the producer farmer groups established by Songela (contract farming supported by SNV) benefit from the services provided. The poorer the farmers, the more they depend on the subsidised sunflower seed and credit provided by Songela. Most poor farmers have resorted reusing the improved seeds if they cannot obtain seed on credit. To guarantee the inclusion of poor farmers, they should be able to participate in the debate on quality standards of seeds, and to access market information. With regard to *sesame*, poor people benefit equally from the training and improved marketing, but a number of persistent problems prevent them accessing services and markets: they cannot assess the costs and benefits of improved sesame seeds, their market margin, and they are not paid a better price for better quality seeds.

### Gender

Both sesame and sunflower are typical women crops and this was one of the reasons why SNV selected these to focus on these value chains. For both crops, women continue to play an important role in production and commercialization decisions. For sunflower, women are well represented in the farmer groups and in their leadership, but not in the AMCOS. The evaluation finds that SNV paid only *ad hoc* attention to improving the position of women, and did not take into account several causes:

- (i) for both crops, improved varieties are more labour intensive for women;
- (ii) land ownership issues prevent women expanding their area of sesame; and
- (iii) many women find it difficult to calculate the costs and benefits of improved seeds and to understand market mechanisms.

### External factors that had influence on programme results

Four external factors have contributed to the positive developments in the edible oil sector:

- (i) growing markets;
- (ii) the government's strategic interest in local edible oil production to replace imports of crude edible oil;
- (iii) the government's strategic interest in drought-resistant sunflower as a potential crop for poverty reduction;
- (iv) the interest of local governments in recovering their reduced tax income from the sesame trade due to the failures of the warehouse receipt system; and
- (v) the considerable organisational and institutional support that sunflower processors' associations (CEZOSOPA and UMAMBE) received from RLDC (Swiss Aid) and recently USAID.

Some factors have limited the development of the oilseed value chains:

- (i) speculation by oil refineries and middlemen has a strong influence on the prices of oilseeds and oil, and the continuous political pressure from oil refineries to import cheap crude oil;
- (ii) the national farmers' organisation (MVIWATA) represents weakly sunflower and sesame farmers (except for sunflower farmers in Manyara and Chunya, which are supported by other NGOs);
- (iii) the weak motivation of local governments agricultural extension staff, who receive little compensation for operational costs and their services are poorly planned;
- (iv) the government's interest in promoting private sector development remains theoretical (in practice it interferes in the market, especially at the local level and for sesame); and
- (v) quality control of locally produced 'quality declared seeds' (sunflower), is rather weak because of the poor implementation capacity of the Tanzanian Official Seed Certification Institute (TOSCI).

### Sustainability

SNV has laid the basis for value chain development by connecting stakeholders, encouraging joint priority setting and influencing policies, but the further development of established associations and alliances is needed to guarantee their sustainability. However, the limited attention to the organisational development of member organisations at the meso-level has also weakened the capacity and sustainability of the multi-actor constellations. The fact that SNV trained processors and farmers and established regional chapters without the involvement of the associations/alliances, means that most results cannot yet be regarded as sustainable. The sustainability of farmers' access to services and markets is mixed but generally weak. Contract farming could continue on a smaller scale, depending on the financial strength of the processor after the subsidy comes to an end. In general, significant constraints continue to exist and have not been questioned sufficiently by the alliances or SNV.

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### SNV's effectiveness

#### SNV's contribution and attribution

For *sunflower*, a number of results can be attributed to SNV. Connecting stakeholders by establishing TEOSA, its two regional chapters and the small and medium processors' associations CEZOSOPA and UMAMBE has been a unique step in the development of the sector. The attention to small processors has also been innovative. TEOSA has coordinated the efforts of its most active members (CEZOSOPA and TASUPA) to influence national trade policies for edible oilseeds. For sesame the representation of unions involved in sesame in TEOSA can be attributed to SNV.

For both value chains, the new knowledge of the sector developed by Tanzanian knowledge institutions, mainly concerning the political economy of trade and technical issues, can be attributed to SNV. This knowledge has found its way to stakeholders and policy makers.

SNV has also contributed to certain changes in the *sunflower* value chain:

- (i) the availability and knowledge of improved seeds among 50 new farmer groups that was realised through trust-based contract farming of Songela (supported by SNV);
- (ii) the improved linkages and relations between local governments, producer groups and small processors at the local level via the support to Songela; and
- (iii) the improved access of UMAMBE and CEZOSOPA to the Cooperative Rural Development Bank (facilitated by the Rural Livelihood Development Company) and to UMAMBE's own refinery (with UNIDO and the Small Industries Development Office, SIDO).

For *sesame*, SNV contributed to the AMCOS' awareness of the weakness of the existing marketing system and their own weak position within it. This probably strengthened the AMCOS' confidence to continue to complain to the LGAs about the system, which was subsequently changed to the benefit of AMCOS and their members.

For *sunflower*, SNV did not address or was unsuccessful in changing:

- (i) the organisational development of TEOSA, CEZOSOPA and UMAMBE, where significant gaps remain, and are being addressed by other donors;
- (ii) the voice of sunflower farmers is not strong or well represented in the sector associations, and their position in the market remains weak;
- (iii) business development of CEZOSOPA's members remains weak – few make use of business plans, have computerized accounting, or have been able to obtain credit from alternative financial institutions;
- (iv) small processors still suffer from power imbalances in the market, in particular the political and market power of the large refineries and middlemen; and
- (v) trust-based contract farming has not evolved out of its experimental phase.

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For *sesame*:

- (i) farmers do not have better access to training or improved sesame seed;
- (ii) the AMCOS do not yet have access to new markets or more rewarding outlets – the potential momentum of the new marketing system has not helped to improve their capacity to explore markets or negotiate prices; and
- (iii) the confidence of the AMCOS to demand better extension services from the LGA has not yet been adequately strengthened.

### SNV's way of working

The government regards SNV as a reliable partner whose work is aligned with national agricultural strategies and priorities. At the same time, SNV has questioned the roles and positions of stakeholders in the value chains in a diplomatic way. Poverty and gender played a role in the identification of the value chains and clients, but there was no analysis or follow up on the possible effects for poor people / farmers. Thanks to its network of local service providers, SNV was able to roll out the programme in a short period of time. Some of SNV's strategic choices were relevant and innovative while others were often based on unjustified assumptions. SNV's internal learning by re-questioning basic assumptions and

external constraints related to its strategies, position, intervention logic and replication remains a challenge (second-order learning). SNV continues to promote the same 'solutions'. The question is to what extent SNV can afford second-order learning, given the drive to speed up the process to promote its approach in order to attract funds.

SNV's support involves facilitating multi-actor processes, brokering linkages, organising exchange visits, training, and developing and distributing manuals. Its support for capacity development often lacks an intervention logic with clear objectives, a strategy based on evidence and documentation. In some cases SNV has taken the initiative and has started to implement interventions itself if the clients do not act sufficiently quickly. In the case of contract farming, for example, SNV took over the intervention without involving the processor associations or sector alliances.

With regard to organisational capacity development, the initiative mostly comes from SNV and is limited to the initial stages of establishing organisations, in line with its own wider plan to trigger system development and promote institutional relations. However, the sustainability of such systems cannot be guaranteed with low levels of organisational development. SNV staff have good knowledge of the value chain approach and experience with system and knowledge development, but less experience with supporting organisational capacity development processes. With regard to system development, SNV probably underestimated what it would require to break the power of the large refineries. It must also be noted that the duration of the programme was too short to achieve a full transformation of the edible oilseed sector in Tanzania, and that the budget was too limited to enhance the organisational development of all the stakeholders involved.

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## 4: Biogas – Vietnam

Initiatives to develop and disseminate biogas plants in Vietnam started more than 50 years ago. Despite various ups and downs, biogas technology developed rapidly between 1990 and 2000 with assistance from the government and international organisations. Between 2003 and 2005, a national biogas and animal husbandry programme (BP phase I) funded by the Ministry of Foreign Affairs of the Netherlands was implemented by SNV in collaboration with the Livestock Production Department of the Ministry of Agriculture and Rural Development (DLP/MARD). The overall objective of the programme was 'to further develop the commercial and structural deployment of biogas, at the same time avoiding the use of fossil fuels and biomass resource depletion'. After an interim phase in 2006, the programme was launched in 2007. This was followed by a second phase (BP II) of four years, which was granted a budget-neutral two-year extension to the end of 2012, and a second extension to 2014 has recently been approved. This second phase of the biogas programme (BP II) is the subject of this evaluation.

## SNV's support to the domestic biogas programme in Vietnam

Domestic biogas could meet basic household demands for energy for cooking and lighting. Biogas digesters can contribute to sanitation and improve soil fertility if the bioslurry can be used in farmers' fields. In order to roll out the programme nationwide, project units have been installed at central and provincial levels that are responsible for programme implementation. SNV's intervention in the sector has focused on support for the Biogas Programme Division (BPD, a project unit embedded in the Department of Livestock Production) that is implementing the BPII, but SNV's support is not limited to that. The BPD supports the Provincial Biogas Project Divisions (PBPDs) that are implementing the programme at provincial level.

In order to roll out a large-scale domestic biogas programme, SNV identified a wide range of functions that need to be executed in a comprehensive and coordinated manner: promotion and marketing, financing, construction & after-sales services, operation & maintenance, quality control, training & extension, research & development, monitoring & evaluation, and programme management. SNV noted that while operation & maintenance can only be executed by the customers, other functions should as far as possible be performed by multiple rather than individual stakeholders in order to avoid monopolies, dependencies and conflicts of interest. This would allow competition on the supply side, from which users would ultimately benefit. Although not stated explicitly, SNV assumed that this would ultimately lead to a commercially viable biogas sector, which SNV sees as a long-term objective.

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SNV is not the only international agency implementing a domestic biogas programme in Vietnam. In 2010 the Asian Development Bank launched the Quality and Safety Enhancement of Agricultural Products and Biogas Development Project (QSEAP) and the World Bank began the Livestock Competitiveness and Food Safety Project (LIFSAP). The QSEAP project works in 16 provinces, of which 12 overlapped with those where the BPII was operating. LIFSAP works in 12 provinces, of which 10 overlapped with those of the BPII. Both QSEAP and LIFSAP are also hosted by the Department of Livestock Production within MARD, just like BPII.

Table 4 Overview of the biogas programme in Vietnam.			
Objectives (impacts) Results indicators	Objectives: To improve the livelihoods and quality of life of rural farmers in Vietnam.	Results indicators: <ul style="list-style-type: none"> <li>• Increased awareness of farming households of biodigesters and products.</li> <li>• Farming households have access to biogas for various purposes (supply).</li> <li>• Farming households have confidence in domestic biogas technologies.</li> <li>• Improvements in health and sanitation.</li> <li>• Reduced environmental pollution and dependency on natural resources.</li> </ul>	
	To develop a commercially viable domestic biogas sector in Vietnam.	<ul style="list-style-type: none"> <li>• Certified trainers.*</li> <li>• Training courses delivered.</li> <li>• R&amp;D studies executed, reports delivered and results communicated to the field.</li> <li>• PR and awareness materials developed and implemented.</li> <li>• Increased capacity of masons and technicians to build, promote and advise on biogas technology.</li> <li>• Technicians and Biogas Project Division execute quality control.</li> <li>• Vietnam Biogas Association established.</li> </ul>	
Ultimate beneficiaries	Poor farmer families with livestock (households with an average income of more than USD 2 per day).		
Programme period	Biogas Programme II, 2007-2011		
SNV core funding	EUR 2629 million (6%).		
External funding	Beneficiaries: EUR 33,036 million (76%); provinces: EUR 2343 million (5%); MARD: EUR 0.293 million (1%); DGIS: EUR 5398 million (12%).		
Total ODA	Total ODA EUR 8 million. Total programme EUR 43.7 million.		
Total advisory days	Cannot be estimated as advisory days of local service providers were not registered.		
SNV advisors 2007-2012	2066 days	EUR 832,551	
Local service providers	Cannot be reliably estimated	The costs of local service providers paid for from SNV's core funding amounted to EUR 134,300. In addition, local service providers have been paid from the programme budget.	

\* The target was to train at least one biogas technician and two mason supervisors (biogas construction enterprises for each participating district) and to have one provincial technician for each provincial biogas project office.

## Changes in capacity of SNV's key clients, coordination and the enabling environment

### Capacity development of SNV's key clients

Organisational and human capacity development of the BPD, the project unit within MARD, had taken place in phase I of the programme prior to 2007, and continued when a new team took over in BPII. Between 2007 and 2010, SNV provided substantial hands-on support. A new programme director (within MARD) in 2009-2010 had a positive impact on BPD staff and working conditions. SNV still provides a hands-on support and the project unit depends on funds from donors. SNV formed a National Steering Committee, with government representatives to advise the BPD, but it has not been very active and the involvement of other line ministries has been difficult. The Vietnam Biogas Association (VBA) was launched in April 2011 to bring together the various stakeholders involved in biogas, which was innovative for Vietnam but has not been a success. The VBA is completely dependent on the support of technical assistants provided by SNV. This multi-stakeholder platform is expected to further develop and stimulate the biogas sector as a whole. The capacity of masons and technicians to build, promote and advise on biogas technology has increased.

### Coordination

Biogas should be integrated in several sectoral policy areas, but inter-ministerial collaboration is almost non-existent in Vietnam and MARD wants to remain the owner of the biogas programme, regardless of SNV's efforts to establish an inter-ministerial national steering committee. One example of the lack of collaboration is the fact that each ministry has its own institutes and universities working on aspects of biogas technology, but the knowledge acquired is hardly shared or coordinated, and the research institutions do not collaborate.

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### Enabling environment

SNV had to fit the programme into the Vietnamese government system given the state control that is prominent in almost every sector in Vietnam. The SNV director appeared to be well aware of the political room for manoeuvre. Many government officials and representatives of the sector are in favour of high subsidies and foresee an important role for the government, as is currently the case, but this is at odds with SNV's ambition to achieve a commercially viable sector with a reduced role for the government. A free market is developing, especially in the high-potential areas and in those provinces where subsidies have remained limited, giving evidence for SNV's policy of keeping subsidies low (in contrast with other donor-supported biogas programmes).

Quality standards are being developed, at the government's initiative, but an effective and transparent regulatory system to regulate and encourage the development of a free market in the domestic biogas sector does not yet exist. Continued ODA support is needed because the government has indicated that it does not have the budget to continue the biogas programmes. A commercial sector is developing outside the government programmes, which could develop faster if there were less competition with government-subsidised programmes. There seems to be a common view, shared by all parties, that a commercially

viable market is something to be desired and to strive for, but realising it is taking longer than anticipated.

### Capacity development of local service providers

Within the programme implementation strategy it was foreseen that several activities would be outsourced to local service providers (training institutes, consultancy companies, etc.). Currently training and quality control have been outsourced. At the programme management level (SNV and the BPD) the execution of the biogas user surveys (BUS) has also been outsourced to consultancy firms that have received on-the-job training when needed. These local service providers have not received systematic capacity development support, but are seen as implementing partners and/or consultants. Although there are fringe benefits of this learning by doing, in that organisations and consultants have been able to build up their expertise (to varying degrees), one consequence is that there are more organisations with experience in quality control in the biogas sector than can participate in tenders (once on the free market).

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The quality of local service providers varies (good in training and quality control, questionable for research), but no capacity development was foreseen in terms of human resources or organisational development, developing their own capacity development strategies, etc. The 'learning by doing' approach has above all contributed to the 'capacity to deliver', in the sense that organisations have gained the technical abilities and experience needed to carry out specific activities. When needed, SNV has provided hands-on support.

### Poor people's access to basic services and products

#### Access

It has been estimated that of the 207,000 biodigesters in use nationwide, more than 60% have been constructed through the SNV-supported biogas programme. During phase II alone (2007-2012) more than 93,000 digesters were constructed, mostly for the 'average' poor families. The demand for biodigesters still exceeds the subsidies available. About 40,000-50,000 digesters are estimated to have been constructed by the private sector in the free market. According to the BUS surveys, the main reason for investing in a digester is to eliminate the smell associated with keeping pigs, allowing households to keep more pigs and so increase their incomes.

#### Poverty focus

From a poverty reduction point of view, it was mentioned in the BPII proposal that SNV would not target the poorest of the poor because they generally do not have the minimum number of livestock required. Mainly the so-called 'average' income class (according to the Vietnamese poverty monitoring system), with per capita incomes of more than about EUR 2 per day, is likely to invest in a biodigester. Biogas reduces household energy costs (wood or gas for cooking), although the main reason for investing in a digester is that it eliminates

the smell associated with keeping pigs. According to the BUS surveys, 65% of households have connected their toilet to their digester, improving sanitation and reducing environmental pollution.

### Gender

SNV did not formulate an explicit strategy for the biogas programme, although women were expected to be significant beneficiaries. With a digester, women do not need to collect fuelwood (a woman's job) and the kitchen environment is healthier. According to the BUS survey, women save an average of 2 hours per day, allowing them to spend more time taking care of the family, to engage in income-generating activities and to enjoy social activities. In the 2012 BUS survey about 30% of women reported that they were earning more money by doing extra work on the farm or running a family business.

### External factors that have influenced programme results

Domestic biogas was already known in Vietnam, especially in the South, before SNV introduced its first biogas programme in 2003, but it had not yet been introduced on a large scale nationwide. Since 2000 several international donors have invested in biogas projects. The support of the DLP and MARD has been crucial in mobilising hundreds of civil servants (technicians) to support the roll out of the programme. They have played an important role in promoting biogas and quality control. The high motivation and performance of BPD staff were crucial in mobilising the provinces and to following up on the scale and the quality of their work. The performance of the various PBPDs has varied, depending to a large extent on the characteristics of each province with regard to the number and type of livestock, its biogas potential and its financial circumstances.

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Other external factors that have influenced the biogas programme have been Vietnam's rapid economic growth and the increased consumption of meat (pork) that has stimulated the pig market and consequently also the interest in biodigesters.

Factors that have hampered the implementation of some parts of the biogas programme include the limited capacity of the vocational schools to provide training for masons, the limited access to credit and an almost non-existent microfinance sector. The government's sectoral approach has made it difficult for the programme to take advantage of opportunities or resolve issues in other sectors such as the environment or energy. Several institutes and universities are involved in research and/or promoting biogas in Vietnam, but the government has no overarching strategy. The approach is project based, which has limited its impact.

### Sustainability

The future expansion of the domestic biogas sector depends on continued ODA support because the government has indicated that it does not have the budget to continue the biogas programme. This also affects the sustainability of the programme. The project unit remains dependent on SNV's support. The BPD, with support from SNV, has secured

additional funding to continue with programme activities, but once that funding stops the poorer provinces will mainly face the consequences. Here domestic biogas is still in its introductory phase and is definitely not yet sustainable without support from a biogas programme or other funding. In the high-potential areas a free market has developed, so that these areas are less dependent on programme funding. Consolidation of know-how is needed with a multi-stakeholder approach that is currently only facilitated by the SNV intervention (VBA) but is not yet common practice.

## SNV's effectiveness

### SNV's contribution and attribution

SNV's decision in 2003 to introduce domestic biogas in Vietnam, starting with support at the central level, opened the opportunity to roll out a well-thought out, large-scale programme over the various provinces in a coherent and systematic way. As a consequence, SNV was able to enter into dialogue with the government and discuss the roles that would gradually need to be taken over by the government or assigned to other actors. Over 130,000 digesters have been constructed since 2003 and over 96,000 during BPII in 2007-2012, with the support of SNV. The quality problems that hampered the breakthrough of biogas in the early days seem to have been overcome, as most households expressed their satisfaction with their biodigesters. Crucial elements such as the availability of credit, and reducing the government subsidies as a free market develops have not been realised yet. SNV is a proponent of a commercially viable biogas sector, with a reduced role for the government. This is in strong contrast with the current situation, where state control is evident in almost every sector. SNV thus had to fit in the Vietnamese government system, otherwise its functioning would have been seriously compromised. Policy changes to encourage a more commercially oriented sector had to happen from within. A common view is that a commercial market is something to be desired and to strive for, but there are diverging views on what steps to take and how to realise it. Nevertheless, SNV has been able to operate well within this institutional and political context.

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SNV's hands-on approach and its support to the BPD and the VBA have resulted in improved capacity of the BPD, not yet of the VBA. There are differences in the quality of the support delivered by SNV and local service providers. The SNV director appears to have been well aware of the political room for manoeuvre.

A free market for domestic biodigesters is developing, especially in the high-potential areas of the Mekong valley and Red River basin, and the further expansion of the livestock sector in these areas is expected to continue to stimulate it. The impact of halting the BPII will likely mainly be felt in the lower potential, generally poorer provinces, where domestic biogas is still being introduced and is definitely not sustainable without support from a biogas programme. The fact that an increasing number of BPII-trained masons are now operating in the free market will have a positive effect on the quality of digesters and the sustainability of the sector. Nevertheless, some biogas programme functions, such as quality control, are not yet performed by the private sector.

SNV has secured additional funding (from ODA and carbon finance from the voluntary carbon market) to continue the programme activities. This will ensure that the past investments will not be lost and will make the domestic biogas sector more robust in the high-potential areas and increase the chances that sustainability will also be reached in the lower potential areas. The added carbon component requires performance evaluations, which are expected to increase quality and sustainability.

### SNV's way of working

Based on its experiences in Nepal, SNV introduced an approach and methodology to roll out the biogas programme in 2003. SNV positioned itself at national level. Given the dominant role of the government, SNV chose to engage and try to establish changes in collaboration with the government, which created opportunities to carry out policy work at the national level. On the other hand, it created difficulties for SNV in achieving its ambition to establish a commercially viable sector with an important role for private actors. SNV's choice of the domestic biogas sector did take gender into account, but poverty to a lesser extent, since it is not the poorest of the poor farmers who invest in a digester. Women are considered to benefit most from the digesters.

SNV considers capacity development as an integral part of the biogas programme, but has not formulated a specific capacity development strategy with objectives and expected results. SNV has adopted a long-term objective that it assumes is clear and shared by all stakeholders. The path to achieving that objective has gained shape through programme implementation. This approach can be justified in the case of biogas sector development in the Vietnamese context. The goal of achieving a commercially viable biogas market is shared by all parties, but the way to achieve this is taking shape only gradually, by experimenting with different approaches. The challenge of this open approach includes proper documentation, substantiating with evidence and clarity about the intermediate milestones. SNV has a vision of the functions that are needed to support biogas sector development, but how these functions can to be translated in the Vietnamese context and what functions (and how) can be taken over by the private sector are the subject of continuous discussions between SNV and the government, and of experimentation.

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SNV has focused on human resources development (training technicians and masons) in combination with organisational development of the Biogas Programme Division at the central and provincial levels. But it has also spent time, energy and resources on facilitating the political dialogue on biogas sector development, harmonising the approaches of the various biogas programmes, contributing to donor harmonisation and establishing a sector organisation (multi-stakeholder platform).

SNV passes on knowledge and outsources a large part of the technical work, capacity building and BUS surveys to its network of local service providers. These local service providers have not received capacity development support, but are regarded as implementing partners. When their performance is successful, it frees up time for SNV to learn new things that in turn can be passed on again. The role of technical assistance has been reduced as the capacity of the Vietnamese counterpart increased. Besides its role in

capacity development, SNV has fulfilled the roles of supervisor, financier and (knowledge) broker. But it has also spent time, energy and resources on facilitating the political dialogue on biogas sector development, harmonising the approaches of the various biogas programmes, contributing to donor harmonisation and establishing a sector organisation (multi-stakeholder platform).

## Annex 6 Evaluability assessment

	Impact	Access	Client output	Client CD	SNV output	System info	ToC
<b>Agriculture</b>							
Cotton VC, Benin	⊗	⊗	n.a	n.a	⊗	⊗⊗	⊗⊗
Fruit VC (apple, pineapple and mango), Ethiopia	⊗⊗	⊗	⊗⊗	⊗⊗	⊗⊗	⊗⊗	⊗⊗⊗
Coffee VC, Rwanda	⊗⊗	⊗	⊗⊗	⊗	⊗⊗	⊗⊗	⊗⊗
Edible oil seeds VC, Tanzania	⊗	⊗⊗⊗	⊗⊗	⊗⊗⊗	⊗⊗⊗	⊗	⊗⊗⊗
Forest products VC, Nepal	⊗⊗	⊗	⊗⊗⊗	⊗⊗	⊗⊗	⊗	⊗⊗⊗⊗
Tea and cardamom VC, Vietnam	⊗	⊗	⊗	⊗	⊗⊗	⊗⊗⊗	⊗⊗
<b>Renewable energy (Biogas sector)</b>							
Biogas Benin	⊗	⊗	⊗	⊗	⊗	⊗	⊗⊗⊗
Biogas Ethiopia	⊗	⊗	⊗⊗	⊗⊗	⊗⊗	⊗	⊗⊗⊗⊗
Biogas Rwanda	⊗	⊗⊗	⊗⊗	⊗⊗	⊗⊗	⊗	⊗⊗⊗⊗
Biogas Tanzania	⊗	⊗⊗	⊗⊗⊗	⊗⊗⊗	⊗⊗⊗	⊗	⊗⊗⊗⊗
Improved watermill Nepal	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Biogas Vietnam	⊗⊗⊗	⊗⊗⊗⊗	⊗⊗⊗⊗	⊗⊗⊗	⊗⊗	⊗	⊗⊗⊗⊗
<b>Water, sanitation and hygiene</b>							
WaSH Benin	⊗	⊗⊗⊗	⊗⊗⊗	⊗⊗⊗	⊗⊗⊗	⊗	⊗⊗
WaSH Ethiopia	⊗	⊗⊗	⊗	⊗⊗	⊗⊗	⊗	⊗⊗
WaSH Rwanda	⊗	⊗⊗	⊗⊗	⊗⊗	⊗⊗	⊗	⊗
Rural Water supply Tanzania	⊗	⊗	⊗⊗	⊗	⊗⊗⊗	⊗	⊗⊗
Sustainable Sanitation and Hygiene for All (SSH4A) Nepal	⊗	⊗⊗⊗	⊗⊗⊗	⊗⊗	⊗⊗	⊗	⊗⊗
SSH4A Vietnam	⊗	⊗	⊗⊗	⊗	⊗⊗	⊗	⊗⊗

⊗: Very Low   ⊗⊗: Low   ⊗⊗⊗: Moderate   ⊗⊗⊗⊗: High

## Annex 7 Overview of SNV's corporate evaluations, 2007-2011

Year	Title	Consultant	Evaluators	Total fee days and €	Manag. Response
2011	Transformation towards market oriented CD	Eka Dunia	Steve Gilbert (Canada), Steve Perry (Switzerland), Paul McCarthy (Canada)	60 days 45.680	Y
2011	Phasing out of Sectors	Conseil	Ian Davies (Canada / France), Mia Sorgenfrei (France), Mohammedou Sy (Ghana)	80 days 62.360	Not yet
2011	SNV-WBCSD partnership	LASSO	Menno and Leonor Oostra (Netherlands / Bolivia)	30 days 35.521	Not yet
2010	Guinea Bissau Country Programme Evaluation	Bean BV	Ben van Baren (Netherlands), Mamadu Jau (Guinea Bissau)	70 days 45.077	Y
2010	Albania Country Programme Evaluation	CDP	Cees Balk (Netherlands), Vezir Muharremaj (Albania)	70 days 46.232	Y
2009	Capacity Development evaluation	Context	Jan Brouwers (Netherlands)	59.932	Y
2009	Benin Country Programme Evaluation	Bean BV	Ben van Baren (Netherlands), William Comlan (Benin)	46 days 25.220	Y
2009	Peru Country Programme Evaluation	ECOPA	Jean-Marie Burgaud (France), Maria Rosa Morán (Peru)	46 days 37.355	Y (only region)
2008	Honduras Country Programme Evaluation	Canadem / Capra Inc.	Gunter Rochow (Canada), Norma Zubickova (Honduras)	37 days 31.981	No
2008	Rwanda Country Programme Evaluation	Ace Europe	Stan Bartholomeeussen (Belgium), Carpophore Ntagungira (Rwanda)	22 days 22.000	Y
2008	Market Access for the Poor Asia	Triodos Facet	Sonke Buschmann	36 days 37.000	Y
2008	Organisational Learning	Intrac	Bruce Britton & Sara Methven	52 days 49.825	Y
2008	Gender mainstreaming	Baastel	Morgot Rothman, Nestorine Compaore	42 days 39.124	Y

2007	Tanzania Country Programme Evaluation	MDF	Teun van Dijk	21 days 16.800	Y
2007	Nepal Country Programme Evaluation	Verulam Associates Ltd.	Paul Thornton (UK), Ashish Shrestha rita Thapa	67 days 35.000	Y
2007	Democratic Republic of Congo Country Programme Evaluation	KIT	Thea Hilhorst (Netherlands), Mipasi A Tezo Lubaki (DRC)	32 days 26.594	No
2007	Market Access for the Poor LA	Triodos Facet	Hedwig Siewertsen, Stefan Platteau	52 days 44.814	Y
2007	Forestry Balkans	Unie van Bos-groepen	Arno Willems	32 days 31.804	Y

Source: SNV, 2012.

## Evaluation reports of the Policy and Operations Evaluation Department (IOB) published 2008-2013

Evaluation reports published before 2008 can be found on the IOB website:  
[www.government.nl/foreign-policy-evaluations](http://www.government.nl/foreign-policy-evaluations) or [www.iob-evaluatie.nl](http://www.iob-evaluatie.nl).

IOB no.	Year	Title evaluation report	ISBN
385	2013	Economic diplomacy in practice: An evaluation of Dutch economic diplomacy in Latin America	978-90-5328-446-9
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383	2013	NGOs in action: A study of activities in sexual and reproductive health and rights by Dutch NGOs	978-90-5328-444-5
382	2013	Op zoek naar nieuwe verhoudingen. Evaluatie van het Nederlandse buitenlandbeleid in Latijns-Amerika	978-90-5328-443-8
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372	2013	Relations, résultats et rendement. Évaluation de la coopération au sein de l'Union Benelux du point de vue des Pays-Bas	978-90-5328-434-6
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347	2011	Table rase et après? Évaluation de l'Allègement de la Dette en République Démocratique du Congo 2003-2010	978-90-5328-402-5
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345	2011	Wederzijdse belangen – wederzijdse voordelen. Evaluatie van de Schuldverlichtingsovereenkomst van 2005 tussen de Club van Parijs en Nigeria. (Verkorte Versie)	978-90-5328-398-1
344	2011	Intérêts communs – avantages communs. Évaluation de l'accord de 2005 relatif à l'allègement de la dette entre le Club de Paris et le Nigéria. (Version Abrégée)	978-90-5328-399-8
343	2011	Wederzijdse belangen – wederzijdse voordelen. Evaluatie van de schuldverlichtingsovereenkomst van 2005 tussen de Club van Parijs en Nigeria. (Samenvatting)	978-90-5328-397-4
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SNV was established in 1965 by the Ministry of Foreign Affairs of the Netherlands as an organisation that sent out Dutch volunteers to work in developing countries. In the meantime the organisation has gone through many changes in structure and policy. These days SNV advisors are present in 36 countries and operate in the sectors Agriculture, WaSH and renewable energy.

In 2007, capacity development and impact were the main objectives of SNV. This mid-term evaluation concerns the subsidy granted by the Ministry of Foreign Affairs of the Netherlands (MFA) to SNV for the period 2007-2015. The original subsidy was EUR 795 million for a period of nine years, which was reduced to EUR 676 million in 2012.

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