



Netherlands Enterprise Agency

Mid-Term review of the Transition Facility

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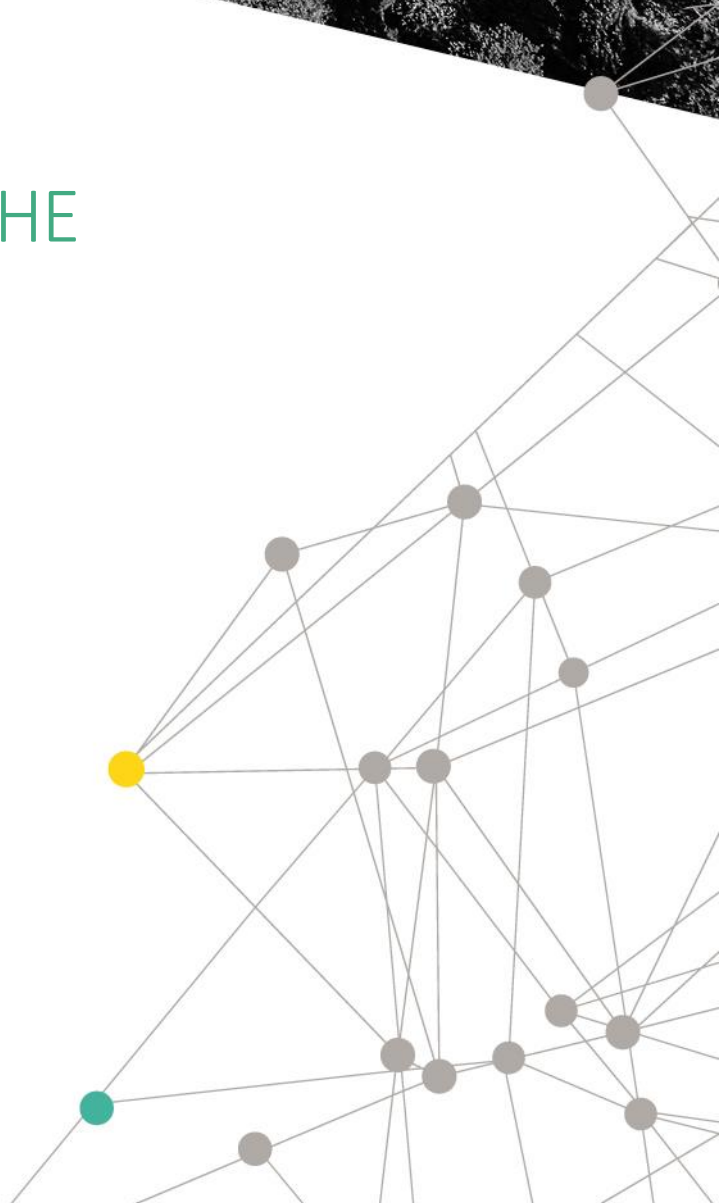
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FINAL REPORT

MID-TERM REVIEW OF THE TRANSITION FACILITY

Client: Ministry of Economic Affairs
Netherlands Enterprise Agency RVO.nl
Date: July 4th, 2017



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Client: Ministry of Economic Affairs
Netherlands Enterprise Agency RVO
(on behalf of the Ministry of Foreign Affairs)



Photo: The Transition Facility intervention “Accelerating the development of a modern greenhouse vegetable production sector in Vietnam” enabled the production of lettuce under protected conditions. Photo: FreshStudio.

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Abbreviations

B2B	Business to Business
BEMO	Appraisal Memorandum
BRICS	Brazil, Russia, India, China and South Africa
CBI	Centre for the Promotion of Imports from Developing Countries
CSR	Corporate Social Responsibility
DDE	Sustainable Economic Development Department
DGGF	Dutch Good Growth Fund
DHI	Subsidy for Demonstration projects, Feasibility studies and Investment preparation
DHK	Subsidy for Demonstration projects, Feasibility studies and Knowledge Building
DIO	International Entrepreneurship Department
DTIB	Dutch Trade and Investment Board
ERQ	Effect Review Question
FDI	Foreign Direct Investment
FIB	Finance for International Business
FMO	Entrepreneurial Development Bank
FOM-OS	Fund Emerging Markets
Fte	Full time equivalent
G2G	Government to Government
GNI	Gross National Income
IDF	Infrastructure Development Fund
IDH	Sustainable Trade Initiative (<i>Initiatief Duurzame Handel</i>)
IGG	Inclusive Green Growth Department
IOB	Policy and Operations Evaluation Department
K2K	Knowledge to Knowledge
MJSP	Multi-annual Strategic Plan
MMF	Matchmaking Facility for Developing countries
MTR	Mid-Term Review
NCH	Dutch Centre for Trade promotion
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
ORIO	Infrastructure Development Facility
PPP	Public Private Partnership
PSD	Private Sector Development
PSI	Private Sector Investment (programme)
PvW	Partners for Water
RVO	Netherlands Enterprise Agency
SITC	Standard International Trade Classification
SMEs	Small and Medium Enterprise(s)
TF	Transition Facility
TK	<i>Tweede Kamer</i> , Parliament
TKI	Top-consortia for Knowledge and Innovation
ToC	Theory of Change
USD	United States Dollar
VRF	Vietnam Relay Facility
WSSD	World Summit on Sustainable Development

Executive summary and main conclusions

The Transition Facility (TF) was launched in 2011 by the then new government as ‘a country specific instrument for (near to) middle-income countries with two objectives: i) to enable the shift from a bilateral development relation towards a mutually beneficial economic co-operation (non-Official Development Assistance -ODA objective) and ii) to improve the business climate in sectors with opportunities for Dutch enterprises’ (ODA objective). After consultation with the Dutch business community -and largely based on the prevailing economic interests at the time- the ‘pilot’ was opened to Colombia, Vietnam and South Africa. TF was closed for new applications in 2014 for Vietnam and in 2015 for Colombia and South Africa, while activities committed already could continue to 2018.

TF’s primary target group was the Dutch private business community with a focus on small and medium-sized companies (introduced in 2012), while the secondary target group was the private sector, the civil society and the public sector in the three target countries. Dutch knowledge institutions and public entities were ‘means and instruments’ for achieving the double objective.

Under the joint administrative responsibility of the ministries of Foreign Affairs and Economic Affairs, TF was co-managed by the embassies of the Kingdom of the Netherlands in the three countries and the Netherland Enterprise Agency RVO. This dual management structure intended to make optimal use of the embassies’ knowledge about the local context and opportunities for the Dutch business community and RVO’s knowledge about the aspirations and priorities of Dutch companies.

TF interventions consisted of subsidies to Dutch companies and institutions; and assignments implemented on behalf of RVO and/or the embassies. The indicative budget allocation was EUR 58.45 million for a period of 4 years. Between 2011 and 2015, the number of interventions counted 348 (147 in Colombia, 141 in South Africa and 60 in Vietnam). TF committed almost EUR 39 million (EUR 27.6 million in ODA and EUR 11.3 million in non-ODA resources), of which EUR 6.4 million was committed from funds delegated to the embassies (ODA only).

This mid-term review covers the period 2011-2015 and is based on (i) analysis of documentation, (ii) policy reconstruction, (iii) over 80 interviews, (iv) field visits to 24 sampled interventions in three countries, and (v) surveys among different groups of stakeholders.

Findings

The launch of TF followed the recommendation by the Netherlands Scientific Council for Government Policy (WRR, 2010) to involve the Dutch business community in the development process in an ‘aid and trade approach’ and was instrumental to the Ministry of Economic Affairs’ policy to intensify public support to Dutch international entrepreneurs and to small and medium enterprise (SME)-starters in international trade and business. In 2013, the policy document *A World to gain* expressed the change in international paradigm about development cooperation by broadening and deepening the shift ‘from an aid portfolio to an aid, trade and investment agenda’. It did not assign any specific role to TF to that end.

TF lacked the time to mature and its period of operation was too short to produce full insight in the effectiveness of different modalities to enhance bilateral trade and commerce. Key characteristics, such as geographical concentration, double management structure and the coordinated input of

different instruments at sector level within a single country were not continued. Other TF features found their way into new instruments, such as the PSD Apps (and PSD Coach¹) instrument in support of the Netherlands' embassies. TF remained a 'bird of passage' in the flock of instruments and approaches for private sector development.

Concept and design

TF was an approach, rather than a funding instrument and had some novel organisational features: a one stop-shop for all instruments available to the three countries; a country specialist programme advisor (instead of an instrument specialist advisor); and the dual management's mandate to explore business opportunities and to initiate activities, independently from requests by Dutch companies. These features resulted into a 'democratisation' in the access of mainly SMEs to instruments for international trade and commerce. Approximately a third of the SME clients were 'first entrants' in the target countries.

The design of TF was from a Dutch perspective: the preferences and interest of Dutch branch organisations were guiding the selection of countries and sectors. Neither the governments of the three countries, nor the local private sector organisations were directly involved in either the design or formulation of implementation modalities. Local businesses or organisations could not apply for support. Seven different modalities equipped the support to Dutch companies, but there were no specific modalities to address constraints in the business climate. Aiming at two objectives with a single instrument can be considered a design imperfection.

Process

TF applied a 'first in, first served' method that matches the programmatic approach. The process implied coaching and supporting firms and organisations throughout all stages of a plan for intervention; the seven support modalities could be supplied in a different sequence ('the cocktail'), hence were all tailor-made and revealed a high degree of flexibility. The method matched the requirements of SME's lacking experience in international commerce, since it did not require a fully elaborated proposal (as in the tender for funds method). However, the 'first in, first served' method does not prioritize automatically the qualitatively 'best' proposals.

RVO and embassies alike not only appraised proposals for support, but also identified business opportunities, as well as trade partners. The establishment of a Transition Desk with country specialist programme managers oriented less experienced Dutch firms. These clients perceived the 'guiding and coaching' as one of the strongest features of TF. This desk contributed to the democratisation in the access to different instruments for private sector support. The reference role implied coordination among the various instruments available (most implemented by RVO, but also those funded by other ministries). TF was functional in developing a 'private sector for development'² approach.

At least 366 companies and organisations (contract partners only) benefited directly from TF support. The appraisal of proposals could have been more critical with respect to the stated project objectives; the envisaged contribution to the business climate; and the sustainability of the activities.

¹ A PSD Coach is a sparring partner for the Dutch embassy. He or she supports the embassy to develop leads for projects aiming at improvement of the business climate and/or removing business barriers. The PSD Apps is open to 68 countries.

² In literature a distinction is made between 'private sector development' and 'private sector for development' in which the latter refers to the active role of the private sector (both at donor's side and in the partner country) in the development process. See: www.entrprise-development.org.

At the start of TF substantial time was devoted to identify sectors per country with potential to attract Dutch firms and to focus the ‘coordinated interventions’. The sector choice was respected in 75% of interventions, but was of little practical significance, since no (sub-)sector plans were elaborated at country level and Dutch top-sectors changed their priorities over time.

The ‘coordinated action’ worked for specific situations, such as for tangible projects with intertwined specialisations (e.g. greenhouse construction and horticulture), but in general joint projects were complex and not always well understood by the participating firms. Some firms felt ‘obliged’ to collaborate with partners with whom they had no previous business experience, while individual firms do not necessarily feel responsible for the implementation of coordinated interventions since their first concern is the companies’ financial performance.

Flexibility comes at a price in terms of labour-intensity and time requirements. The magnitude and variety of partners, the heterogeneity of modalities, instruments and funding options would have required a functional management information system for key data and task tracking. Existing RVO data bases were unable to register functional information; financial data were neither integrated nor consolidated for management and Annual Reports; and programme advisors relied upon their own, individual registration.

The total operational cost over the period 2011-2015 was approximately EUR 5.5 million. This represents 14.4% of the commitments for programme implementation over the period, or 22.6% compared to the total expenditure (up to September 2015). These operational costs compare to the higher-end bracket of the range of private sector development programmes assessed by IOB in 2014.³

Effect and impact

In their design, approximately 80% of all TF interventions were policy relevant to the objective of doing business with one of the three countries and 45% of the interventions were relevant to the improvement of the business climate. In a few (mainly administrative) cases it is unknown whether these were aimed at one (or both) of the objectives.

TF interventions supported different stages in the process of establishing business relations. At the time of this review, part of the committed interventions had not yet been completed. A manual count identified that 112 out of the 348 interventions were connected to other ones. Overall, the activities produced the output as planned (19 out of the selected 24 cases, or 80%). In 25% of the cases this output led to tangible outcome with respect to the project objectives as mentioned in the intervention fiches. The rather low performance at outcome level is -in part- inherent to the nature of the support (i.e. a demonstration project does not automatically lead to sales of the product), but is also due to too optimistically formulated project objectives.

The country-specific context had an influence on (the effects of) TF. In Vietnam, the embassy had experience with a predecessor programme and was not eager to embark upon a new one in 2011. Vietnam was the first to discontinue the appraisal of proposals. In South Africa TF was initially perceived as a source for funding follow-up projects of for example PSI, but later developed to a real business-to-business programme. Colombia was really ‘new’ to the Dutch business community and represents possibly best the TF’s overall objectives. Although there were delays in starting up the programme, finally most interventions were implemented in Colombia.

³ IOB Evaluation 389, 2014. Table 10.3, p.188.

TF was successful in facilitating new contacts between Dutch firms and the private sector (and to a lesser extent the public sector) in the target countries, demonstrated by the approximately 30% of the relations that would not have existed in absence of TF. Successful were also the 'Holland promotion / branding

' projects, most of these joint public-private projects for 'facilitation' and 'mediation', like the Holland House in Colombia; the Centre of Expertise for the Water sector, the Greenport agro-business centre and Cape Town Design Capital in South Africa; and to a lesser extent the Holland Village in Vietnam. These centres served as source of information to individual entrepreneurs and facilitated doing business in the partner country, with or without support by TF. Survey results reveal that most stakeholders perceive that the number and volume of business transactions increased over time.

TF was also successful in establishing more and broader relations at the operational level with other Dutch public and private actors, for example in the field of water technology, delta-technology and agriculture, where strategies have been modified to open (more) opportunities for the Dutch business community (i.e. Annual Plan 2017 for Colombia). Contributions to the long-term strategies of embassies (Multi-Annual Strategic Plan and Annual Action Plans) were modest only.

Success in international business depends on local counterparts (or a local subsidiary) since these local counterparts were key for the success in 13 out of the 24 (54%) sampled interventions. Survey results show that in half of the cases where TF enabled a first contact (in- and outgoing missions mainly), this first contact led to a (kind of) representation.

TF's concept 'business climate' was too general and interventions could address only the regulatory framework component (legislation and/or regulation e.g. phytosanitary control). Among the 24 case studies, 5 (20%) made contributions to improve the business climate (although most of these will materialise in the future). Among the Dutch enterprises 60% perceive that the business climate has improved, while 17% thinks that no difference can be noted.

The justification to launch TF was its expected contribution to economic relations, being trade, services and investments by the private sector. Whether this expectation did materialise (or not) was assessed by regression analysis on CBS statistical data at different levels of aggregation, comparing the countries with their respective regions that lacked access to TF. Being aware of limitations and pitfalls that do exist in such an analysis, it revealed a statistically significant difference compared to neighbouring countries on imports and exports in certain commodities. The policy implication of this analysis is that concentration in the effort to promote trade (in this case a limited number countries) is justified, since it does produce an effect, although it is not possible to indicate how much difference is produced.

The employment generated by TF interventions in the Netherlands is limited to one or two full time equivalents (fte) per partner and in the three countries 1-3 fte's per partner. In view of the small size of the interventions this is a fair result.

At the start of TF, it was envisaged that non-ODA resources (for economic development) would gradually replace ODA resources (for development co-operation), but this 'transition' was not realised. Since ODA resources remained available for supporting SMEs, clients considered TF a 'development co-operation' programme rather than a programme for business support.

Among the sampled interventions 20% can be considered as sustainable, while about half expected new commercial activities within 6 months. The continuation or further development of 80% of the sampled interventions depended on additional financial input. Since the companies in the target

countries lack access to capital and Dutch companies are not always willing to invest more, the further development depends mainly on the availability of (mainly Dutch) public resources.

Recommendations

The promotion of transition from development co-operation to commercial relations

- *For future programmes aiming at ‘making a difference’ in bilateral economic relations it is recommended to look for substantial volume (both in numbers and financial resources available) combined with (geographical, sectoral) concentration.*

The regression analysis has indicated that a concentrated effort (like TF) of certain magnitude does make a difference in trade as compared to neighbouring countries lacking such a special effort.

- *Next to the planned ex-post evaluation of TF, it is recommended to conduct more focused studies about specific components, amongst them the sustained effects of public sector support to the implementation of the ‘strategic partnerships’ and/or the effects of support to very small companies.*

TF’s ‘concentrated efforts’ in relation to ‘strategic partnerships’ produced heterogeneous results. The combination of the implementation of the ‘strategic partnerships’ with a focus on SMEs merits further study. Smaller firms do not necessarily feel part of -or responsible for- the implementation of strategic plans or coordinated interventions.

- *For future programme design, it is recommended to disentangle the objectives of supporting the Dutch business community in international commerce from the improvement of the business climate.*

While private sector actors can be instrumental to the improvement of the business climate, it is not their main business motivation and regulatory decisions are made by the local public institutions. Subject relevant public institutions and local private sector organisations should be (more explicitly) involved in the design and implementation of interventions.

Improvement of the management process, accountability, and control of projects

- *It is recommended to separate the appraisal of requests for (financial) support from the active search for business partners and coaching functions.*

While both a single point of contact, as well as the active coaching and accompaniment of Dutch firms by RVO are appreciated by the clients, and should both be continued, it is at odds with an independent appraisal and monitoring. The appraisal of requests for subsidy can be separated from coaching functions by outsourcing to an independent entity (knowledge institute, consultancy firm).

- *It is recommended to re-enforce the appraisal of proposals and requests by a more critical assessment of the formulation of the specific objectives, the financial sustainability and the incorporation of a risk assessment.*
- *The implementation of programmes consisting of large numbers of clients and/or interventions requires a solid management information system for monitoring and task tracking.*

Enhancement of the effects of current TF-projects

- *The effects of current TF supported projects can be enhanced by supporting Dutch companies in follow-up activities.*
- *The effects of current TF supported projects can be enhanced by elaborating an inventory of financing requirements per intervention for continuation at the end of the TF contract period and subsequently rank these according to the chances for success.*

Since most sampled interventions did not produce the expected outcome yet, follow-up activities will be needed. These follow-up activities can be either simple (i.e. publication and dissemination of studies) and easy to support, or more complex and hence requiring additional time and finance. An inventory of the financing needs and their subsequent ranking according to the chances for success may establish priorities. This could be funded from either TF rest funds, or by interesting other instruments or credit lines for the 'top' projects.

- *The effects of current TF interventions aimed at the improvement of the business climate can be further enhanced by mobilising and concentrating the options within existing instruments.*

Mechanisms to support the improvement of the regulatory framework and/or business enabling environment are available within various existing instruments. Examples are the provision of technical assistance on legal issues, the strengthening private sector organisations (i.e. Chamber of Commerce) and public entities (i.e. National Bureau of Standards). At country level, the embassy could coordinate these opportunities for a strategic usage.

Sustainability of the economic relation with the TF-countries

- *It is recommended to continue investing in public-private sector collaboration for Holland promotion / branding at the level of a target country.*

Broad-based promotion activities are instrumental to inform entrepreneurs (and the public in general) and serve as focal point for the Dutch business community. It is recommended to make medium-term commitments with the private sector about public support to this type of activities.

Appropriateness to the business community

- *It is recommended that RVO continues with a transfer desk to orient Dutch companies (mainly SMEs) about international trade and commerce and the support instruments available to them. This transfer desk should count with sufficient authority to enforce coordination and the establishment of linkages.*

It is recommended to differentiate the information services about instruments to either 'starters' (making access to public support for international trade broader) and to 'experienced, larger firms', making support 'deeper' (more focused on the needs of established firms in relation to their competences and position in competitive markets). In case of simultaneous use of different instruments, the desk should count with some authority to coordinate.

- *Support to the smallest companies merits critical assessment.*

To some of the smallest Dutch firms, TF was not in support of their business model, but the subsidy formed part of the business model itself. These small companies are less inclined to invest in commercial relations in one -or a limited number- of countries, since they are foot-loose and operate in a global market. The support to the smallest enterprises merits critical assessment.

1 Introduction

The Netherlands' Transition Facility (TF) was launched in 2011 by the then new government. The Facility's purpose was to bridge the change ('the transition') from bilateral development co-operation to a relation (more) based on mutual economic interests. TF was introduced with an indicative budget allocation of EUR 58.45 million for a period of 4 years.⁴ It was meant to strengthen bilateral trade, (mutual) investment and other economic activities for a selected group of countries that had 'graduated' to middle-income status.⁵ The Netherlands Ministry of Foreign Affairs considered TF as a pilot programme open to the 'countries in transition'⁶ Colombia, Vietnam and South Africa. No other countries were declared eligible. After a preparatory quarter in 2011,⁷ in 2012 the Transition Facility was opened for applications. It was closed for new applications for Vietnam the 31st December 2014, followed by Colombia and South Africa in June 2015. Approved interventions continue to operate up to 31st December 2018, reason why the present review is labelled as 'Mid-Term'.

On April 6th, 2016 RVO awarded Erasmus Research & Business Support (ERBS B.V.) of the Erasmus University Rotterdam the contract for conducting a Mid-Term Review (MTR) of the Transition Facility.

This document reports on the findings of this review based on the theory of change of TF. This theory of change and the policy development is described in Chapter 2, the process of implementation in Chapter 3, followed by the input-output-outcome-impact chain, described in the chapters 4, 5 and 6. Chapter 7 presents the main conclusions and recommendations.

1.1 Objective and scope

The Mid-Term Review (MTR) has three objectives⁸:

- To account for the policies pursued in terms of efficiency and effectiveness.
- To draw lessons from practice with the aim to improve current policies and policy implementation⁹.
- To serve as key information for the policy evaluation of the Budget Vote 1.2 (international trade and venture) (2017) and International Trade and Development Co-operation (2019),

⁴ Ministry of Foreign Affairs. *Appraisal Memorandum 14-10-2011*.

⁵ Using the World Bank classification of 2015, a country is classified as 'lower middle-income' if its per capita Gross National Income ranks between USD 1,025 and 4,035; an 'upper middle-income' country has a GNI between USD 4,036 and 12,475 per capita.

⁶ The policy document *A World to Gain: A New Agenda for Aid, Trade and Investment* (TK 2012-2013, 33 625, nr. 1) defines transition countries as 'upcoming economies with a stable political climate, a relatively good investment climate, and sound economic policies'.

⁷ During the first quarter of the TF, the Embassy of the Kingdom of the Netherlands in Pretoria approved four projects.

⁸ Rijksdienst voor Ondernemend Nederland. *Terms of Reference voor de Mid-Term Review van de Transitiefaciliteit*. Annex to Invitation to Tender, March 2016.

⁹ The Transition Facility was implemented by means of (i) subsidies provided to Dutch private sector entities based on applications for support to do business with partners in Colombia, Vietnam and South Africa. This report refers to this support as 'subsidies'; (ii) assignments contracted by RVO or the embassies of the Kingdom of the Netherlands in Bogotá, Hanoi and Pretoria; this report refers to these assignments as 'assignments' or 'projects' (conform the RVO data base). The activities implemented with support of either a subsidy or an assignment is referred to as 'activity' or 'project'. The generic word for either a subsidy or assignment used in this report is 'intervention'. An intervention is a coherent set of one or more activities and / or instruments that support the achievement of a certain goal in a subsector. Hence, an intervention may encompass one or more activities (description used in Terms of Reference, March 2016).

both to be conducted by the Policy and Operations Evaluation Department (IOB) of the Netherlands Ministry of Foreign Affairs.

The MTR is to explain the functioning and suitability of TF and to provide insight in both the collaboration between the Ministry, RVO and the embassies of the Kingdom of the Netherlands and the achievement of formulated goals. The MTR comprises both a process review and an effect/results review. The period of activities that was subject of review is January 2011 – December 2015.

The MTR was conducted during the period April 2016 and July 2017, with field visits in August 2016.

1.2 Questions Process Review

The process review focuses on the creation, implementation and management of TF. Table 1.1 summarizes the main research questions for the process review as listed in the Terms of Reference and further elaborated in the Inception Report. The column 'section' refers to the chapter or section(s) where the review question is addressed. Chapter 7 summarizes the findings regarding these process review questions.

Table 1.1 Assessment Questions Process Review	Section
What is the policy reconstruction of TF and its evolution?	Chapter 2
a) <i>What were the motives to launch TF in addition to the existing portfolio of Private Sector Development instruments (Ministry of Foreign Affairs) and business promotion (Ministry of Economic Affairs) at the time?</i>	2.1
b) <i>What criteria or reasons were used for the selection of countries and sectors?</i>	2.2
What were the roles of RVO (Transition desk), Min of Foreign Affairs, the Embassies and potential participants in the realisation and selection of TF-interventions?	3.1; 3.2; 3.4;4.1 5.1
a) <i>What were the main barriers to international business identified?</i>	2.3
b) <i>What criteria determined the selection of interventions?</i>	2.2;3.2;3.3;3.4
c) <i>Who initiated and who implemented the interventions?</i>	5.2
d) <i>What were the organisational and administrative roles of RVO and the embassies?</i>	3.1;3.2
To what extent has the review and choice of the TF-interventions been sufficiently critical? Did any assessment take place? If so, on the basis on which criteria?	3.4;3.8
a) <i>Which appraisal criteria were used for assessing the applications from Dutch enterprises?</i>	3.8
b) <i>Which monitoring criteria were used during the process of implementation?</i>	
To what extent were the expectations clear to the participants of the selected TF-interventions regarding management and accountability during the implementation period?	3.6
a) <i>How did clients assess the interaction with RVO during the process of obtaining TF support and during implementation of the activities?</i>	3.6
To what extent was participation in a TF-intervention part of a broader strategy for potential participants?	3.5; 6.1
a) <i>Was there any common sector approach, international Memorandum of Understanding or other instrument that framed the various interventions?</i>	6.1
Is synergy found with the use of other instruments for trade promotion, and if so, with which instruments?	6.1
a) <i>Prior to the support by TF, did the client make use of any public instrument(s) to promote international trade and business (i.e. PSI, FDOV, FOM-OS, ORIO, ORET, Xplore etc.)?</i>	3.6
b) <i>Through TF, did the client achieve access to one of the public instruments that it would not have had in absence of TF?</i>	6.1
How did the coordinators manage and steer the implementation of TF-subsides and projects by participants (public and private) and how did participants experience this?	3.5; 3.6
a) <i>How do participants perceive the effectiveness of the support provided by the programme advisors?</i>	3.6
To what extent has TF contributed to the long-term strategy of the embassies involved (defined in MJSP and MIB)?	3.7
a) <i>How relevant and instrumental was TF to contribute to the long-term strategy, as reflected in MJSP and Annual Action Plans?</i>	3.7
To what extent has TF contributed to the long-term strategy (including BHOS-policy) of the departments involved for the involved countries?	3.7
How did the Ministry of Foreign Affairs steer the implementation of TF by RVO and the posts?	3.1; 3.2
a) <i>What was the supervisory structure?</i>	3.1; 3.2
b) <i>How many meeting moments over time and what were the subjects dealt with?</i>	
To what extent was TF efficiently implemented by RVO and the posts?	5.4
a) <i>Did RVO and the embassies implement TF cost-efficiently?</i>	5.4

1.3 Questions Effects Review

The effects review focuses on the output produced by the TF interventions, the outcome at individual intervention as well as programme level. The impact on improved trade and business relations is assessed as well. Table 1.2 summarizes the main research questions for the effect review as listed in the Terms of Reference. The column 'section' refers to the chapter or section where the review question is addressed. Chapter 7 summarizes the findings regarding these effect review questions.

Table 1.2 Assessment Questions Effect Review	Section
To what extent have the TF-interventions achieved the objectives that are defined in the project plan and fiche?	6.3
a) Was the verifiable output realised / achieved according to plan?	6.3
b) If not, what were the main reasons (either internal and/or external) for observed differences between plan and output realised?	6.3
What is the value added of involving foreign parties (not being the Dutch embassy) from the start onwards for the effects of a good TF-intervention?	6.4
a) How many and which foreign parties were involved in the interventions; and what was their function?	Annexes D, E, F
b) What is the perception of the foreign parties with respect of the effectiveness of the support provided by TF?	
To what extent have the approved /initiated TF interventions as a whole (jointly) achieved the (policy) objectives of TF on the output level?	6.1; 6.3; 6.8
a) Were the approved interventions relevant for TF policy objectives?	6.1
b) To what extent were the intended results of the joint projects achieved?	
Likewise, on outcome and impact level: increase in the size of (sustainable) trade, investments, and services by Dutch companies with the Transition countries.	6.7
Likewise, on policy level: To what extent is there already a transition from a development relation to an economic relation? To what extent will the transition continue? To what extent is this to be expected during further course of the programme?	6.5
a) Can evidence be obtained on demonstration effect of the investment? If so, is it likely to lead to more spin-off?	6.6
b) Is there evidence that the investment has contributed to any innovations in the sector?	
c) To what extent do Dutch companies experience difficulties in obtaining finance for projects/investments in the country?	
Which country-specific context has either contributed to or inhibited the effects of TF?	Annexes D,E,F
To what extent are the achieved results sustainable?	6.5
To what extent are the achieved effects attributable to TF as a whole and to the flexible implemented interventions/modules within TF? I.e. what is the contribution of TF?	6.3; 6.8
a) How has the company position changed because of the TF support?	6.1
b) Were companies already active in the TF countries or were these countries considered as new?	
Are the outputs of the interventions achieved with the planned inputs and has that been cost efficient?	5.4

The approach and methodology of the MTR were largely prescribed in the Terms of Reference. The main methodological components are:

- (1) A policy reconstruction and corresponding Theory of Change and intervention logic to be used as a frame for the review results chain.
- (2) An analysis of the basic data corresponding to the interventions.
- (3) Interviews with key informants providing an oversight view of both the policy soundness, the implementation process and the efficiency of the programme.
- (4) An e-survey among stakeholders and users of the Facility, both in the Netherlands and in the partner countries.
- (5) Country visits to Colombia, South Africa and Vietnam to study a sample of interventions.

The methodology applied is presented in Annex A.

2 Policy reconstruction and Theory of Change

2.1 Policy environment

In 2010, amidst of ‘the financial crisis,’ a new government took office in the Netherlands. The section on foreign policy of the Agreement of the Government coalition¹⁰ highlighted the importance of economic diplomacy and the involvement of the Dutch private sector in upcoming markets as vehicle for economic growth and development. It also envisaged a reduction of the number of partner countries for bilateral aid, reasoning that concentration on less countries would be more effective regarding in-depth knowledge of the political, economic, social and cultural structures of the (remaining) countries and that it would reduce the operational costs. This approach (partly) followed the recommendations made by the Scientific Council for Government Policy (2010).¹¹

The vice-minister for Foreign Affairs, charged with Development Co-operation and European Affairs, issued a Starting Note on Development Co-operation,¹² in which the intention to reduce the number of partner countries from 33 to 15 was combined with a further concentration on a limited number of sectors of ‘Dutch excellence’ (i.e. water management, agriculture and horticulture, health, energy, climate and security).

The Note argued that the Netherlands own economic interests would prevail and support to the private sector would focus on those areas where the Netherlands could make a difference. This ‘fundamental revision’ (2010:1) ‘from aid to investment’ implied that economic development would prevail rather than social development. The Note stressed that ‘encouragement of entrepreneurship as working modality’ would be central within an enabling business climate. This policy implied that ‘the relation with these countries would be shaped in the form of a transition facility that will be launched in collaboration with the Ministry of Economic Affairs’ (2010:8). The Note described ‘transition’ by ‘that the relationship between the Netherlands and [...] countries is changing from a development aid relationship to a situation that is mutually beneficial’.

The subsequent *Focusbrief*¹³ (White Paper) listed four focal areas in which Dutch knowledge and expertise are known worldwide: security and rule of law; food security, water and sexual and reproductive health care. With the focal areas food security and water the explicit linkage with the Dutch ‘top sectors’¹⁴ was established (2011:3). Economic diplomacy was supposed to focus on the nine top-sectors of the Dutch private sector and industry; this would also apply for TF. The *Focusbrief* described TF as ‘a country specific instrument for (near to) middle-income countries with two objectives: a) to enable the shift from a bilateral development relation towards a mutually profitable economic co-operation and b) to improve the business climate in sectors with opportunities for Dutch enterprises. TF was declared open to Colombia, Vietnam and South-Africa, while the option of supporting economic relations with Egypt was left open (2011:17).

¹⁰ *Vrijheid en Verantwoordelijkheid*. Regeerakkoord VVD-CDA. 2010.

¹¹ Wetenschappelijke Raad voor het Regeringsbeleid (2010). *Minder pretentie, meer ambitie*.

¹² *Basisbrief Ontwikkelingssamenwerking* (2010). November 2010.

¹³ Staatssecretaris van Buitenlandse Zaken, Ministerie van Buitenlandse Zaken (2011). *Focusbrief ontwikkelingssamenwerking*. 18 maart 2011.

¹⁴ The 9 ‘top sectors’ are: Agriculture & Food; Chemical Industries; Creative Industry; Energy; High Technology; Horticulture; Life Sciences & Health; Logistics; and Water.

Parallel, the Ministry of Economic Affairs, Agriculture and Innovation submitted the policy note 'Foreign Markets, Dutch Opportunities' (2011) to Parliament.¹⁵ This document shared the focus on economic diplomacy ('more economic diplomacy and less subsidies') and proposed a strategy for international economic relations consisting of four components:

- International Excellence¹⁶: the public sector creates space for international entrepreneurs;
- Further liberalisation of trade and investment relations and the strengthening of the internal European market;
- The enhancement of the number of international SME-starters;
- Increase and affirmation of investments by international top companies.

The roles of government / the public sector and the private sector parties would be agreed upon with the branch organisations. While government would support the top-sectors with tailor-made missions, the international starters from SMEs would be supported in a flexible manner, including financial means from development co-operation funds (2011:2). The countries of main attention however, were different: China, India, Brazil and Vietnam. The document indicated further that top-sector business could contribute to solving development problems in areas such as food security and water, while the role of the Embassies would be on organisation and promotion of Dutch economic interests (2011:9), such as international trade, scientific-technological collaboration, environment, agriculture, transport and logistics (2011:8). According to the Note, the implementation of the new economic strategy would be shaped around seven modules: (i) information; (ii) advice; (iii) financing, guarantees and insurance; (iv) joint promotion and matchmaking; (v) economic diplomacy; (vi) knowledge intensive collaboration and (vii) acquisition (2011:12).

In November 2012, a new government established the Ministry for International Trade and Development Co-operation, in which the Foreign Economic Relations Directorate (previously with the Ministry of Economic Affairs) and development co-operation (formerly the [vice-] Ministry for Development Co-operation) were merged (late 2012). In April 2013, this ministry issued the White Paper *A world to gain: a new agenda for Aid, Trade and Investment*.¹⁷ This policy document stated that 'we are shifting from an aid to a trade relationship with ever more countries ('from an aid portfolio to an aid and trade¹⁸ agenda'), 'opening our markets to each other'... and 'at international level, we are pursuing three important aims. First, to eradicate poverty ('getting to zero') in a single generation, second, sustainable inclusive growth all over the world and third, success for Dutch companies abroad' (2013:11). The latter was stressed by 'we encourage trade and investment mainly in our own interest. [...]' (2013:7). The paper grouped the international relationships into three: aid relationships (including conflict-affected and post-conflict countries, fragile states and countries with insufficient institutional capacity to reduce poverty effectively without external assistance, focused at 15 partner countries [2013:27]), transitional relationships (low- and middle-income countries 'with burgeoning economies' with which the relationship is based on both aid and trade, hence those countries eligible for funding in support of private sector development, i.e. Bangladesh, Benin,

¹⁵ Ministerie van Economische Zaken, Landbouw en Innovatie. Directoraat-generaal Internationale Betrekkingen. *Buitenlandse Markten, Nederlandse Kans*. 24 juni 2011.

¹⁶ Each top-sector defines its own research agenda. The 'Topconsortia voor Kennis en Innovatie (TKI's)' implement these agenda's. A TKI-programme encompasses fundamental research, industrial research, experimental development and internationalisation. The Ministry of Economic Affairs supports with subsidies these TKI programmes ('TKI Toeslag').

¹⁷ Ministerie voor Internationale Handel en Ontwikkelingssamenwerking. *A world to gain: a new agenda for Aid, Trade and Investment*. April 2013.

¹⁸ There is no consensus about the 'correct' terminology: aid with trade, aid for trade, etc. The Ministry of Foreign Affairs recommended to use the term Aid and Trade.

Ethiopia, Ghana, Indonesia, Kenya, Mozambique and Uganda) and trade relationships (primarily based on trade and investment. Colombia, Vietnam and South Africa are all three among the 26 countries listed within the third category (2013:23) and not among the countries listed for a transitional relationship.

2.2 Implementation strategy

Three major agreements between the Ministry of Economic Affairs and the Ministry of Foreign Affairs shaped the implementation strategy of the Transition Facility.

The first agreement was about the countries eligible for support by TF. TF approach could serve only those countries with a Netherlands' embassy, because it was considered impractical to intensify economic relations with countries without a full-scale representation.¹⁹ The Ministry of Foreign Affairs referred to countries where the bilateral development co-operation would be phased out for reasons of 'graduation' (from development country to [lower-] middle-income country), while the Ministry of Economic Affairs preferred to focus on countries with clear prospects for Dutch business and trade, evidenced by interest of the private sector in the 'subsidy arrangement International Excellence'.²⁰ The two ministries agreed to 'pilot' TF in Colombia, South Africa and Vietnam, with the option that more countries (for example Egypt) would become eligible later.²¹ While the policy documents suggest that TF would expand over time, the budget was ensured for a four years period only.²²

A second agreement concerned the financial engineering of using both non-ODA²³ allocations of the Ministry of Economic Affairs and ODA allocations of the Ministry of Foreign Affairs in one programme. Since Embassies deal with ODA resources only (Ministry of Foreign Affairs) they had no direct access to the non-ODA component of the resources (with feelings of discontent at the side of the South African embassy).

A third agreement was that TF would be open to all companies registered with the Dutch Chamber of Commerce, without specific requirements regarding size or ownership. This was in line with the policy document 'Foreign Markets, Dutch Opportunities'. During the first year (2012) there was no ceiling for the ODA subsidy, but such a limit was introduced in 2013. The ceiling made TF less attractive to large firms and the facility became predominantly geared towards SMEs. The criterion of being a SME applied from the start onwards for the Demonstration, Feasibility and Knowledge (DHK) modality (as previously in use by the Ministry of Economic Affairs).

¹⁹ The Netherlands closed its bilateral co-operation with 19 countries. In 5 of these 19 countries (Bolivia, Burkina Faso, Guatemala, Nicaragua and Zambia) the embassy was closed as well.

²⁰ Regeling van de Staatssecretaris van Economische Zaken van 13 december 2009, nr. WJZ/9178621, houdende vaststelling van subsidie-instrumenten op het terrein van internationaal excelleren (Subsidieregeling Internationaal Excelleren).

²¹ Source: interviews Ministry of Foreign Affairs, RVO.nl; Embassy of the Kingdom of the Netherlands in Vietnam.

²² The policy introduced in 2013 (see section 2.1) mainstreamed the agenda for aid, trade and investment. This implies that Dutch private entities interested in doing business with counterparts in Colombia, Vietnam and South Africa can make use of both the Private Sector Development and Economic Development instruments open to that end, under equal conditions as those interested in doing business with other eligible countries. The three countries are eligible for i.e. the subsidy scheme for demonstration projects, feasibility studies and investment preparation – DHI; Sustainable Water Fund – FDW; Dutch Good Growth Fund – DGGF; Development Related Infrastructure Investment Vehicle – DRIVE; and the match-making facility. In its comment to the Inception Report (7th July 2016) the Reference Groups requested an overview of instruments open to these countries both in 2011 and 2015. This inventory (not exhaustive), is added in Annex B.

²³ ODA: Official Development Assistance as defined by the OECD standards.

Although specific outcome targets were identified for TF²⁴ (as if it were a stand-alone instrument), all directly involved stakeholders refer to it as ‘a facilitating mechanism, an approach to apply existing instruments in a flexible and better focussed manner’. The novelty of this approach is found in: the elaboration of intervention strategies; the availability of financial resources and manpower to initiate sector specific interventions; the coordination and joint decision-making between the embassies and the Netherlands Enterprise Agency; the collaboration at policy level between the Ministry of Economic Affairs and the Ministry of Foreign Affairs to tune their approaches and practical implementation features, as well as the operationalisation of the Transition Desk.

2.3 The theory of change and intervention logic

The primary target group of the TF is the Dutch private sector with a focus on small and medium sized companies.²⁵

The secondary target group is the private sector, the civil society and the public sector in the transition countries. In some cases, the public sector is either ‘instrument’, intermediary or beneficiary.²⁶

Dutch knowledge institutes and the public sector can serve as ‘means and instruments’ to achieve the double objective:

- the improvement of the business climate in the transition countries (ODA objective);
- the growth in volume of (sustainable) trade, investments and services by Dutch enterprises with the transition countries (non-ODA objective).

TF was supposed to generate the following results:

- Increased business activity;
- Employment and job creation;
- Higher level of income of employees and other parties directly involved;
- Strengthening of the local SMEs;
- Innovation: the transfer of knowledge, skills and technology;
- Positive effects on environment and gender;
- Catalytic effect on the development of other sectors.

The development of economic relations between low- and middle-income countries and the Netherlands is constrained by deficiencies in the local business climate. The policy documents referred to above (and others relevant for TF) indicate various deficiencies or missing factors²⁷ that can be grouped as illustrated in Figure 1.²⁸ If these deficiencies could be overcome, it would smoothen the economic relations between the Netherlands and the countries involved. The two objectives are not entirely independent from each other: an improvement in the business climate

²⁴ Outcome targets mentioned are (i) to have contributed to at least 15 new orders to Dutch enterprises; (ii) to have played a decisive role in making at least 80 enterprises to become active in one of the countries (pertaining to at least 4 different top-sectors; and (iii) to have contributed to the removal or eliminations of trade or investment hurdles to Dutch businesses.

²⁵ As stated in the ToR. The focus on SMEs became explicit in 2013 only.

²⁶ The terminology ‘primary’ and ‘secondary’ target group is used in both policy documents and in the ToR for the Mid Term Review. Key informants stress the point that this does not imply any ranking between the two.

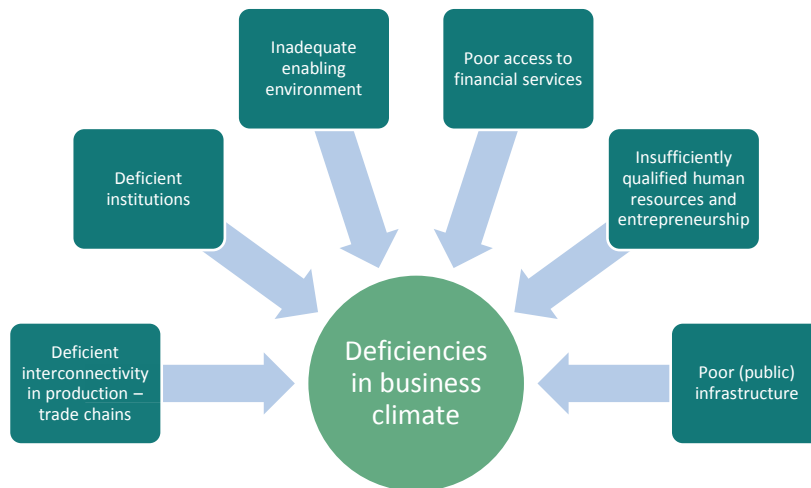
²⁷ An elaborate inventory of these constraints was listed in the Inception report, July 2016.

²⁸ According to the Appraisal Memorandum (2011) and the Annex B of the tender document for the Mid-term review, 2016.

enables a better positioning of Dutch enterprises in the bilateral business and trade relations between the Netherlands and respectively Colombia, South Africa and Vietnam.

In the implementation, initially RVO strived for attending both objectives in each intervention (micro level).²⁹

Figure 1 Deficiencies in business climate



The Appraisal document of TF indicates that some (but not all) of these constraints could be overcome by the TF activities. To do so various ‘pathways’ are possible.³⁰ The arguments and the underlying assumptions have been summarised in the Theory of Change as elaborated in Figure 2, which is based on the ‘Result chain’ of TF³¹ and the Theory of Change for private sector development, elaborated by the Ministry of Foreign Affairs.³²

TF does not cover all these pathways (as indicated by the light-coloured arrows in Figure 2), but the Transition Desk could provide linkages to other paths than those covered directly by TF.

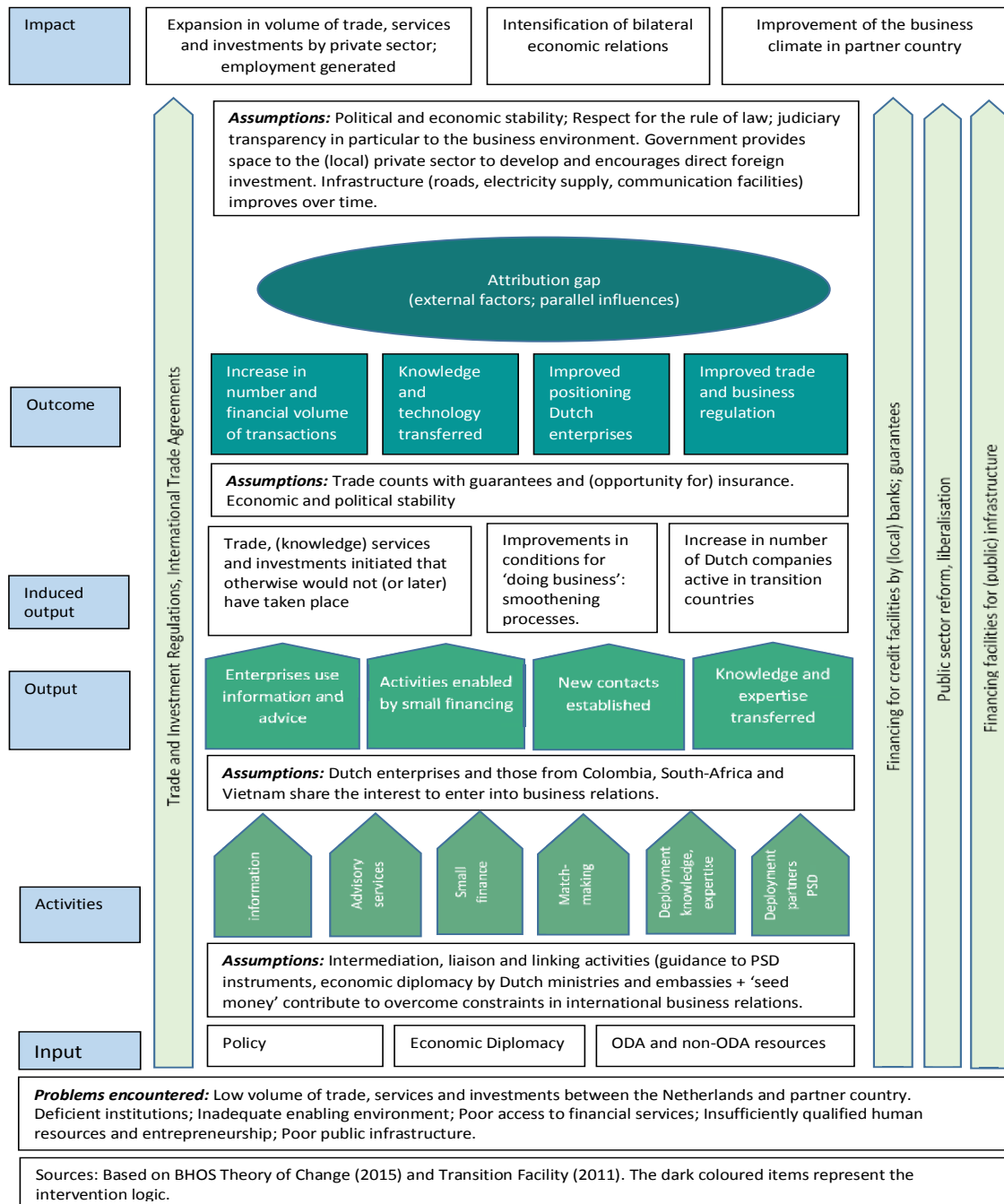
²⁹ Source: RVO.nl. *Jaarrapportage Ministerie van Buitenlandse Zaken 2015*. 31st March 2016, Section 1 Toelichting. It was no requirement that each activity should serve both objectives, provided that the facility in its totality (meso level) would address both objectives. Since the volume of ODA funds was much larger than non-ODA funds (and embassies lacking direct access to non-ODA resources), it was not logical to expect that each activity would serve both objectives.

³⁰ Source: OECD/WTO (2013) *Aid for trade at a glance*.

³¹ Resultaatketen Transitiefaciliteit, Terms of Reference Mid Term Review, p.3. 2016.

³² BHOS. *Theory of Change PSD*. 2015. The internal document identified poverty, poor public infrastructure, unclear tariff structure and regulation, poor governance, lack of financial opportunities (credit), lack of knowledge and insufficiently qualified human resources as main constraints to private sector development in developing countries.

Figure 2 Theory of Change



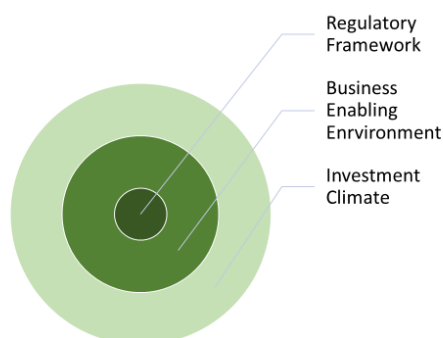
2.4 Review

The establishment of TF coincided with a gradual change in the international paradigm regarding development co-operation. By coincidence this took place in an environment of dealing with the consequences of the financial crisis, expressed by the tendency to reduce public spending alongside the strive for serving national economic interests. TF is designed from a Dutch perspective only. It is neither the result of consultations or agreements between the Netherlands and previous partners in bilateral development co-operation, nor the result of requests from the private sector in the target countries to assist in addressing deficiencies in the local business climate or the local business

regulatory framework. While the Dutch private sector had an important say in the selection of countries and sectors eligible for support, the private sector in the target countries could neither indicate their demand for support, nor apply for support from TF.

The intention to serve with a single instrument the double objective of expanding trade and commerce on the one hand and improving the local business climate on the other, can be considered a design imperfection. Neither the Appraisal Document, nor the Operational Framework of TF spelled out whether attending these two objectives simultaneously was considered feasible at either the intervention (micro) level or programme (meso) level, or both. During the first years, RVO tried to address both objectives in each intervention, but since this was no explicit requirement, however.

What was indicated by the term ‘business climate’ was rather general and global. Currently, the Donor Committee for Enterprise Development (DCED)³³ distinguishes between the broader ‘investment climate’ where elements like poor infrastructure, weak institution and levels of corruption play a role, next to the protection of enterprises by the local legal system. A more restricted term is the ‘business enabling environment’, composed by issues like taxation, (lack of) fair competition, voice of the business community and a stable policy environment. A subset of the business enabling environment is the ‘regulatory framework’, the total of regulations, laws and by-laws applied by the state to organize and control private sector activities and (international) trade. While the TF approach was not equipped to influence either the investment climate or the business enabling environment (with few exemptions), it was able to develop interventions in the area of regulation, standardisations and the like. The TF however, was not explicit in its potential to work in the area of the business climate and lacked specific instruments to that end.



DCED also distinguishes between ‘private sector development’ and ‘private sector for development’, in which the latter concept refers to an active role of the private sector in the development process, as meant by the Busan Fourth High Level Conference on Aid Effectiveness (2011).

In 2011, the criteria that would make a country eligible for TF support were subject of debate, also because the concept ‘transition country’ was not clearly defined in the policy documents. The Ministry of Economic Affairs used the concept CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South-Africa) and these countries were discussed with the Dutch top-sectors (in the areas water and agriculture / horticulture). The Ministry of Foreign Affairs was concerned about the availability of human resources for the implementation of TF and feared that additional manpower would be required either in the Netherlands or at the embassies (a sensitive topic, since the austerity measures to be taken in the same year implied that embassies had to reduce the staff for private

³³ See <http://www.enterprise-development.org/>

sector development with 0.5 fte.). Vietnam was selected since the Vietnam Relay Facility (VRF)³⁴ had familiarized the embassy with mechanisms for flexible support to the Dutch business community. The Dutch top-sectors had a clear preference for South Africa. The ‘newcomer’ was Colombia.

During 2011 and 2012, the political ‘message’ was to develop TF from a pilot to a sustained mechanism serving more countries (various options were discussed: Egypt, Ghana, Bangladesh; late 2012 the interest of the embassies in Senegal, Peru, Bolivia and Tanzania was reported³⁵) through which the various instruments for private sector development could be better coordinated and intertwined at country level. After the presentation of the policy document *A World to gain*, that deepened the change from development cooperation to an agenda of aid, trade and investment, but without a role for TF in that agenda. TF was closed for further applications in 2014 (Vietnam) and 2015 (Colombia and South Africa).

³⁴ The Vietnam Relay Facility was a predecessor to the Transition Facility, discontinued when the TF became operative.

³⁵ Memo Ministry of Foreign Affairs, 27th November 2012.

3 Process

The process of TF implementation has been examined by (1) documentation (2) questions in the surveys among users and (3) interviews with directly involved stakeholders and users (companies, knowledge centres). The use of semi-structured questionnaires among stakeholders assured a sufficient degree of triangulation. This chapter spells out and reviews the main features of the process followed: (i) the oversight function of the Ministry of Foreign Affairs; (ii) the daily management; (iii) the operationalisation; (iv) the relation between TF and the instruments for private sector development in low-, and middle income countries; (v) the clients' perception, and (vi) the efficiency and strategic effect of TF.

3.1 Oversight function

At the start of TF, the supervision and overall programme management was the co-responsibility of the Ministry of Foreign Affairs and the Foreign Economic Relations Directorate of the Ministry of Economic Affairs. After the integration of the latter into the Ministry of Foreign Affairs (2013), supervision is the responsibility of the Directorate for Sustainable Economic Development (DDE) and the Directorate for International Entrepreneurship (DIO).

The daily management is a dual responsibility as well (see 3.2). The Ministry of Foreign Affairs signed an 'implementation agreement' with the Netherlands Enterprise Agency RVO for the daily operations. The implementation is in direct cooperation with the Embassies of the Kingdom of the Netherlands in the target countries.

During the period 2011-2013, the 'steering' by the central level was frequent and involved many stakeholders.³⁶ Regular meetings were called between the Ministry of Foreign Affairs and the embassies (and to a lesser extent with the Ministry of Economic Affairs) about either approaches or specific cases. Apart from the general supervision and oversight function, there are three instances³⁷ in which the Departments DIO and DDE have taken decisions on commitments: (a) in case of a difference of opinion between the Embassy and RVO; (b) when an envisaged commitment does not fully adhere to the eligibility criteria;³⁸ and (c) when the commitment for a specific intervention exceeds EUR 500,000.

According to a Ministry of Foreign Affairs' memorandum the first year was one characterised by acrid discussions and misunderstandings, due to "ignorance about each other's policy areas, while thinking out of the box happened to be a challenge since that leads to uncertainty".³⁹ Civil servants formed 'working teams' (ministry and embassy staff with RVO programme advisor) characterised by a 'hands on' attitude. From 2014 onwards, no regular coordination took place anymore (apart from video conferences), since the decision was taken to discontinue TF. The ministry discussed TF among other subjects during the regular annual planning cycle with the embassies.⁴⁰ DDE and DIO appraised RVO's

³⁶ The number of stakeholders involved was also high due to staff rotation both at the ministry and at embassies.

³⁷ Source: Transition Facility Implementation Framework, 2012.

³⁸ Amongst others, the intervention should adhere to the framework for international corporate social responsibility; the framework for public support to private sector activities of the European Union (non-ODA) and the framework for Official Development Aid (OECD-DAC).

³⁹ Ministry of Foreign Affairs. Memorandum 27th November 2012.

⁴⁰ The Annual Plan cycle consists of an Annual indication by the ministry (so-called 'aanschrijving'), a subsequent plan submitted by the embassy, followed by discussion and subsequent definition ('vaststelling').

annual implementation proposal, subsequently approved it and assessed the Annual Reports. Contacts about specific subjects remained, for example about how the three countries would be incorporated into the existing (and new) instruments for private sector development.

3.2 Day-to-day management

The Ministries of Foreign Affairs and Economic Affairs agreed to contract the Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland* – RVO; Agentschap NL at the time) in addition to the role of the embassies in the three countries. Budgets to RVO are made available in annual assignments (*Opdrachtbrieven*)⁴¹ in which programme costs (the investment component, called *beleidsmiddelen*) are distinguished from the operational (and overhead) costs for implementing the programme. Since 2013 this is on behalf of the Ministry of Foreign Affairs.

Simultaneously, the embassies had both a functional and administrative relationship with the Ministry of Foreign Affairs, but with the Ministry of Economic Affairs a functional relation only. The dual execution (each with ‘equal voting power’) was a novelty at the time.

RVO and embassies informed each other about the prospects for interventions, and both co-decided upon commitments to be made. The embassy in Hanoi preferred to abstain from managing ODA delegated resources⁴² and left it to RVO. Consulates (Cape Town; Ho Chi Minh City), important for economic liaison services to the Dutch private sector, felt somewhat deprived from the decision making about interventions, but are obviously subordinate to the embassies.⁴³ In practice, embassies had their ‘own’ delegated (all ODA) funds and the administration of the central level and delegated resource flows remained largely parallel.

Within RVO, the implementation of TF was responsibility of the team *Programmatic Co-operation*, administratively part of the Department for International Development. The team consisted of an (account-)manager and three programme advisors (one per country) and is supported by other (administrative and monitoring) staff (not exclusively dedicated to TF). At the embassies in Colombia, South Africa and Vietnam there is one coordinating official, while the activities are shared among the sector specialists. Whether either RVO or an embassy takes the lead in an intervention or activity depends on the demand and ‘where it is most practical and efficient’.⁴⁴ In practice, it depended on (a) where the demand came from; (b) whether non-ODA resources were required and (c) if human resources are available.

A new feature of TF was the Transition desk, established to act as liaison and intermediary to support activities initiated by the Embassies and as ‘first point of entry’ to Dutch businesses and external parties, as well as to play a pro-active role towards the Dutch business community. It has a ‘platform function’. Companies would be accompanied in the elaboration of a financing plan with supporting activities, such as technical assistance. The country programme advisor is the linking pin between the Dutch business community, the private sector in the transition country and the Dutch instruments available for private sector development and economic development. Contrary to other private sector development instruments, the programme advisor disposed of resources for own initiatives. Hence, the transition desk was not only responding to demand, but also initiator of new activities.

⁴¹ RVO is requested to present an Annual Proposal for both the implementation and operational side of the TF. This Proposal is appraised by the ministry and -with or without modification- subsequently approved.

⁴² RVO uses programme resources (by means of registration of activities) at the final expense of the Embassy in Hanoi.

⁴³ Source: interviews Consulates Vietnam and South Africa.

⁴⁴ Transition Facility Implementation Framework.

These own initiatives could be either of a generic or specific nature. Examples of a generic character are the organisation of information seminars or an outgoing mission for the Dutch business community. Such a generic activity might be followed by a more specific assignment ('project') such as a fact-finding mission or a feasibility study. In case it fits the interest of the company and the opportunities of TF, it could result in a request for subsidy. It could also be that the study does not match with the opportunities of TF, in such cases the programme advisor refers the company to instruments better equipped for that particular purpose (i.e. Partners for Water, Dutch Good Growth Fund).

Proposals that matched the criteria of TF were appraised by the programme advisor by means of a so-called Quick Scan. If required, the programme advisor recommended modifications or contacts other companies to come to a broader and less individual approach. In such cases the programme advisor acted as broker or matchmaker with other companies and/or knowledge institutes. The decision to support interventions with TF human and financial resources was the mandate of both RVO and the corresponding embassy and specified in an Intervention Fiche (Annex C, box 'registration and administration').

3.3 Operationalisation

The operationalisation of the two objectives made use of different resource flows:

- With ODA resources: the improvement of the business climate of the country in transition: better access to financial services, better access to infrastructure and better access to markets with opportunities for Dutch businesses in sectors like water, education and environment.
- Non-ODA: the expansion of economic and trade relations between the Netherlands and the country in transition. All activities to position better the Dutch businesses / investments will be funded from the non-ODA part of the facility.

In 2011, it was envisaged that a mid-term strategy for three countries would be implemented by applying both existing and new instruments. The challenge was how these could be deployed in such a way that the highest effect possible⁴⁵ could be achieved. This implied well-planned and well-conceived interventions. Yet, these were hard to match with the procedures of existing instruments like PSI and ORIO (both based on tender-procedures, being the assessment of proposals by companies). TF was (also) aimed at structuring interventions through own initiatives and through meetings with the Dutch business community in different sectors.⁴⁶

It was also envisaged that the ODA contribution would gradually be phased out, while the non-ODA contribution would increase over time. However, non-ODA resources were scarce and the Ministry of Economic Affairs was not particularly keen on earmarking its limited financial resources to three countries only, since 'the world is bigger than just three'.⁴⁷ There were more ODA funds available and these could be used for private sector development to SMEs in their endeavour for international trade and commerce. All resources for TF delegated to the Embassies were ODA, while the non-ODA

⁴⁵ Appraisal Memorandum. Ministry of Foreign Affairs.

⁴⁶ Transition Facility Implementation Framework.

⁴⁷ Source: interviews Ministry of Foreign Affairs, RVO.nl; Embassy of the Kingdom of the Netherlands in Hanoi.

resources were not delegated, in fear of ‘administrative complications’.⁴⁸ This implied that the management of non-ODA funds remained at the central level, something that caused some feelings of discomfort at the embassy of South Africa (during the first year only).

3.4 Selection and implementation roles

The Implementation Framework identifies the Dutch business community as TF’s primary target group, while Dutch scientific and research institutions and government bodies could also be enrolled to assist in improving the local business climate and to increase trade, services and investments by Dutch businesses.

TF dealt with requests from Dutch companies on a first come, first served basis. It was the intention to accompany and advice applicants from the start onwards aiming at matching requests for subsidy to the priority sectors and to promote joint actions with other stakeholders. This approach opened the opportunity to modify the requests to the programme objectives to make them ‘policy relevant’.

Selection

From the onset of TF, it remained rather opaque whether each intervention should address the double objective, or not. The criteria for project selection were defined in the TF Implementation Framework (2012) and were the following:

- Contribution to the TF objectives: improving the business climate and increasing trade with, investments in and services to the transition country by Dutch businesses.
- Building on knowledge and networks built up through development co-operation.
- Attending constraints that cannot be addressed by the market itself.
- Activities consulted with the Dutch business community and based on problems encountered in the transition country.
- Interventions in proportion to the intended results.
- Intervention complies with the International CSR Framework, the European Union framework for state aid (non-ODA) and the OECD-DAC reporting framework (ODA).

The Framework indicated that not all interventions had to adhere to all criteria. There were three pathways for the selection of interventions to be supported: a) appraisal of requests for support; b) launching own initiatives, assignment of projects and c) referral to (other) instruments or programmes for private sector development or economic development.

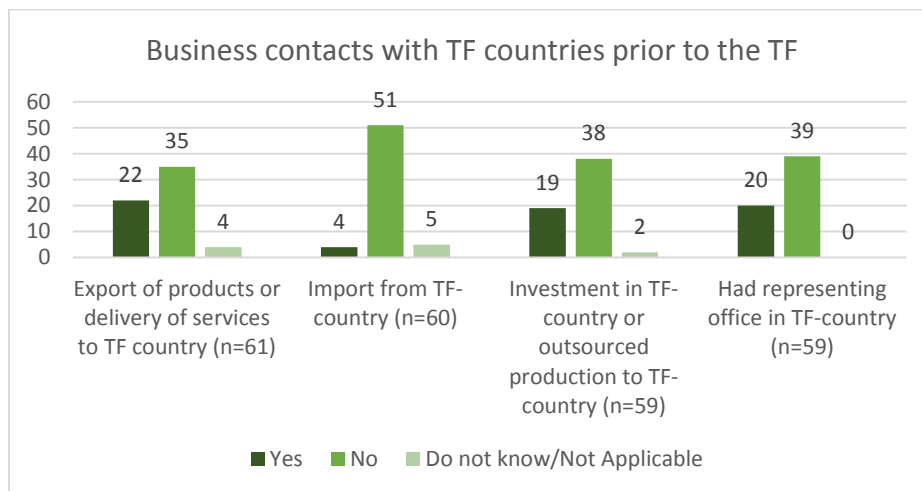
Ad a) Appraisal of requests for support (subsidies)

RVO made use a Quick Scan for the first appraisal of requests for support (subsidy); the Quick Scan enabled RVO to complement a proposal or to look for additional participants to the activity. Once a formal request for subsidy had been presented, no changes could be made anymore (unless through a formal amendment or modification afterwards).

The demand for subsidy came for approximately 60% from companies that did not have any business experience in the target country and for approximately 30% from companies that did have trade relations already, mainly in the export of products or delivery of services and / or by investments or outsourced production (see Figure 3).

⁴⁸ The exclusive administrative management of the non-ODA component by RVO originated some discord with the embassy of the Kingdom of the Netherlands in Pretoria. Source: Interviews RVO.nl and the Embassy of the Kingdom of the Netherlands in Pretoria.

Figure 3 Business contact with TF countries prior to 2012



Source: ERBS surveys

According to the survey data, the initiative for requesting a subsidy was made- in almost all cases- by the Dutch company. Most of these applicants did receive active support in the application process from RVO (38 out of 58), the embassy (24 out of 57) or both (9 out of 57).

Ad b) launch of initiatives and assignments

RVO programme advisors and embassies initiated several actions either to come to joint interventions or to identify potential partners or to address constraints related to the business climate. The deficient interconnectivity was dealt with by the provision of information, by referral and by bringing stakeholders together. The deficiencies in institutions were addressed by consultancies and training; insufficiently qualified human resources and entrepreneurship were attended by establishing linkages to Dutch institutions and entities. The inadequate enabling environment was improved by launching projects related to regulation, amongst others. Other (binding) constraints (such as access to finance, salary levels or deficient public infrastructure) could not be addressed, since these fall outside the reach of TF approach.

The process flow for subsidies and assignment is largely similar, but not precisely the same (see Annex C, figure C 1). For the implementation of assignments, Dutch knowledge institutes, like universities (Wageningen, Delft) and (semi-) public institutes were contracted⁴⁹ more often than private (consultancy) companies. For trade missions, RVO collaborated with 'preferential suppliers', such as Handelsroute / Transfer LBC, and NCH/Holland House for the organisation of collective visits, match-making appointments and networking. The assignments also encompassed contracts to promote Dutch trade and business in general, such as Holland House in Colombia.

According to respondents to the surveys, 74% of these assignments was contracted directly; about 20% was awarded after a tender procedure. In about half the cases the knowledge centres contracted had received funding by Dutch public resources (WSSD, NUFFIC-NICHE) prior to TF funding (although not in all cases for the same purpose).

Respondents to the survey indicate that in 40% of the cases the firms or knowledge institutes were approached by either RVO or the embassy; in 25% of the cases the initiative was taken by the company or organisation itself (25%) and in 20% by the branch organisation.

⁴⁹ For Government to Government activities an internal agreement is elaborated (NOK form).

Ad c) Referral to instruments

Programme advisors could refer the interested Dutch companies to other programmes or instruments. Referring to other instruments was not restricted to instruments of the public sector, but also to public-private funds, such as the *Oranje Handelsmissie Fonds*.⁵⁰

Regular meetings took place among programme advisors and managers of other (RVO-) instruments (for example, FDOV, Partners for Water) and other business partners, such as MVO Nederland, Solidaridad, FMO, etc. TF also served as a transfer mechanism to inform Dutch enterprises about opportunities in local tenders and or in activities by other PSD partners (FMO, Nuffic).

Neither TF desk, nor the embassies registered referral to the existing instruments.⁵¹

Relation to broader strategies or international agreements

Since the TF approach implied coordination of efforts, ideally the interventions formed part of broader strategies, for example originating from (or linked to) international Memoranda of Understandings (such as the Strategic Partnership Arrangement for water and climate with Vietnam) or strategies designed by branch organisations (such as Flora Holland). TF offered the opportunity to provide substance to these agreements. This was mostly done through assignments with knowledge institutes (in the survey 4 out of the 7 respondent institutes were acting within the frame of such a strategic partnership). This function is less apparent with the subsidies provided to private companies (in the survey 11 out of 56 respondents, or 20%).

Finalisation

The moment an intervention comes to its end, the lead partner presented a final report, that was subsequently shared between RVO and the corresponding embassy. In a few instances, a feedback was provided by either the programme advisor or the embassy or both. In practice, the final report served a procedural and administrative function mainly (the project is considered administratively 'closed' only upon submission of a final report). RVO provided little guidance about what kind of subjects should be addressed in these final reports, reason why these refer to 'subject matter' topic mainly and lack reporting on the appropriateness of the TF for the company. Neither the Ministry of Foreign Affairs, nor RVO used these reports for any meta-analysis or learning process. The final reports did not contribute to either improve the process or get insight in the suitability of the support modalities for the internationalisation of the Dutch private sector.

3.5 Relation to instruments for trade and business promotion

One of TF's distinctive features was the assistance in the orientation on other existing instruments for private sector development and economic development like PSI, Partners for Water, FDOV, FOM-OS, ORIO, Partners for International Business, etc. An inventory of these instruments (although not exhaustive) is added in Annex B. Some of these instruments had comparable features to TF, but were not restricted to the three countries. Comparable is for example, the Partners for Water programme, while the Partners of International Business shares with TF, the direct involvement of the embassy.

⁵⁰ The Oranje Handelsmissiefonds (OHMF) assists 10 SME entrepreneurs annually in starting activities outside the Netherlands. The support consists of EUR 10,000 (mostly in kind) for missions, feasibility study etc. The fund is an initiative of ING, KLM, MKB-Nederland and the Ministry of Foreign Affairs through RVO.

⁵¹ In a comment to the draft final report, the Ministry of Foreign Affairs observed that this referral could have been registered in the Achilles data base. ERBS observed only that such registry did not take place and did not assess the options to do so.

In a few cases, TF served as a ‘follow up’ source of funding for projects started under other instruments, such as PSI, WSSD, NUFFIC and others. Questionable are the cases where TF served as an intermediary source of funding, started under another instrument and requiring more funding under a next instruments once the TF intervention is ended (i.e. pangasius research Vietnam).

TF resources were frequently combines with resources from other instruments; the RVO data-base does not contain a registration of the combined use of instruments, except for the Partners for Water.

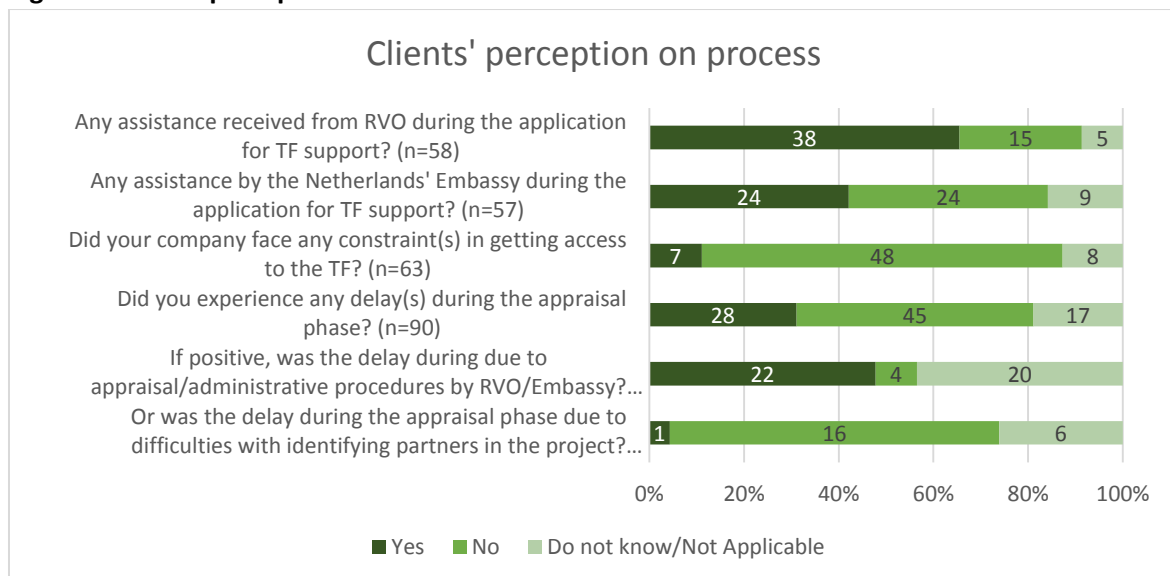
3.6 Clients’ perception about the process

In the perspective of the Dutch business community, TF was one instrument among many and mainly perceived as a programme for development cooperation and less as a programme for economic development.

Among the respondents to the survey, 54% indicate that they did receive active assistance by either RVO or the embassy. Seventy-six percent (76%) did not encounter any problem in accessing TF, while only 11% of the respondents did experience some problems in accessing TF. Once in contact with RVO or the embassy, well over half of the respondents experienced a smooth process.

Among the applicants to subsidy, 31% experienced some delay in the application process. Of this 31%, about half of the respondents indicated that the delays were due to administrative procedures. For the other half, there were other reasons, such as finding the right partners or overcoming hurdles in the own organisation. Among all categories of clients (applicants to subsidies, implementing companies and contracted knowledge institutes), some 17% experienced delays due to administrative obstacles (see Figure 4).

Figure 4 Clients’ perception



Source: ERBS surveys, 2016.

Among the participants to seminars, outgoing missions and trade fairs, 50% responded that the initiative taken by TF had been the motive to develop further activities in relation to Colombia, Vietnam or South-Africa. The follow-up however, was more the initiative of the Dutch business

partner (45%) or the branch organisations (25%).⁵² Appreciations with respect to the process, expressed by users of subsidies and implementing entities of assignments can be summarized as follows:

Positive appreciations	Critical appreciations
<p>The flexibility in time (mentioned most frequently) and the understanding that ‘modifications along the way’ may be required.</p> <p>Instead of a ‘single approval moment’, a constructive dialogue; a co-production with a ‘coach’ rather than with an ‘appraising official’. The accompaniment in an ‘all in one’ development process of ideas and the translation of these ideas into financing options, either by TF or by other instruments.</p> <p>One single, knowledgeable and country specific intermediary (RVO programme advisor).</p> <p>A process without procedural complexities; tailor-made, no special niches. A process involving ‘the golden triangle’ business-knowledge-public sector (G2G mainly).</p> <p>Complementarity: RVO support in formulation and funding; embassy support in local ‘basics’ like market information, opening a bank account and advice for setting up a joint venture with a local party.</p>	<p>TF reflects a clash of concepts: TF aims at planned multi-actor interventions. Any business, however, is in search of its own commercial success. It is neither a representative of Dutch international strategies, nor interested in a ‘compulsory’ link with (unknown) business partners. Doing business implies ‘jumping into opportunities: to learn from doing’. That matches hardly with ‘log-frame thinking’ and strategic positioning.</p> <p>A SME’s concern is ‘how to get things done’; how to earn money through internationalisation. That is not necessarily through sustained relations, as perceived by TF.</p> <p>The TF advisor joins in the formulation of the project, approves it and judges its implementation afterwards. The advisor is part and parcel in the intervention and hence one cannot judge whether success or failure is thanks to (or due to) the entrepreneur or RVO.</p>

Source: Interviews.

3.7 The efficiency and strategic effect of implementation

Effect on Embassy strategy and annual plans

TF has contributed to the change in paradigm of relations between the Netherlands and the target countries. It contributed to overcome certain ‘cultural’ differences between development co-operation and support to international private sector activity. During the first years the co-decision making had to mature, also since embassies remained ODA kind of intervention oriented. These ‘cultural differences’ gradually disappeared.

TF made -directly or indirectly- a contribution to the long-term strategies of embassies, as laid down in the Multi-Annual Strategic Plan and Annual Action Plans. This contribution did not imply a radical change in vision or strategy. That would be unlikely, since TF activities were functional to strategic visions and plans and in support of already identified top-sectors.

At the operational side, there was more influence on the multi-annual embassy plans. For example, in the water sector there were annual workplans being developed with RVO, NWP, the Ministry of Economic Affairs and the Ministry of Foreign Affairs (IGG and DIO) and the embassies (and soon with the ‘*Unie van Waterschappen*’) in the field of water technology, delta-technology and agriculture. This is also reflected in the Annual Plan 2017 for Colombia. TF contributed to a coordinated approach among various stakeholders in the water sector. As an indirect product, the Annual Plan not only

⁵² Source: Survey among participants to seminars, outgoing missions and trade fairs.

encompasses delta-technology, but also water technology and water for agriculture, since the business opportunities are better. From the side of the Ministry for Infrastructure and Environment support is provided to the Masterplan Water and Transport (through the subsidy 'worldwide work with water' (PvW)).

In both South-Africa and Vietnam broad networks of contacts among private sector actors had existed prior to TF. The sectors selected for TF support were product of these existing contacts. For these countries, the influence of TF on the strategic plans of the embassies was small or absent.

3.8 Review

Realisation Transition Facility and its interventions

From 2010 onwards, and approaching the target year for the Millennium Development Goals, the future of international development cooperation was subject of studies (WRR, 2010) and international debate. TF can be considered as product of that shift in paradigm. The initial (2011) vision about TF was for the medium-term, being to come to an well-coordinated, streamlined, logic and efficient use of the existing instruments in support of the private sector in its international endeavour. At the same time this would facilitate the shift from bilateral development co-operation to an economic relationship. Since there was no consensus about the 'who, when and where', it was decided to start with a 3-4 year pilot. This pilot would be implemented in those countries labelled by the Ministry of Foreign Affairs as 'countries where the bilateral development co-operation would be phased out for reasons of graduation' (from development country to [lower-] middle-income country), while the Ministry of Economic Affairs preferred to focus on 'countries with clear prospects for Dutch business and trade'. As a starter, the pilot was to be implemented in Colombia, South Africa and Vietnam, with the option that more countries (for example Egypt) would become eligible at a later moment in time.⁵³

In the case of Colombia, a study by external consultants was conducted to identify the opportunities in various sectors.⁵⁴ The sector choice in both South Africa and Vietnam was product of the presence of the Dutch business community in combination with the experience of the embassy and its consulates (Vietnam mainly). In the case of South Africa, the embassy had 'projects on the shelf', while in Vietnam the embassy had experience with this kind of programmes. The potential sectors for all three countries had been discussed in the working group for internationalisation of the Dutch Trade and Investment Board (DTIB) that represents the top-sectors. In practice, the ministry did not have that many sectors to choose from, since the DTIB's interest was rather decisive.

Additionality

While the Dutch business and trade community maintained a broad array of contacts with both Vietnam and South Africa, this was less the case with Colombia, a country with -at the time- a bad reputation of internal war and criminality, but being an emerging market with ample opportunities. The numerous instruments for private sector development established by both the Ministry of Foreign Affairs and the Ministry of Economic Affairs were (almost all) open to these three countries. The 'leading' Dutch companies were already active in the sectors indicated by the Dutch Trade and

⁵³ Source: interviews Ministry of Foreign Affairs, RVO.nl; Embassy of the Kingdom of the Netherlands in Vietnam.

⁵⁴ Ecorys (2012). *Transition Strategy Colombia. A preparatory analysis*. Client: Royal Netherlands Embassy Colombia.

Investment Board (DTIB), hence TF cannot be considered additional neither to the three countries, nor to the sectors selected.

Since the Ministry of Foreign Affairs' labelled TF as a 'facilitating mechanism' and not as an instrument, the effort was that the existing instruments should be harmonised to suit better to the Dutch business community. Coordination and harmonisation comes from two sides. While TF reached out to most existing instruments, TF did not achieve that managers of these other instruments reached out to TF for the three target countries.

The classical interpretation of additionality is the financial additionality. Dutch enterprises indicated that the volume of resources available made TF an attractive source for subsidies and funding of interventions. To these companies, TF was mainly just another instrument, another source of subsidy funding. In interviews, Dutch businesses refer to two major advantages of TF. First its flexibility and second the active and professional support by RVO programme advisors. The Transition desk was pro-active and enterprises could be incorporated into activities that otherwise would not have been implemented. TF's additionality is to be found in these aspects: flexibility, accompaniment all along the way and country specialist programme advisors.

The envisaged shift from development cooperation 'instruments' to 'economic development instruments', expressed by a gradual replacement of ODA resources by non-ODA resources did not materialize. The main reason is that budget availability for non-ODA remained scarce, while SMEs could be supported with ODA funds as well. In consequence, in the perception of the Dutch business community, TF remained a development cooperation programme.

Management and accountability

The decision for co-responsibility of TF by RVO and the embassies was product of circumstances in 2011, when the Finance Department of the Ministry of Foreign Affairs criticised the large number of implementing agencies involved in private sector development programmes and the high transaction costs (in the case of CBI even 30%)⁵⁵. The ministry considered it as appropriate 'to keep TF close to the ministries involved', while at the same time involving the embassies. Also, this active involvement of embassies was a compensation measure after the political decision to close 15 embassies,⁵⁶ that had made embassy diplomats feel under-valued in their functioning.

The assumption was that close (in the beginning weekly) coordination, the embassies would identify the opportunities in the priority sectors and that RVO would identify the most appropriate modality.⁵⁷ In that operationalisation it could either be an initiative taken by the embassy or by RVO ('an assignment, a project') or the financial support to a company's (or a knowledge institute's) initiative ('a subsidy').

There was no explicit implementation of any country – sector strategy. Proposals that matched the selection criteria were approved both within and outside the selected sectors (TF Framework indicated that 80% of the interventions should be within the selected sectors, in practice this was 75%).

⁵⁵ Source: IOB Evaluatie. *Op zoek naar focus en effectiviteit*. Beleidsdoorlichting van de Nederlandse inzet voor private sector ontwikkeling 2005-2012. IOB evaluatie no. 389, 2014. Tabel 10.3, p.188.

⁵⁶ Source: interviews. The decision was a trade-off. The Finance Department got its point that the TF would be implemented by RVO, but gave in on its preference for central administration of the TF funds.

⁵⁷ Government of the Netherlands (2012). *Colombia, Vietnam and South Africa. In transition from aid to investment*. 2012.

Individual firms do not necessarily feel responsible for the implementation of strategic plans developed by the public sector (including the strategic partnerships). TF could not enforce coordination with a sector context.⁵⁸ On the other hand, the strategic objectives of TF cannot be achieved through small activities by individual firms, in particular not when it comes to the improvement of the business climate in the target country.

RVO could have appraised proposals for subsidy (and its own assignments) more rigorously. First, the binding constraints, being those constraints that will not be 'solved' by the intervention (such as poor infrastructure, lack of local financing opportunities, low salary levels) but that do determine the chances for success of the intervention should have made more explicit in the appraisal. Second, RVO could have assessed the risk(s) of the intervention more explicitly, including the risk of starting interventions without having identified the partners in business.

The coaching and accompaniment implied that RVO was frequently 'part and parcel' and hence co-responsible for the results. That being the case, it would have been preferable if the appraisal of the request for subsidy would have been made by independently.

The complexity of the various sources and expenditure options implied that TF lacked a proper financial consolidated administration. Annual reports do not encompass the delegated funds to the embassies and there is no registration of operational costs at embassy level. The data base put in place by RVO was insufficiently flexible to incorporate functional data for management and task tracking. Programme advisors had no full access to the data of their own portfolio and to overcome this elaborated their own 'shadow administration'.

Policy direction and oversight

During the period 2011-2013, the programme management (Ministry of Economic Affairs and the Ministry of Foreign Affairs) was intensive⁵⁹ and involved many staff. When TF lost momentum and it became clear that it would be shut down, the oversight intensity dwindled; TF became part of the annual embassy plans, and the focus shifted from subject matter to administrative procedures.

TF's effort to adhere to the European Union framework for state aid and the OECD-DAC reporting framework was superfluous (with one exception), since both frameworks apply threshold levels for reporting and all (but one) TF interventions have been less than these thresholds.

⁵⁸ The focus at 'supported enterprises' in combination with the 'push' to spend was stronger than concertation within well-elaborated of strategies. It is only in the course of 2013 that subsidies in the Water sector match better the top-sector strategy expressed in the International Water Ambition (supported by the ministries for Infrastructure and Environment, Economic Affairs and Foreign Affairs).

⁵⁹ Different 'worlds' had to understand each other. For example, the concept 'demand driven' was not the same to the Ministry of Foreign Affairs (demand from the countries) as it was for the Ministry of Economic Affairs (demand from the Dutch private sector).

4 Input to the Transition Facility

4.1 Non-financial input

TF formed part of a broader approach for economic diplomacy.⁶⁰ The policies were partly spelled out in the Appraisal Document, amongst others that roles between the public sector and the private sector parties would be agreed upon within the frame of branch organisations and that government would support the top-sectors in a flexible manner (2011:2).

The ministries involved pursued rather open strategies for the implementation per country, striving for flexibility to the interested parties. According to the Ministry of Economic Affairs, the constraints and opportunities by sector could best be determined by the Embassies and/or the private sector. This also applied to the selection of priority sectors within each country.

The subsidy component to individual activities (maximum of 50% of the total intervention costs)⁶¹ was defined in accordance to the *Kaderwet subsidies Ministerie van Buitenlandse Zaken* dated 24th December 1998. Subsidies could be of either ODA or non-ODA nature, or a combination of both. The non-ODA encompasses predominantly Demonstration, Feasibility and Knowledge (DHK) projects. The operationalisation was further detailed in the Implementation Framework (*Uitvoeringskader*) Transition Facility dated 20th July 2012. After the first operational year it appeared that a substantial part of the subsidy resources was usurped by larger companies (leaving less resources to SMEs) and hence a ceiling was introduced on the individual subsidy, while more ‘steering’ was required to attend the priority sectors. The ‘Decision by the minister for International Trade and Development Co-operation DDE-315/2013’⁶² indicated that at least 80% of the subsidies should be made available to priority sectors. These priority sectors were published in the *Staatscourant* and were the following (since 2013):

Table 4.1 Priority sectors in the transition countries

Colombia	Vietnam	South Africa
Agriculture, incl. bio-based economy, climate adaptation and green technology	Agriculture / horticulture	Agriculture / horticulture
Water	Water	Water
Logistics	Logistics	Logistics and transport
Energy	Energy	Sustainable energy
Health	Maritime industry	
	Finance	

Source: Staatscourant 2013, nr 16772, 21 Jun 2013. Annex B.

Another non-financial input was the establishment of the Transition Desk. It served as a single point of entry (‘one stop shop’) to interested parties. It was staffed by programme advisors per country, knowledgeable about the portfolio of instruments from both the PSD and Economic Development perspective, and acquainted with the country and with the Dutch firms active in that country and/or those interested to become active. The Transition Desk referred interested parties or applicants to

⁶⁰ Transition Facility Implementation Framework, 2012.

⁶¹ A maximum of 50% applies to enterprises. A maximum of 80% to knowledge institutes.

⁶² Besluit van de minister voor Buitenlandse Handel en Ontwikkelingssamenwerking van 13 juni 2013, nr. DDE-315/2013 tot vaststelling van beleidsregels en een subsidieplafond voor subsidieverlening op grond van de Subsidieregeling Ministerie van Buitenlandse Zaken 2006 in het kader van de Transitiefaciliteit. In: Staatscourant nr. 16772, 21 juni 2013.

other instruments and facilities, either managed by RVO or by other organisations. The magnitude or frequency of these referrals is unknown, since there is no register of applicants referred to other instruments.⁶³

4.2 Financial input

The Appraisal Document⁶⁴ assigned EUR 58.4 million to TF for a 4 year period, but the total resource envelope made available is hard to retrieve with precision due to different budget flows (after 2013 combining a part of the Ministry of Economic Affairs' budget with the Ministry of Foreign Affairs' budget) and annual adjustments to the budget allocation (in Dutch: *decommitting*).⁶⁵ Between 2011 and 2015, a total resource envelope of EUR 47.3 million was available.⁶⁶ This included approximately EUR 9.5 million in delegated budget to the embassies. The total amount committed⁶⁷ at the central level was EUR 31.6 million and in delegated funds EUR 6.4 million, totalling EUR 38.0 million. The actual expenditures summed to EUR 27.0 million.⁶⁸ Table 4.2 provides an overview of the budgets per year, distinguishing between programme resources for the implementation of interventions and operational costs.⁶⁹

Table 4.2 Annual budget allocated, committed and spent, excluding the Delegated Budget (in EUR), 2011-2015

EUR	Programme resources			Operational costs		Programme and operational total expenditure
	allocated	committed	expenditure	allocated	expenditure	
2011	4,000,000	0	0	383,079	113,539	113,539
2012	10,300,000	1,578,219	493,633	2,200,000	782,917	1,276,550
2013	8,660,000	8,794,869	2,994,023	1,339,934	1,514,106	4,508,129
2014	13,724,265	11,795,209	6,317,849	1,433,112	1,112,823	7,430,672
2015	10,567,674	9,445,802	6,170,481	1,353,295	1,132,692	7,303,173
Total	47,251,939	31,614,099	15,975,986	6,709,420	4,656,077	20,632,063

Source: RVO Annual reports and 'Opdrachtbrieven'. RVO confirmed the data (07-07-2016 and 22-08-2016).

Compared to the total expenditure, the operational costs sum to 22.6% over the entire period; compared to the commitments for programme implementation, the operations costs sum to 14.4%. Over the years, the operational costs diminished gradually as compared to the total expenditure (from 61.3% in 2012 to 15.5% in 2015). Various factors play a role here, such as the costs related to starting up interventions during the first years, but also that no new requests were admitted anymore since 2014/2015 (and hence the task of appraisal of requests was eliminated).

Table 4.3 presents the financial input (commitments, excl. operational costs)⁷⁰ by country.

⁶³ The instruments available vary over time; an inventory relevant to the TF is presented in Annex B.

⁶⁴ Ministerie van Buitenlandse Zaken (2011). *Beoordelingsmemorandum Transitiefaciliteit*. Activiteitnummer 23188.

⁶⁵ Financial data submitted by the Ministry of Foreign Affairs (26-07-2016) distinguish activity 23188 (the ODA component of the Transition Facility) from activity 25166 (the non-ODA component) from Delegated budgets to the embassies in Pretoria, Bogotá and Hanoi.

⁶⁶ Based on data submitted by RVO (22 august 2016).

⁶⁷ 'Commitment' refers to '*aangegane verplichtingen*'; 'disbursed' to '*uitbetaald*' and 'consolidated' to '*afgeronde*' transactions. The latter means that transactions are both financially and administratively closed.

⁶⁸ Total expenditure as submitted by the ministry of Foreign Affairs d.d.26-07-2016 differ in the order of 10%, in part explained by funding of TF activities from other than TF resources in Colombia.

⁶⁹ The operational costs for implementation by RVO are those mentioned in the Annual Report and Assignments signed between the Ministry of Foreign Affairs and RVO. The operational costs of embassies have been assessed by the review team and were verified with the Ministry of Foreign Affairs (see section 5.6).

⁷⁰ In the database called: 'bedrag toezegging'. For enterprises, the commitment is for a maximum of 50% of the transaction costs; this is 80% for knowledge centres.

Table 4.3 Annual budget allocated, committed and spent of the Delegated Budget (in EUR), 2011-2015

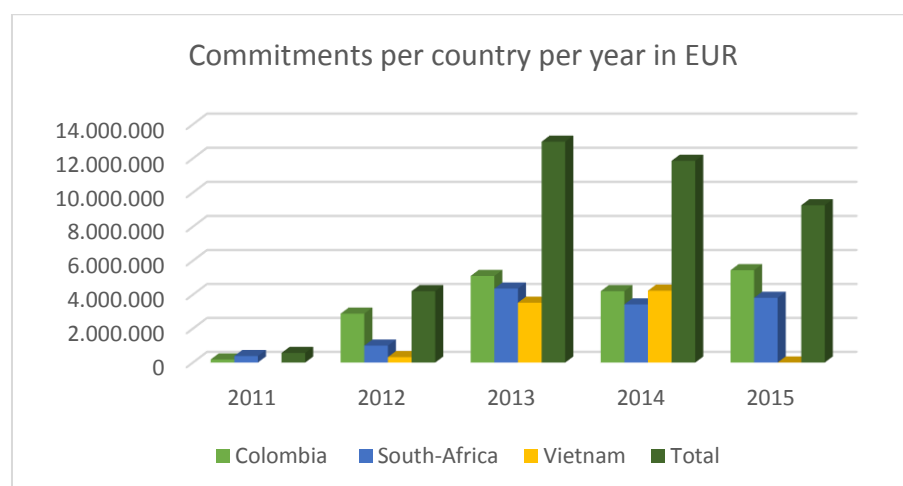
EUR	Colombia			South Africa			Vietnam	
	allocated	committed	expenditure	allocated	committed	expenditure	allocated	expenditure
2011								
2012	845,000	517,290	517,290	750,000	545,445	545,445	50,000	0
2013	1,022,000	860,944	860,944	1,200,000	603,760	603,760		0
2014	1,000,000	651,965	651,965	1,550,000	1,113,076	1,113,076		0
2015	1,500,000	1,322,848	1,322,848	1,623,000	807,956	807,956		0
	4,367,000	3,353,047	3,353,047	5,123,000	3,070,237	3,070,237	50,000	0

EUR	Total delegated		
	allocated	committed	expenditure
2011			
2012	1,645,000	1,062,735	1,062,735
2013	2,222,000	1,464,704	1,464,704
2014	2,550,000	1,765,041	1,765,041
2015	3,123,000	2,130,804	2,130,804
	9,540,000	6,423,284	6,423,284

Source: Ministry of Foreign Affairs d.d. 27-07-2016.⁷¹

The operational costs to the embassies in South Africa and Colombia can be estimated at EUR 100,000 per embassy annually (Vietnam opted for an administration by RVO), or over the period 2011-2015, EUR 800,000 in total.⁷² This would bring the total expenditure for the delegated fund to approximately EUR 7.2 million. Figure 5 presents the total committed input 2011-2015 by country.

Figure 5 Total amounts committed, 2011-2015 by country (in EUR)



Source: Database RVO September 1st, 2016. Minor inconsistencies due to errors in the database.

Note that for South Africa and Colombia commitments were made during a four-year period, while in the case of Vietnam that was (in practice) a three-year period only. The disaggregation of the commitments in ODA and non-ODA per country per year is presented in table 4.4 (and Figure 7 in chapter 5).

⁷¹ Data submitted by the Ministry of Foreign Affairs d.d. 27-07-2016. The financial indication by the Ministry refers to expenditure only. It has been assumed that commitments are at least equal to expenditures.

⁷² Time investment by both Dutch and local staff members (deputy CdP, staff economic affairs, water experts, agricultural attaché, controller). This estimate has been qualified as 'conservative, but correct' by the Ministry of Foreign Affairs (mail correspondence, 07-09-2016).

Table 4.4 Total number and amount of commitments, ODA and non-ODA, by country (in EUR).

	Number of interventions ODA	Total commitments ODA	Number of interv. non-ODA	Total commitments non-ODA	Total number of interv.	Total commitments
2011	6	564.128			6	564.128
Colombia	1	181.605			1	181.605
South Africa	5	382.523			5	382.523
2012	20	3.740.204	14	459.929	34	4.200.134
Colombia	8	2.734.761	4	146.800	12	2.881.561
Vietnam	6	273.410	4	47.255	10	320.665
South Africa	6	732.033	6	265.874	12	997.908
2013	41	8.880.059	72	4.101.332	113	12.981.391
Colombia	21	3.921.775	17	1.179.857	38	5.101.633
Vietnam	10	2.819.267	11	€ 705.182	21	3.524.450
South Africa	10	2.139.017	44	2.216.292	54	4.355.309
2014	36	7.316.859	65	4.544.858	101	11.861.717
Colombia	10	2.484.804	27	1.717.842	37	4.202.646
Vietnam	11	2.657.438	18	1.576.834	29	4.234.272
South Africa	15	2.174.616	20	1.250.182	35	3.424.799
2015	63	7.081.389	31	2.173.301	94	9.254.690
Colombia	33	3.410.337	26	2.029.452	59	5.439.790
South Africa	30	3.671.051	5	143.848	35	3.814.900
Total	166	27.582.641	182	11.279.421	348	38.862.062

Note: Financial data derived from RVO data base as per 1st September 2016. Some minor difference with financial data submitted by the Ministry of Foreign Affairs.

At the start of TF, it was envisaged that the ODA contribution would diminish over time, while non-ODA resources would increase. However, since more ODA resources were available compared to non-ODA funds the total pledging to TF could not be maintained under such a resource strategy. On top, the Ministry of Economic Affairs was reluctant to set aside a large share of its resources for the three TF countries only. In consequence, the initial intention was adapted after the Foreign Economic Relations Directorate was integrated into the Ministry of Foreign Trade and Development Co-operation (2013). One of the instruments, the DHK, became a separate facility in which ODA and non-ODA resources could be earmarked.

4.3 Review

In 2011, the model of the Transition Facility was not entirely new, since the Vietnam Relay Facility had comparable flexible characteristics, while the working ‘modules’ feasibility studies, demonstration projects and knowledge (DHK) had been applied by the Ministry of Economic Affairs before. During the initial stages, TF had to overcome various obstacles: within the Ministry of Foreign Affairs some reluctance was felt regarding the focus on the Dutch interests (‘tied aid’), while within the Ministry of Economic Affairs, it was feared that TF would usurp scarce financial resources for just three countries.

The various policy documents, and the Appraisal Memorandum identified hurdles to the business climate⁷³ (insufficient market access, insufficient access to financial markets, weak legal framework and procedures, poor infrastructure, uncertainties in salary levels, insufficient entrepreneurship of local partners, insufficient professional knowledge). In its operational set up, TF's options to either eliminate or reduce these constraints to the local business climate were rather limited. In practice, TF lacked suitable modalities to improve the business climate in a target country.

Embassies feared that TF would require substantial administrative and management efforts. To address that problem, the ministry exempted the three embassies from the general measure to reduce staff dedicated to private sector development. Labelling TF as 'pilot' helped to overcome the reluctance and mistrust. When in 2013 a Minister for International Trade and Development was appointed, the expectation among stakeholders was that TF would be consolidated and expanded (both in number of eligible countries and resource allocation)⁷⁴, but -although the policy of aid, trade and investment was reinforced, there was no explicit role to TF in that agenda. This implied that TF remained a 'pilot' and was declared closed for new applications. Some of its features found a way into new instruments for private sector development and economic development.

The Transition Desk was highly appreciated among Dutch businesses, as was the system of 'country specific' advisors. The country specific advisors, empowered to take initiatives and identify business opportunities is generally seen as a system superior to 'single instrument' managers.

The total financial resources allocated to TF were sufficient. During 2012 and 2013 the budget available exceeded the demand ('*onderuitputting*'). This was partly due to the slow start of Colombia, a country hardly known by Dutch entrepreneurs at the time. Less funds were committed than allocated and less budget resources allocated than initially envisaged in the Appraisal Document.

The initially envisaged gradual replacement of ODA funds by non-ODA funds did not match with the budget allocations to the Ministry of Economic Affairs.⁷⁵ Over time, the use of either ODA or non-ODA resources became a grey overlap area as result of the inter-twining of the aid-trade-investment agenda. The conceptual difference is artificial: it is the Ministry of Foreign Affairs that defines (ex post) what expenditure is labelled ODA or not.⁷⁶

The total operational costs of TF over the period 2011-2015 were approximately EUR 5.5 million. Compared to the commitments for programme implementation over that period, would imply 14.4%, or 22.6% compared to the total expenditure (up to September 2015). Over the years, the operational costs as compared to the total expenditure diminished gradually from 61.3% in 2012 to 15.5% in 2015. Since the programme was new and the underlying concepts were not yet familiar to all implementing partners, the operational costs were high during start-up. The operational costs declined in relative terms once the programme was in its full operation (and during the last year no new requests had to be appraised anymore, but the work load increased with the finalisation of the interventions supported).⁷⁷ The operational costs are higher than other complex programmes outsourced by the Ministry of Foreign Affairs (approximately 8-9%).

⁷³ See Annex B of the Terms of Reference for the Mid-term Review.

⁷⁴ Interviews and mail correspondence with staff Ministry of Foreign Affairs.

⁷⁵ In practice, the budget available for the 'Internationaal Excelleren' was small.

⁷⁶ Interviews RVO and Ministry of Foreign Affairs.

⁷⁷ No assessment of the operational costs (in the range of 14-22%) is made taking other PSD programmes as benchmark. The Ministry of Foreign Affairs argued in its comments (16th June 2017) to the draft final report argued that these programmes as hard to compare. This view coincides with the IOB Evaluation no.389, 2014: 187.

5 Activities and output: the portfolio

5.1 Activities

In 2011, the implementation of TF was based on ‘a menu from the existing modules’ as in use by the Ministry of Economic Affairs⁷⁸ (and in part also by the Ministry of Foreign Affairs in their instruments for private sector development), being:

- (i) *Information* (non-ODA): individual matchmaking, market research, fact-finding missions, fair entries;⁷⁹
- (ii) *Advice* (non-ODA): information about programmes of international financing institutes; also for semi-public institutions such as land register Ccadastre; tax department; European Academy for Law and Legislation; Waternet);
- (iii) *Financing* to enterprises; subsidy (ODA): various existing programmes for financial support to the private sector; TF as network partner for groups of Dutch enterprises. Since the financing is aimed at benefitting the parties in the transition countries, the instruments can be considered as 100% ODA.
- (iv) *Matchmaking* (ODA and non-ODA): outgoing and incoming economic missions by decision makers; Dutch joint presentations at foreign fairs and expo’s;
- (v) *Deployment of knowledge and expertise* (ODA): mobilisation of expertise; organising courses to which foreign expertise is invited; Government to Government cooperation aimed at improving the local business climate;
- (vi) *Economic diplomacy*: incoming and outgoing missions; *Deployment Partners in Private Sector Development* (non-ODA); Holland Branding.

These modules were the ‘modalities’ recommended to ‘getting the business community and local parties actively involved and initiating interventions’ by:

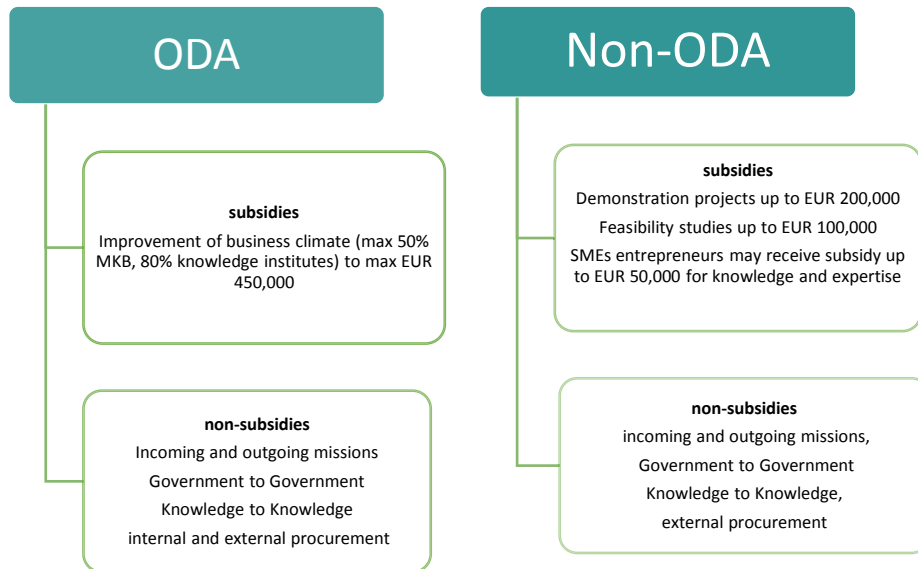
- Conducting market research and identifying opportunities for the Dutch business community (Demonstration, Feasibility and Knowledge);
- Organising platform and network events;
- Acting as a broker and intermediary in the transition country for Dutch business located in the country and for local businesses and local government organisations.

The various modalities are summarised in Figure 6.

⁷⁸ Source: Ministry of Economic Affairs, Agriculture and Innovation. Letter to Parliament 24th June 2011: ‘*Buitenlandse Markten Nederlandse Kansen*’.

⁷⁹ ‘Demonstration, Feasibility and Knowledge’ (DHK). In 2011, DHK (a Ministry of Economic Affairs instrument) was not ‘open’ anymore and was in part replaced by Xplore. The TF incorporated the DHK modalities again. In 2013, the DHK Facility was revitalised as separate instrument, operated by RVO. It evolved in 2015 into the current DHI instrument, open to all emerging markets and DGGF eligible countries.

Figure 6 ODA and non-ODA implementation modalities



In general, the non-ODA funding aims at promoting the interests of the Dutch private sector and Dutch enterprises in their international trading and other business activities. The ODA resources were more aimed at improving the business climate. Delegated funds were all ODA. The DHK had been operative under the Ministry of Economic Affairs' *Internationaal Excelleren* programme, but had remained without funds⁸⁰. TF incorporated these three modalities exclusively for SMEs. DHK is always a subsidy exclusively for Dutch companies (and hence non-ODA) and not for knowledge institutes or (semi-) public entities. Knowledge institutes and government-to-government support were funded by ODA resources.

In 2013, the DHK became also a separate, parallel fund with its own procedures. Mid 2014 (hence prior to the finalisation of TF) the DHK was opened for more countries.⁸¹ For Colombia, Vietnam and South Africa not only the generic DHK criteria were applied but also TF criteria on top (i.e. contribution to the business climate is a TF requirement, not a DHK requirement). Since TF was not open anymore for new requests from 2014 (Vietnam) or 2015 (Colombia and South Africa) requests for DHK for these countries are attended (all three countries are DHK eligible). Currently, these requests are appraised against DHK /DHI criteria only. Another difference is that for DHKs under TF facility, the embassies had to decide together with RVO, while under the DHK-DHI facility it is RVO who decides (with the embassy in an advisory role). In 2016, the programme was reformulated to DHI (with addition of an investment component and elimination of the Knowledge attainment component).⁸² While DHK requests were appraised in order of presentation, DHI follows a system based in the tender procedure.

Figure 7 presents the distribution between ODA and non-ODA over the period 2011-2015.

⁸⁰ Source: Interview RVO.

⁸¹ In a comment to the Draft Final Report, the Ministry of Foreign Affairs indicated that this 'opening up' enhanced the pipeline of projects for the Dutch Good Growth Fund.

⁸² According to interviews with RVO staff, the Knowledge attainment component, at least in a slimmed shape, will be incorporated into a new instrument.

Figure 7a Distribution ODA – non-ODA, by year and country 2011-2015

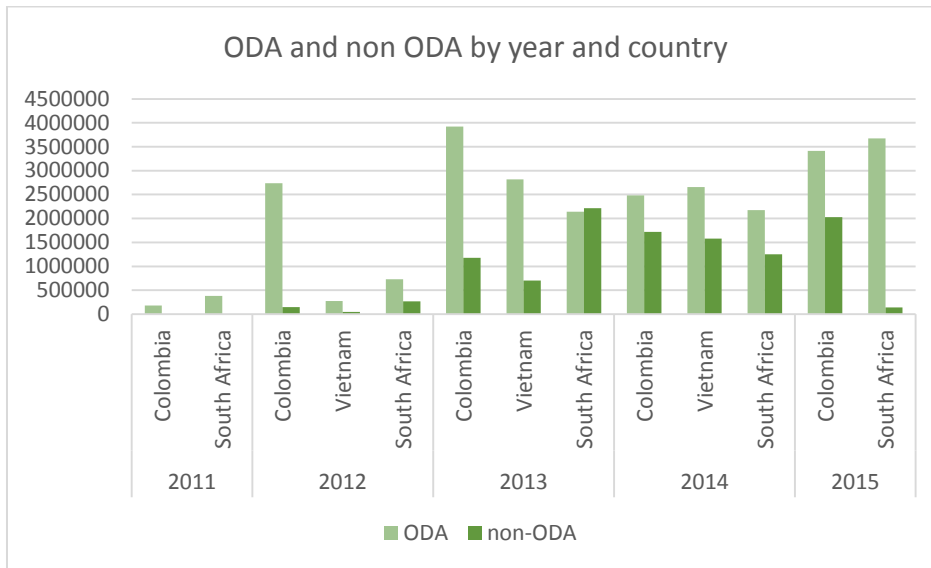
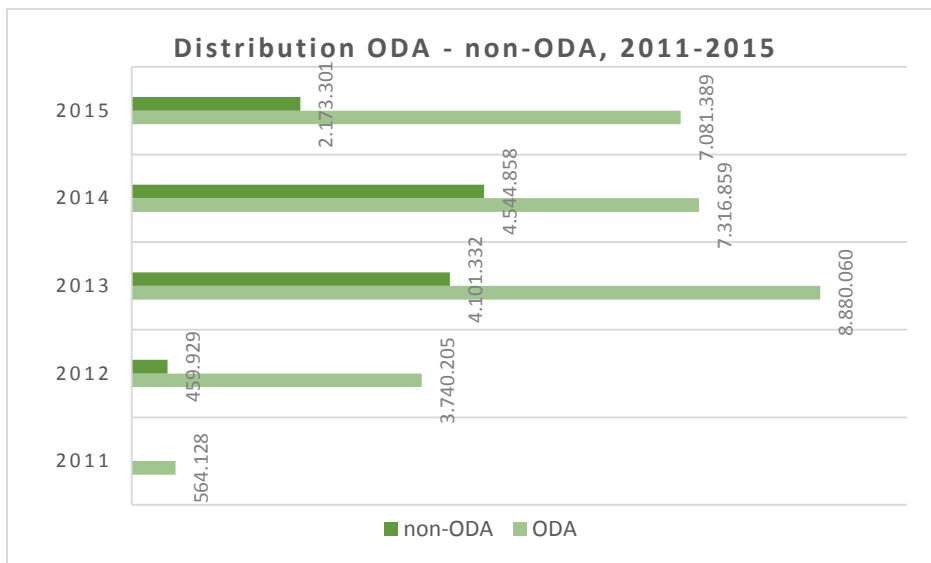


Figure 7b Distribution ODA – non-ODA, total 2011-2015



Source: RVO data base, September 2016.

During 2011 and 2012 ODA funded ‘tailor made subsidies’ were awarded of higher subsidy component (also called ‘incidental subsidy’). These higher subsidy volumes became in demand, reason why in 2013 a ceiling was imposed on the subsidy level. Since 2013 no tailor-made subsidies were approved anymore. In practice, Dutch companies were supported by a cocktail of different modalities, placed in a logical sequence (for example, starting with an outgoing mission, followed by a study, and next a subsidy). These ‘cocktails’ could be different from case to case and hence support was -to a large extent- tailor made. How frequent this occurred and how many Dutch firms benefitted from these tailor-made interventions cannot be derived from the RVO data base.

5.2 Output: the portfolio

The total amount committed between 2011 and 2015 was close to EUR 39 million, of which EUR 27.2 million was disbursed (70%) and EUR 3.7 million (9.5%) consolidated for closed projects.⁸³ Table 5.1 presents the total number of assignments implemented and subsidies approved over the period 2011-2015.⁸⁴

Table 5.1 Total number of projects implemented and subsidies approved, 2011-2015 by country

	2011	2012	2013	2014	2015	Total
Colombia	1	12	38	37	59	147
South-Africa	5	12	54	35	35	141
Vietnam		10	21	29	-	60
Total	6	34	113	101	94	348

Source: Database RVO September 1st, 2016.

During the period 2011-2015, a total of 348 interventions have been registered in the database. This is well over the 275 interventions (subsidies and projects) mentioned in the Annual Report over 2015.⁸⁵ Based on the RVO database 366 different companies and organisations (of different nature) were directly supported by TF.

In practice, TF has attended more clients ('intake'), since proposals could be either rejected, or clients could be referred to other programmes. Neither RVO nor the embassies kept a register of the referral to other programmes.

In terms of number of project assignments and subsidies, there are more assignments (186) than subsidies (118) (and 45 activities registered under the delegated funds). In terms of commitments, more resources were allocated to subsidies (44%, excl. the delegated budget and transfers) than to assignments (25%, excl. the delegated budget and transfers) (see Figure 8).

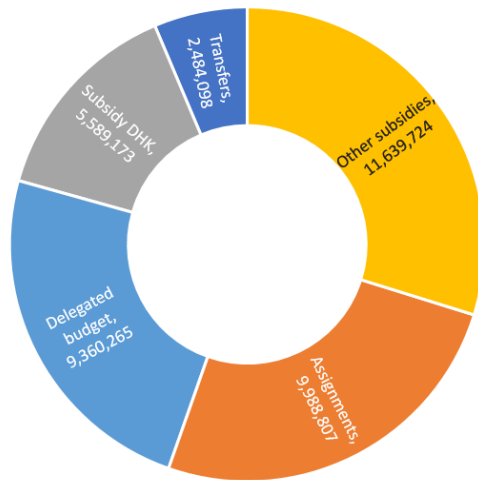
⁸³ 'Commitment' is the translation for 'aangegane verplichtingen'; 'disbursed' is the translation for 'uitbetaald' and 'consolidated' is the translation used for 'afgeronde' transactions. The latter means that transactions are both financially and administratively closed (and have submitted a final report).

⁸⁴ The analysis is based at a revised database submitted by RVO per 1st September 2016.

⁸⁵ See: Annual Reports RVO.nl Transition Facility (2011-2015) and Ministerie van Buitenlandse Zaken. Jaarrapportage Ministerie van Buitenlandse Zaken Verslag 2015. 31 maart 2016.

Figure 8 Commitments by type of intervention

Commitments by type of intervention, in EUR



Based on RVO database, September 2016.

Table 5.2 presents the distribution of interventions by type of financial commitment (including the delegated budget and internal transfers). Note that the delegated budget was for ODA type of interventions only and that transfers are an administrative indication of different flows (for example to other private sector development programmes).

For the DHK existed a ceiling for the total expenditure (not for the total per country). DHKs were also funded from comparable sources (after 2013 the specific DHK facility, since 2015 DHI). DHK were instrumental to the sequential process of ‘step-by-step’ elaboration of projects with institutions or companies. Of all DHKs 57.2% of the commitments were destined to demonstration projects; 36.3% to feasibility studies and 6.5% to knowledge transfer.

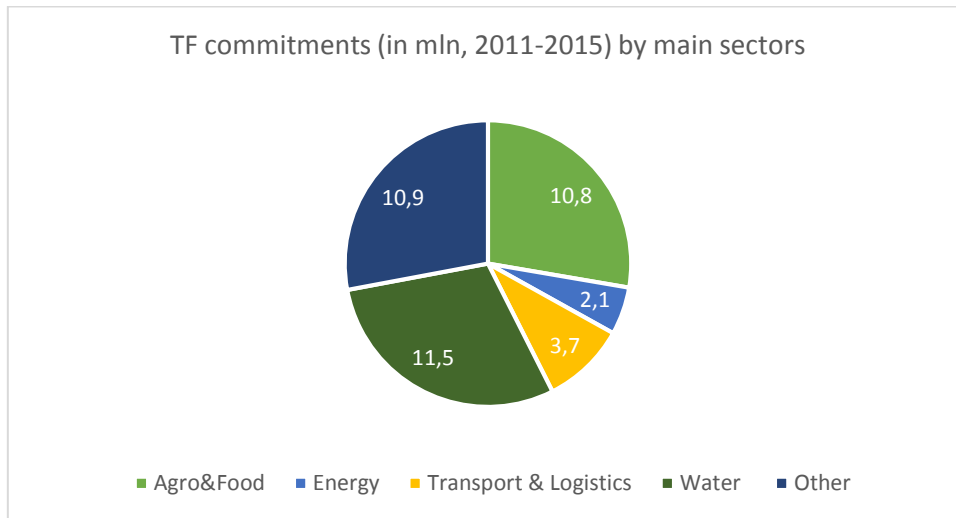
Table 5.2 Commitments by type of intervention (in EUR)

Type of intervention	DHK subsidy	TF subsidy	Delegated (all)	Assignments (PvW + TF)	Total EUR	Total number
Delegated budget			9,360,264 (45)		9,360,265	45
Assignment other				2,412,463 (44)	2,412,467	44
Assignment - Fair participation				210,058 (3)	210,058	3
Assignment - Fact Finding				737,449 (29)	737,449	29
Assignment - G2G				4,066,026 (22)	4,066,026	22
Assignment - Feasibility study				93,150 (2)	93,150	2
Assignment - Incoming Mission				954,848 (18)	954,848	18
Assignment – Seminar				198,391 (5)	198,391	5
Assignment - Technical assistance				514,949 (3)	514,949	3
Assignment-Outgoing Mission				801,469 (15)	801,469	15
Subsidy- Demonstration (DHK)	3,200,263 (34)				3,200,263	34
Subsidy- Feasibility study (DHK)	1,934,189 (32)	93,962 (1)			2,028,151	33
Subsidy-Transfer of Knowledge (DHK)	276,599 (11)	84,160 (1)			360,759	12
Subsidy-Tailor made		15,055 (1)		2,523,058 (11)	2,538,113	12
Subsidy		8,782,597 (38)		319,014 (2)	9,101,611	40
Internal transfer				2,484,099 (32)	2,484,098	32
Grand Total		14,386,825	9,360,264	15,314,973	39,062,062	349

Source: Based on database RVO, 1st September 2016. Minor differences due to data base inconsistencies.

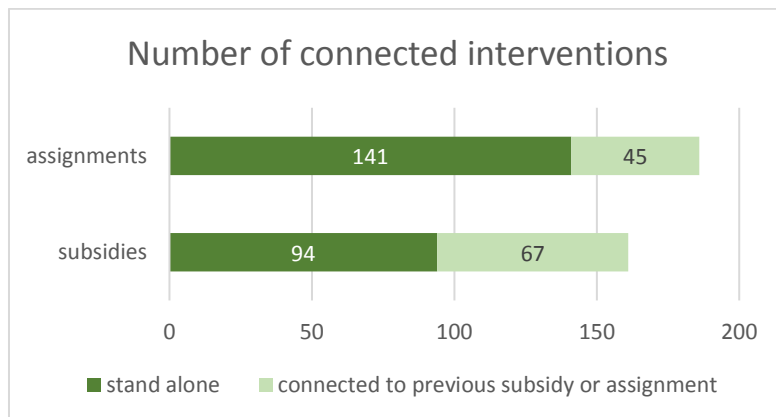
An overview of the commitments by sector is provided in Annex C. A regrouping into the priority sectors (identified in the policy documents) shows a equal shares of approximately 28% of the commitments for the sectors ‘agro and food’, ‘water’ and ‘others’. The sector ‘energy’ counts for 5% of the commitments, ‘transport & logistics’ for 9% (see Figure 9).

Figure 9 TF commitments by main sectors



Note that part of the activities are directly or indirectly connected to each other. RVO helped firms to develop their plans gradually, using different modalities over time. In administrative terms these can be different interventions, in functional terms these are the same activity at different stages of development (Figure 10).

Figure 10 Relation between simple and connected subsidies and assignments



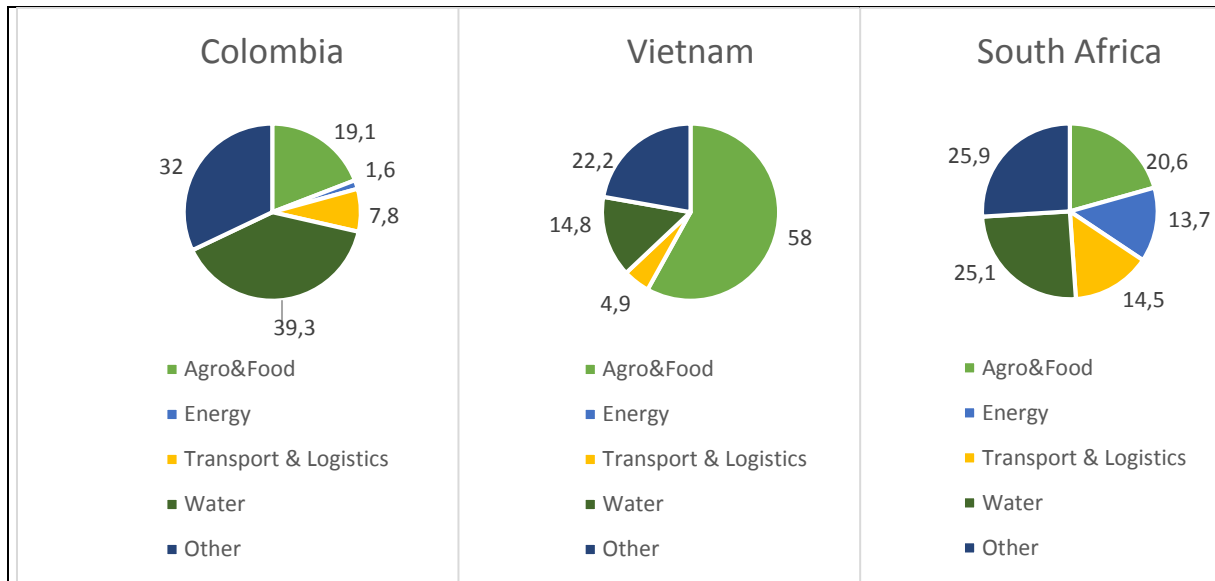
Source: based on database RVO, 1st September 2016.

Note: Not all forward and backward linkages could be identified with precision. The number of connections are product of an arbitrary count by the reviewers (i.e. based on interventions by the same Dutch company). In consequence, the numbers should be taken with a large margin of error.

5.3 Activities and output at country level

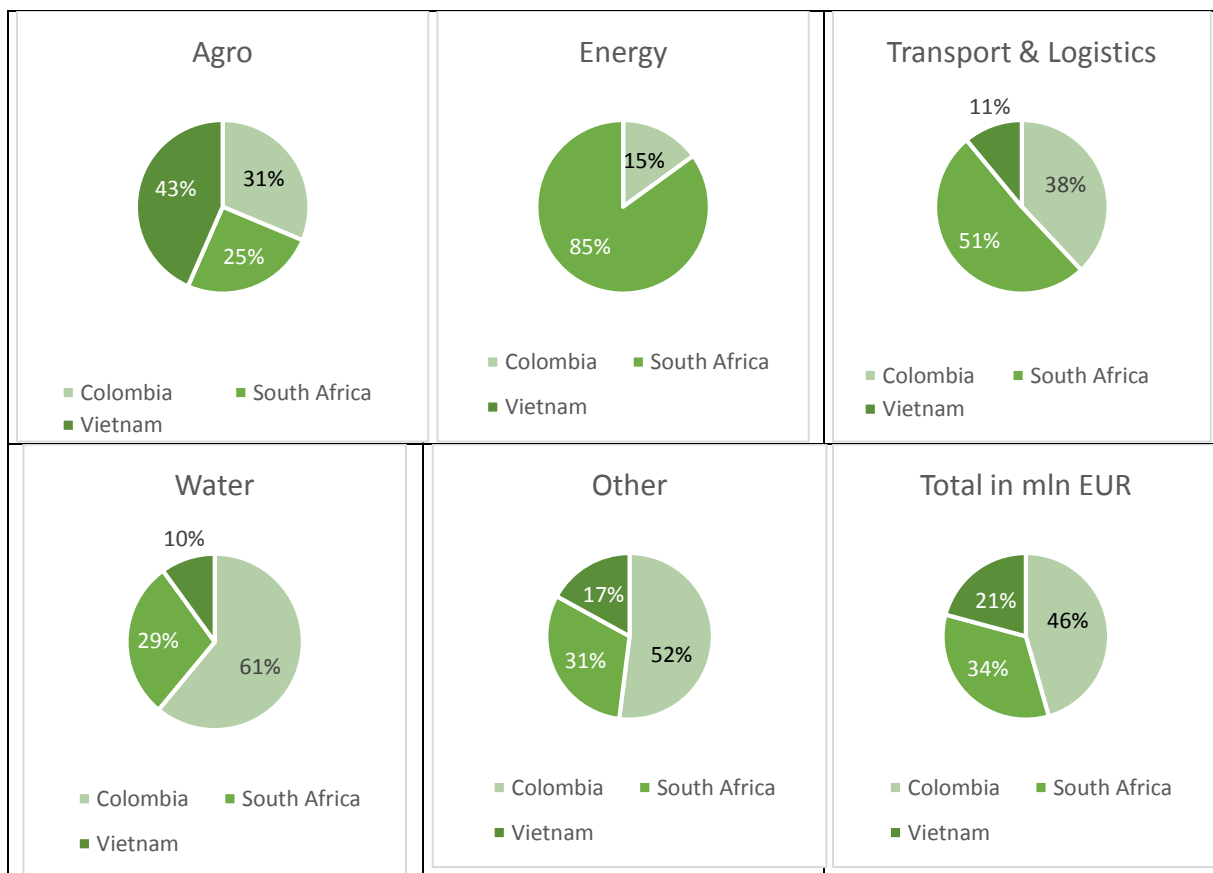
During the period 2011-2015, 46% of the commitments were to Colombia, 34% to South Africa and 21% to Vietnam. The top-sectors Agro&Food, and water were well represented in the three countries, while 'energy' is of importance in South Africa only. Both the Energy and Transport & Logistics sectors are absent in Vietnam.

Figure 11 Distribution (percentage of commitments) over sectors by country



Among all commitments in the Agro&Food sector, 40% were made in Vietnam, while of all commitments to the Water sector, 60% was made to Colombia. Figure 12 provides an overview of the relative distribution of commitments per sector.

Figure 12 Representation of priority sectors (in percentage of commitments)



This relative weight of sectors per country and the overall distribution of sectoral input over the three countries have been taken into consideration in the selection of interventions for in-depth analysis (see Annex A).

5.4 Cost efficiency

The operational costs of RVO are specified in the *'Opdrachtbrieven'* (see Table 3.2). Embassies do not register time use per activity, hence their operational costs are not known by activity. ERBS estimates the operational costs to the embassies in South Africa and Colombia at EUR 800,000 in total (see section 3.2). The total operational costs over the period 2011-2015 were approximately EUR 5.5 million. Compared to the commitments over the same period, this would imply 14.4% compared to the commitments for programme implementation, or 22.6% compared to the total expenditure (up to September 2015).

Over the years, the operational costs as compared to the total expenditure diminished gradually from 61.3% in 2012 to 15.5% in 2015. Various factors play a role here. During the first years the operations costs are high due to setting up systems and procedures, while expenditures are still low, since interventions are in the start-up stage. In contrast, the operational costs during the last years are relatively low, since no new requests were attended anymore since 2014/2015 (and hence the task of appraisal of requests has fallen away), while the expenditures for the interventions are high, since interventions are winding up and present their last invoices.

Many civil servants were -for shorter or longer periods- involved in the interaction between the ministries and embassies concerning both the strategy and implementation of TF. While some directly involved functionaries called the co-operation an example of sound collaboration 'where we formed teams,' others were sceptical and one qualified it 'an intrusion by The Hague in the decision making about delegated funds'. All civil servants interviewed referred to the high frequency and intensity of direct contacts during 2012 and 2013, underpinning ERBS's assumption that the transaction costs were high during these years. The number of persons involved and their changes in function was not conducive to efficiency. Once the processes and procedures were set, RVO became more the single player and less staff from the ministries devoted time to TF.

From the start onwards, embassies had been afraid for the workload and experienced that in practice (a high number of small sized interventions). In its Annual Plan 2014, the embassy in Vietnam stated that 'implementation of instruments like TF requires capacity'. The embassy felt relieved by its finalisation of TF ("TF will not be missed"),⁸⁶ while the embassy in Bogotá indicated to have 'experienced the negative effect of implementing 50+ activities of TF' on its manpower available.⁸⁷

5.5 Review

On average, the 348 interventions were supported for EUR 112,000 each. This is a relative small amount, but variance is large, ranging from a few hundred Euro's to over EUR 2,200,000 (sustainable trade programme Colombia). Although the RVO data base does allow to identify all forward and

⁸⁶ Vietnam – Hanoi en Ho Chi Min-stad: Jaarplan 2014.

⁸⁷ Internal note Ministry of Foreign Affairs, 2 Dec 2015.

backward linkages among the interventions, it has been estimated that about half of the interventions are interconnected and are not 'stand-alone's.

The tailor-made interventions did not only reveal flexibility of the programme, but also implied a registration hurdle for the existing RVO monitoring and data base systems. RVO registered TF interventions in a data base designed for legitimacy purposes and not suitable functional analysis.⁸⁸ The data base neither satisfied management information requirements nor progress and activity tracking. TF programme advisors did not have full access to the database, not even over the activities implemented in 'their' country. To overcome the deficiency, programme advisors kept parallel 'shadow' registers. Although quantified performance indicators have been defined in the Appraisal Document, the attainment or the achievement of these indicators are not retrievable from the RVO data base.

According to the *Uitvoeringskader Transitiefaciliteit*, approximately 80%⁸⁹ of TF budget was set aside for interventions in the sectors specified by country. In practice, this percentage (in terms of commitments) happened to be slightly less (72%), with variance among the countries (Colombia 61%, Vietnam 86% and South Africa 75%). The top priorities 'agro&food' and 'water' usurped 60% of the financial resources. Over a quarter of the financial means were used for activities outside the priority sectors.

RVO and embassies played a (pro-) active role, expressed by the fact that assignments (53%) outnumber subsidies (47%).

⁸⁸ Evidenced by the fact that the data base submitted for the current review was initially incomplete, was replaced by other versions several times and showed lack of systematic registration.

⁸⁹ Transition Facility Implementation Framework 2012, p.11.

6 Effect Review

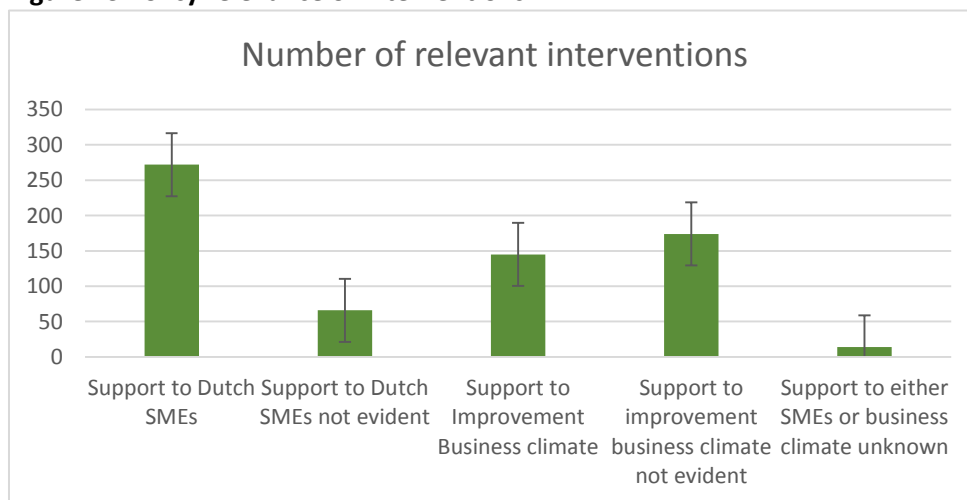
The effect review presented in this chapter is based on documentation, interviews with key informants, survey data and field visits to completed projects in Colombia, South Africa and Vietnam. The following sections present findings regarding (1) the policy relevance of the supported activities; (2) the country-specific context for financing; (3) the achievement of the objectives of the interventions; (4) the involvement of foreign parties; (5) sustainability, and (6) impact and sustained transition.⁹⁰

6.1 Policy relevance of interventions

Although theoretically, the policy relevance of both TF objectives could have been deducted by the difference between ODA and non-ODA resources (see table 4.4), in practice this distinction was not strictly adhered to. In consequence, the assessment of policy relevance is based on the intervention fiches, whereby the envisaged output, rather than the described objectives, is taken as indication of the interventions' objectives. Due to the variation in style of presentation of these intervention fiches in combination with the reviewer's subjectivity implies a margin of error (see Figure 13).

Approximately 80% of all TF interventions can be considered relevant to the objective of support to the Dutch business community in doing business with a target country, while 45% can be considered relevant to the improvement of the business climate.⁹¹ Of approximately 4% of the intervention fiches, it is either unknown or not clear whether these were supposed to contribute to either the Dutch businesses and/or the business climate. In consequence, the envisaged output of the majority of interventions is meant to support the Dutch business community. There are exceptions, for example in the support to Government and local Knowledge Centres by Dutch Knowledge Centres (G2G and K2K).

Figure 13 Policy relevance of interventions



Source: ERBS count based on RVO intervention fiches.

⁹⁰ Subjects mentioned in Terms of Reference (March 2016: 11).

⁹¹ Assessment criteria used are those mentioned in Figure 1.

Joint projects

The RVO Transition desk pro-actively coordinated with top-sectors, ministries (such as the ministry for Infrastructure and the Environment) and branch organisations, to come to joint and well-coordinated activities. For the operationalisation, individual companies were needed, so firms had to be appealed and attracted to join these coordinated interventions. Examples of such joint activities can be found in the water sector, like the Strategic Partnership for Water and Climate (Vietnam), or the Delta-technology component of the top-sector water (both Colombia and Vietnam). Other examples are found in the top-sector Agro&Food through Greenport Holland and FloraHolland.

Another type of joint activities was the ‘facilitating’ and ‘mediating’ ones, like the Centre of Expertise for the Water sector in South Africa, the Holland Village in Vietnam and the Holland House in Colombia. These centres served as source of information to individual entrepreneurs and facilitated doing business in the partner country, with or without the support by TF.⁹²

The TF support to the establishment of the Holland House was successful and has proven to be an important ‘entry point’ for Colombian-Dutch relationships. The Holland House has developed itself into a practical service provider to the private sector. Over the years, the number of users increased, as did the number of employees. Survey results from Colombia suggest that nearly half of the users of the Holland House established business contacts in that country. The Holland House has played a facilitating role and hence its effects on individual business decisions are indirect.

Two joint activities in South Africa – the Centre of Expertise in the Water sector and to a lesser extent the contributions to Cape Town Design Capital – had positive outputs/outcomes. This output was more directly related to TF interventions than in the case of the Holland House in Colombia. The underlying assumption is that exposure to Dutch products and know-how over a prolonged period contributes to individual business transactions. However, whether that really takes place is unknown, also since the support to the Centre was for a short period only and was assumed by the private sector stakeholders. According to interviewed Dutch businesses, some opportunities were lost due to the short duration of the exposure.

In Vietnam, RVO and the Ministry of Infrastructure and the Environment attracted various (semi-) public entities and companies to the Strategic Partnership for Water and Climate, but – apart from follow-up initiatives – the results were modest so far. Joint activities in the horticulture sector did not lead to positive results in the short term. TF funded a comprehensive inventory of experiences in the horticultural sector, but the informative document was never disseminated due to a lack of funds (by TF) and remained unknown even to the directly involved agricultural research entity (IPSARD). The establishment of a Dutch-Vietnamese coordination platform in the horticultural sector (HortiVin by Greenport Holland) failed (see Annex F). In Vietnam, it was precisely the joint nature of the HortiVin activities that originated tensions and discontent. The Dutch firms were insufficiently aware of the differences between the Dutch and Vietnamese forms of organisation and business culture, including the influence of the People’s Committees at local level.

Among the Dutch business partners the awareness that their activities pertained to joint strategies was rather low. Only few respondents to the survey reported to have pertained to a larger and broader strategy. Among the Dutch companies that received a TF subsidy, 11 out of 59 respondents

⁹² The surveys among stakeholders included questions concerning the Greenport Agro business centre in South Africa, the Centre of Expertise Water in South Africa, the Holland Village in Vietnam and the Holland House in Colombia.

(19%) considered the intervention forming part of a broader strategy (either international agreement or by the Top-sector). Since the Knowledge Centres were usually key input to these arrangements, their awareness about these strategies was much higher (4 out of 7).

Another factor that contributed to success or failure of joint programmes was that the priorities of the Dutch Top-sectors are not a constant, but shift over time. Each Top-sector determines its own agenda, and defines its own priority countries⁹³. While in 2011, Vietnam was ranked among the highest priority countries by the Top-sector Agro&Food, it was downgraded gradually afterwards and hence currently receives less attention than at the start of TF.

‘Forced’ collaborations do not work out, as illustrated by the PPP Sustainable Pangasius project in Vietnam, in which the role of the private sector stakeholders felt marginalised by the dominant lead partner Wageningen University (see Annex F).

First-time contacts

One function of the Transition Facility is matching the Dutch business community with partners in Colombia, South Africa and Vietnam. Table 6.1 shows whether TF was instrumental for ‘first-time contacts with the partner country’ as well as the matching to new business partners among various categories of TF users.

Table 6.1 First-time contacts among categories of TF users

	Dutch companies supported by TF subsidy	Knowledge and (semi-) public organisations supported by TF subsidy	Organisations that implemented assignments	Participants in trade missions, trade expo’s and seminars
First-time contact with TF country	22 out of 61 (37%)	2 out of 7 (29%)	9 out of 36 (25%)	40 out of 80 (50%)
Not first-time contact with TF country	35 out of 61 (57%)	5 out of 7 (71%)	18 out of 36 (50%)	43 out of 87 (49%)
Specific interest in doing business with TF country?	25 out of 39 (64%)	6 out of 7 (80%)		23 out of 64 for exports (36%); 12 out of 74 for imports (16%); 6 out of 30 for investment (20%)
No specific interest in doing business with TF country	13 out of 39 (33%)	-		26 out of 62 (41%)
RVO matched to new partner in TF country	20 out of 55 (36%)	3 out of 4		40 out of 80 (50%)
Embassy matched to new contact in TF country		4 out of 4		

Source: ERBS surveys. Note: the answer categories ‘unknown’; ‘not applicable or blanc’ are not included.

Among the 104 respondents in the first three columns of Table 6.1, 58 (56%) had already contacts in the corresponding TF country prior to TF intervention. To 33 (32%) of them this was a new adventure (the remaining respondents did not know). In consequence, one third of the responding enterprises had no commercial interest in that specific TF country, but were open to explore new opportunities. It is precisely this group that was triggered by the top-sector or branch organisation.

⁹³ The Top-consortia for Knowledge and Innovation (TKI’s) determine the research agenda. This agenda is supported by the Ministry of Economic Affairs by means of a subsidy (*TKI toeslag*).

Among the 35 companies with earlier experience in the TF country, 22 were involved in exports, while 19 companies had out-sourced production to that country. Only 4 companies imported from the target countries, while 12 looked for investment opportunities. Among the participants in trade missions, trade fairs and seminars, the interest varied from exploring opportunities for export and investment to the search for products to import. Precisely half of the respondents (40 out of 80) found a new business contact as result of these trade missions, trade fairs and seminars.

From the perspective of the companies in the TF countries, 17 out of 40 (43%) reported that they had already established contacts with the Dutch partner prior to TF, while an equal number reported that that they established new contacts. A third (10 out of 30) of the companies with new contacts had deliberately looked for a contact in the Netherlands, while nearly half (14 out of 30, 47%) of them was indifferent to the Dutch origin. In almost all (16 out of 19, 84%) cases it was the Dutch partner that had approached the business contact in the TF country and not the other way around.

6.2 Country specific context for financing

Foreign (and local) companies face constraints in accessing finance for either investment or working capital needed for international trade and commerce. Financing opportunities vary by country and by sector. Access to capital is usually better in those sectors with a high return on capital (manufacturing), while high-risk sectors (like agriculture) are usually deprived from access to commercial financing. In some cases access to finance can be considered as a binding constraint to Dutch companies, but usually this applied more to the local businesses, since (larger) international companies can obtain finance (credit) from abroad. For doing business with Colombia, lack of access to credit is unlikely to be a 'killer' constraint to Dutch companies, since international banks operate in the country, including ABN-AMRO bank through its partnership with BanColombia, and ING, through ING Américas. In consequence, if the holding or mother company of the Dutch enterprise is solvent enough, access to credit should be possible. The Colombian government finances credit programmes to attract foreign direct investment. It is unknown whether Dutch companies have access to these facilities.

In South Africa, access to investment and/or exports credits by foreign investors and exporters is comparable to OECD country standards outside Europe. Each request is appraised based on commercial and local political risk. According to credit providers, the latter has deteriorated over the last decade, as indicated by interest rate fluctuations. While the South African Reserve Bank (SARB) base interest rate has varied between 5.5% and 7% (in SAR), the commercial banks charge 9-14% interest from enterprises. To European companies, this is rather unattractive. The South African banking sector is well developed, but local SMEs are not treated equally as larger companies when looking for finance. Constraints to SMEs are not surprising, given the high degree of informality among small businesses. For the category 'small and micro companies,' (outside the TF target group) there are all kinds of private and NGO-based credit systems, as well as informal credit systems.

Vietnam has an expanding financial sector with both state-owned and commercial banks. Public and semi-public enterprises have easier access to credit than commercial companies. New facilities for SMEs have been and are still being developed, amongst others through support by the FMO to the Sacom Bank⁹⁴ (leasing to SMEs). Finance laws, by-laws and regulations change rapidly in Vietnam, making the financial market more liberal and more transparent. Credit cooperatives play an

⁹⁴ Sacom Bank emerged from a fusion among four credit cooperatives; it has over 60 offices throughout the country.

important role in providing credit to local SMEs. Foreign companies usually do not have access to the national credit system. Several trade and business missions to Vietnam paid attention to the financial constraints and the need to have local partners for getting access to capital and finance. To overcome the finance constraint (for both investment and working capital), the participation of the Rabobank Foundation in one of TF activities in Vietnamese horticulture was very useful.

6.3 Achievement of intervention objectives

A more in-depth analysis of selected interventions in Colombia, South Africa and Vietnam was made in which the achievement of intervention objectives was compared to those defined in the plan (or proposal) and fiche. After some amendments, 24 interventions were selected (see Annex A).⁹⁵

Based on the assessment questions for effect review (see table 1.2), the MTR team formulated effect review questions for use at project level. Each intervention was assessed on one (1) Process quality Review Question (PRQ 1) and 9 Effect Review Questions (ERQs):

- (PRQ 1): Appraisal and Monitoring of the project (the activity funded by TF).
- (ERQ1): To what extent have TF-projects achieved the objectives that are defined in the project plan and fiche?
- (ERQ2): What is the value added of involving foreign parties (not being the Dutch embassy) from the start onwards for the effects of a good TF-intervention?
- (ERQ3): To what extent have the approved / initiated TF project contributed to the achievement of the (policy) objectives of TF on the output level?
- (ERQ4): Increase in the size of (sustainable) trade, investments, and services by the Dutch company(ies) and improving the business climate of the Transition country?
- (ERQ5): To what extent is there already a transition from an OS relation to an economic relation? To what extent will the transition continue? To what extent is this to be expected during further course of the programme?
- (ERQ6): Which country-specific context has either contributed to or inhibited the effects of TF?
- (ERQ7): To what extent are the achieved results sustainable?
- (ERQ8): To what extent are the achieved effects attributable to TF?
- (ERQ9): Are the outputs achieved with the planned inputs and has that been cost efficient?

The findings of the analysis of the 24 sampled interventions, placed in the country context and based on interviews, documentation and field visits are presented for Colombia, South Africa and Vietnam in the Annexes D, E and F respectively. For each of these 24 interventions / projects, the MTR team scored the results using a scorecard (see Annex A for the full scorecard and score criteria). The scores run from A to D, whereby A is excellent or very positive, B is sufficient or positive, C is insufficient or neutral, and D very poor or negative. X means that no information is available, or that the question is not applicable to the intervention concerned.

The observed scores by country vary substantially. These differences can be explained by either a different country context or by the differences in type of business contacts between the Netherlands and the respective country, but it is also influenced by the kind of interventions. In Colombia, the

⁹⁵ Next to minor amendments made by the MTR team for reasons of complementarity, the Embassy in Bogotá requested modifications to the selection presented in the Inception report.

selected interventions encompassed various ‘soft’ components of an exploratory nature, such as studies, seminars and the like, while in Vietnam most activities were either Government-to-Government and Knowledge-to-Knowledge activities.⁹⁶

Some generalisations can be made based on the 24 assessments (see table 6.2):

Within the context of the procedures agreed upon in the TF Framework, both RVO and the embassies appraised the requests for subsidy and/or the identification of assignments timely and seriously. As indicated in Chapter 3, the appraisal showed some flaws by paying little attention to certain binding constraints and in the critical assessment of potential contributions to the improvement of the business climate. Although the fiche requires a risk assessment for delegated ODA funds, it lacked a structured risk assessment that refers to objectives, financial sustainability and capacity risks.

RVO and embassies alike made considerable efforts to elaborate a solid intervention fiche (although in a few cases elaborated by the beneficiaries, and although not always completed prior to the funding decision). The fact that the smallest interventions (below EUR 20,000) did not require an intervention fiche triggered some fragmentation, by splitting interventions into components below the threshold. In some cases, a more critical appraisal would have been desirable, for example when the identification of counterparts was a first output or when very ambitious outcomes were formulated as result of small interventions.

In case of the 24 sampled interventions, the appraisal paid attention to both TF objectives, but – consistent with the inventory of all intervention fiches (Figure 6)– more attention was paid to the importance for the Dutch businesses than to the local business climate.

In almost all selected interventions (19 out of 24, 80%), the envisaged output (i.e. a study, a demonstration project, an outgoing mission) was either largely or totally realised. There were no substantial differences between the original planning and the actual implementation of TF interventions: TF supported interventions did what they promised to do.

Regarding the achievement of the intervention outcome or objective, this is different. In 6 out of 24 (25%) the interventions produced the envisaged outcome (the study leading to the implementation of an activity; the demonstration project leading to the sales of a product; the outgoing mission leading to new exports). That not more projects achieved the envisaged outcome, is partly due to the over-ambitious formulation of objectives, and partly due to flaws in the use of the output produced (or weak linkages between the output and the envisaged outcome). Examples of that are: studies that were elaborated but not used (horticulture Vietnam); a demonstration project installed, but no sales of the product (industrial water treatment, Vietnam).

It is important to have local partners on board in the intervention (see also section 6.4). In Vietnam, it is hardly possible to do business in absence of a local representation or partner. In Colombia, there are examples of projects that initially failed due to insufficient incorporation of local knowledge and that became finally successful once a local firm was incorporated into the activity. The local business partners or counterparts of organisations were committed if in their own commercial interest; local partners hardly contributed to the costs of the projects or undertakings.

About half of the 24 interventions were policy relevant. In 11 cases the policy relevance is not very clear, while in three cases it can be considered as negative.

⁹⁶ RVO had requested explicitly to include G2G and K2K interventions in the sample.

The analysis of the 24 interventions did not allow to make broad generalisations about sustained economic relations or a transition towards economic relations. The findings of these 24 activities largely coincided with the survey results (see section 6.5), in the sense that TF interventions were often successful in their contribution to establishing business contacts (that would not have been established in absence of TF).

In the case the partners agree that the contact established with the support of TF merits continuation to come to business deals, access to finance (be it for a business transaction or activities implemented in G2G and K2K contacts) remains a hurdle to take. Among two-thirds of the 24 cases, the future financing was either uncertain or had not been identified yet. In cases where financing was found, this was mainly by public resources (including follow-up funding by TF or reference to instruments for support to private sector development).

In two-third of the cases, the implementation of the TF intervention was done in a cost-efficient manner. In most cases, the MTR could not make a full cost assessment due to a lack of insight in the total costs of the projects (TF interventions plus own contributions from participating partners), in particular concerning the contributions in time and kind (for example, the opportunity costs of making land available for horticultural innovation and testing).

Table 6.2 summarizes the scores over the 24 interventions further analysed (see for scoring criteria Annex A).

Table 6.2 Scores by Effect Review Question – summary 24 interventions

Indicators					
Appraisal and Monitoring of the project (the activity funded by TF)					
	A	B	C	D	X
1. Quality of the appraisal of the project/activity in terms of improvement of the local business climate in the recipient country	3	12	5	1	3
2. Quality of the appraisal of the project/activity in terms of creating (additional) business or institutional relations with the recipient country	7	13	2	0	2
3. Quality of the monitoring and evaluation of the project/activity	1	10	2	1	10
(ERQ1): To what extent has the TF-project achieved the objectives that are defined in the project plan and fiche?					
4. Extent to which the verifiable outputs were realized	15	4	3	0	2
5. Extent to which the objectives of the project/activity have been achieved	11	4	2	6	1
6. Extent to which the outcome of the project/activity has been achieved	3	3	3	4	11
(ERQ2): What is the value added of involving foreign parties (not being the Dutch embassy) from the start onwards for the effects of a good TF-intervention?					
7. Extent to which local partners contributed to the achievement of the objectives of the TF funded project/activity	10	3	4	2	5
8. Extent to which the involvement of local partners contributed to the transaction costs of the TF funded project/activity	1	1	6	1	15
9. To what extent has the project/activity contributed to stable working relations over time	5	8	6	4	1
(ERQ3): To what extent have the approved / initiated TF project contributed to the achievement of the (policy) objectives of TF on the output level?					
10. To what extent have the TF funded project/activity achieved the (policy) objectives of TF on the output level?	8	6	5	3	2
(ERQ4): increase in the size of (sustainable) trade, investments, and services by the Dutch company(ies) and improving the business climate of the Transition country?					
11. To what extent has the project/activity contributed to the increase in the size of (sustainable) trade, investments, and services by the Dutch companies involved	2	6	7	4	5
12. To what extent has the project/activity contributed to an improvement of the business climate of the target country?	2	3	11	5	3
(ERQ5): To what extent is there already a transition from an OS relation to an economic relation? To what extent will the transition continue? To what extent is this to be expected during further course of the programme?					
13. To what extent has the project/activity a demonstration effect and if so is there any spin-off?	3	1	7	8	5
14. To what extent has the project/activity contributed to innovations in the sector in the TF country?	7	3	2	3	9
15. To what extent do Dutch companies experience difficulties in obtaining finance for follow-up projects/investments in the target country?	0	4	6	1	9
(ERQ6): Which country-specific context has either contributed to or inhibited the effects of TF?					
16. To what extent was the country-specific environment positive or negative for the effects of the activity	1	6	5	2	9
(ERQ7): To what extent are the achieved results sustainable?					
17. To what extent are the achieved results sustainable?	4	1	9	4	6
18. To what extent does the company have access to an alternative financing window now?	4	1	5	1	13
19. What are the company's / institution's investment / trade plans in this country at the short and medium term?	10	1	3	2	8
(ERQ8): To what extent are the achieved effects attributable to TF					
20. To what extent has the position of the company changed because of TF support?	5	9	0	5	5
(ERQ9): Are the outputs achieved with the planned inputs and has that been cost efficient?					
21. Are the outputs achieved with the planned inputs and has that been cost efficient?	0	9	6	3	6

6.4 Involvement of foreign parties

The TF programme considered the involvement of foreign (local) parties from the start onwards advantageous to achieve the objectives of the interventions. These perceived advantages are: the involvement of local partners implies better knowledge about the local legislation, about the local 'culture' of doing business, about the institutional arrangements in the country, language and so on. In the projects visited in Colombia, South Africa and Vietnam this was all true, although various Dutch partners and knowledge centres were not able to adapt themselves to the local circumstances and to benefit fully from the collaboration with the local partner. It is difficult to assess the value added of involving a local partner in the TF intervention at an early stage since there is no counterfactual. At least, among the projects visited there were no examples of business transactions without a local partner.

In Colombia, businesses and knowledge centres interviewed stressed the importance of involving a local partner from the start onwards. And 'local' means Colombian in this case and hence not a subsidiary of another Dutch firm or a multinational. For example, for the development of the River Master Plan, initially a Dutch business partner with presence in Colombia was involved, but that did not work out well. Project implementation improved once this partner was replaced by a 'genuine' Colombian partner. Another example is that of the Centre of Expertise on Ports, Transport and Logistics, implemented together with Universidad del Norte. In the Room for the River project in Valle de Cauca, the involvement of universities was crucial, as the project was a follow-up of a pilot project in which there existed already a smooth collaboration between the client (CVC) and universities.

In South Africa, the Black Economic Empowerment (BEE) policy is often seen as an obstacle to foreign investors. It is a racially selective approach launched by the South African government to revert the inequalities resulting from Apartheid, by giving previously disadvantaged groups certain economic privileges. To foreign companies, these legislative hurdles can be overcome through direct involvement of local (black) partners.

In Vietnam, language, legislation and business culture are serious impediments to do business 'on your own'. Doing business in Vietnam is based on trust and reciprocity and, in relation to assignments on behalf of public entities, on sound relationship with the local People's Committees. In practice, doing business in Vietnam is exclusive to those represented by a local firm, or by establishing a subsidiary in the country in which Vietnamese partners hold key positions.

Involvement of national partners is no guarantee to success however: there are examples of TF-supported projects with local partners in Colombia that were not successful. In the case of Yellow Pallet, for instance, the local Uniban was involved, but the project was a feasibility study and did not lead to concrete results. In Vietnam, various activities in the horticulture sector were not successful, since the Vietnamese counterparts felt over-ruled and intimidated by Dutch partners. The Vietnamese partners were not interested in an unequal relationship with no place for reciprocity. A first-time 'match' resulting from intermediation by the Embassy in Hanoi or RVO often led to feelings of discomfort at the side of the local partner. Not all Vietnamese companies expressed their intention to continue the relationship with the Dutch partner (i.e. Pangasius research project, horticultural platform, use of satellite imagery).

6.5 Sustainability of results

The sustainability of interventions cannot be underpinned with evidence, considering the short time that has passed since the administrative finalisation of the activities. Sustainability has been assessed based on perceptions of stakeholders involved.

In the surveys, sustainability was assessed through different indicators. It was considered a sign of institutional sustainability if the TF activity led to a representation of the Dutch business or organisation in the TF country. Similarly, in the case of imports, it was also an indication of institutional sustainability if the Colombian, South African or Vietnamese firm was now represented by the Dutch partner. A second, more tangible indicator is whether the TF activity had triggered at least one new business deal, in the sense of a new order for products or services, or that at least such an order or services was discussed and could be expected within six months from the date of the survey. A third indicator used was the expectation that the TF activity would lead to lasting economic relations with the TF country (not necessarily with the same business partner).

Respondents to the surveys among Dutch participants to trade missions and trade fairs (93 respondents) revealed that about half of them managed to establish contacts that led to a permanent representation in the TF countries. This was also the case in over a third of the respondents (61) among Dutch companies that were supported by TF subsidies. It was not in the direct interest of those organisations that implemented assignments to look for permanent presence in the TF countries.

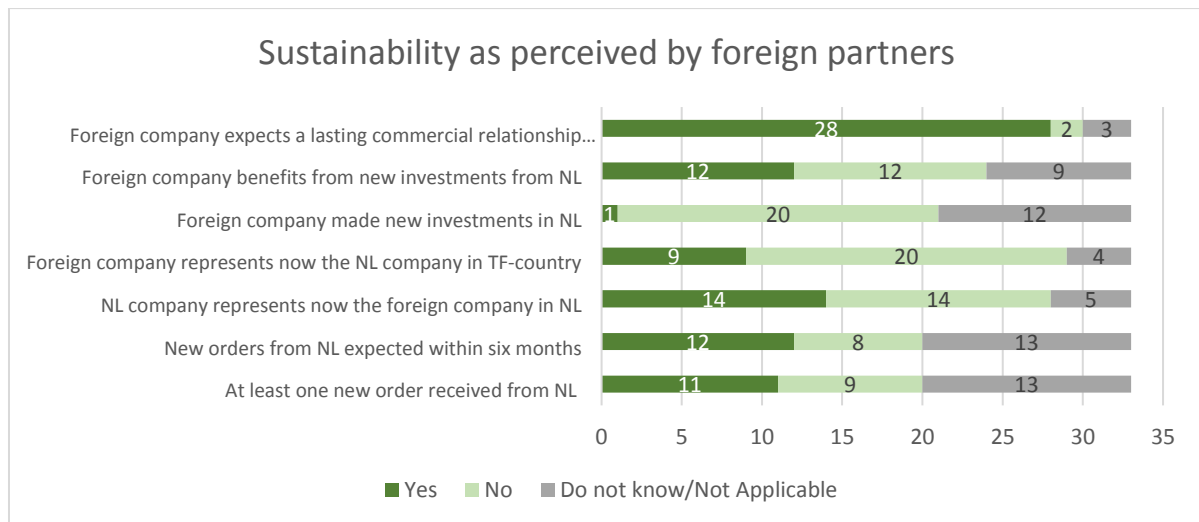
Less than half of the TF-supported Dutch companies received a follow-up order, while 60% (102 out of 169 Dutch respondents to the corresponding question in the survey) expected a lasting economic relationship with the TF country (see Table 6.3).

Table 6.3 Sustainability of the relations between Dutch businesses and TF partners

	Dutch companies supported by TF subsidy	Knowledge and (semi-) public organisations supported by TF subsidy	Implementing organisations of assignments	Participants in trade missions, trade expo's and seminars
The company / organisation is now represented by partner in TF country	20 out of 56 (36%)	n.a.	2 out of 32 (6%)	35 out of 77 (46%)
The company / organisation received at least one new order (export, advice, construction, follow-up research) that would not have been received in absence of TF	23 out of 56 (41%)	7 out of 7 (100%)	15 out of 32 (47%)	1 out of 42 (3%)
The company / organisation expects at least one new order (export, advice, construction, follow-up research)	n.a.	5 out of 7 (86%)	n.a.	4 out of 42 (9%)
The company / organisation expects a long lasting economic relationship with the Transition country	40 out of 53 (75%)	6 out of 7 (86%)	2 out of 32 (6%)	54 out of 77 (70%)

In general, the response to the survey by business partners in the target countries did not differ significantly from their Dutch colleagues. About 40% (14 out of 33, see Figure 14) of the TF partners are now represented in the Netherlands, while a third of them (11 out of 33) either got already a new order, or was expecting one from the Netherlands. Similar to their Dutch counterparts, also the companies in the target countries expected (28 out of 33, 85%) a lasting economic relationship.

Figure 14 Sustainable relations, as perceived by foreign partners



Source: ERBS surveys, 2016.

6.6 Generation of employment and contribution to innovation

Employment

An impact indicator of private sector development programmes is the generation of employment, both in the Netherlands and in the partner countries. The TF interventions may have contributed to either temporary (during the implementation) or permanent employment. Since TF is relatively young, the employment effects may not have matured yet.⁹⁷ It was beyond the MTR to measure quantitatively employment effects; information is derived from interviews and surveys.

Survey results were consistent in the perception that additional employment was created in 60-65% of the projects supported by TF interventions. The employment generated in the Netherlands – measured in full time equivalents (fte's) was as follows: among the 61 Dutch companies that addressed the corresponding questions, 38 (62%) reported that employment was created, but to the majority (35) this was less than 3 fte's. Only 3 firms reported an employment creation of 4-6 fte's. The assignments contracted by either RVO or the embassies also created additional employment in the executing organisations involved: 22 out of 37 (59%) report the creation of jobs, although up to 3 fte's only.⁹⁸

⁹⁷ Among its comments to the Concept Final report, the Ministry of Foreign Affairs observed that the objective of generating (local) employment is not seen as consequence of the business or trade relation [only], but also as consequence of the effort to maintain employment in local companies that otherwise might have gone lost. Losing employment can be an unforeseen impact of either the introduction of new technologies or the access to new markets by the supported interventions.

⁹⁸ In this case, the survey questions did not distinguish between temporary and permanent employment; it is assumed that the majority concerns temporary employment.

Regarding additional employment in the target countries, Dutch companies respond that in 54% (34 out of 61) employment was generated, but less than 3 fte's. There were three exceptions: one respondent reported 450 fte's⁹⁹; another 70 fte's and the third one 15 fte's of additional employment. The survey among companies and organisations in the three countries reported employment mostly less than 3 fte's (40%) and in 6 cases between 3 and 6 fte's.

Although the generation of employment is rather modest in absolute numbers, in view of the relatively small interventions, the employment generated is noteworthy.

Innovation

The active involvement of Knowledge Centres in the Netherlands, as well as coordinated efforts by Dutch Top-sectors provided ample opportunities for innovation, both in technology and administrative or logistical organisation alike.

Illustrative is the incorporation of the Dutch Union of Waterboards (*Waterschappen*) in the annual elaboration of Embassy working plans, together with RVO, Ministry of Economic Affairs, Ministry of Foreign Affairs (IGG and DIO) and the Ministry of Infrastructure and the Environment in water technology, delta technology and water and agriculture.

In this respect, the relationship between the Top-sectors and the *Groot Technologische Instituten*¹⁰⁰ is of importance, among them Deltares. The relations between RVO and Deltares are close, since RVO manages and administered various programmes related to the water sector.

Colombia has benefited from extensive Dutch knowledge on water management and transportation and logistics. One innovation is the introduction of the concept of 'building with nature,' which forms part of the Room for the River project. More in general, an innovation is the use of more comprehensive approaches, involving technical, institutional, governance and financial aspects, for example at the level of watershed management. In the agricultural sector, an innovation is the use of banana tree stems to produce pallets, but this has not led to a concrete project in Colombia.

In South Africa, thanks to TF's contribution to the Centre of Expertise, the water sector has benefited from the access to the Dutch and international knowledge regarding water supply and water treatment. This did not result (yet) in major supplies from the Netherlands. The Solaris project, which is co-financed by TF, has introduced an innovative approach in the transition of tobacco into aircraft fuel.

In Vietnam, various TF activities could be labelled as either technologically and/or organizationally innovative, such as the Red River Basin water management, an innovative establishment of a new intermediate research centre for water (VINWATER), the research on feed for Pangasius fish, water and climate services as well as industrial waste water treatment. In all these cases, innovative activities have been carried out, but it is still too early to indicate whether these innovations will be adapted to local circumstance and sustained over time (the industrial waste water treatment project happened to be not sustainable in terms of its financial model).

⁹⁹ This case concerns a project started with PSI support. The TF activity was of minor importance to the project. Whether it can be attributed or not, the impact would be of PSI rather than TF.

¹⁰⁰ Knowledge Institutes like TNO, the National Air and Space Laboratory (NLR), the Energy Centre Netherlands (ECN), the Maritime Research Institute Netherlands (MARIN), Deltares (encompassing GEODelft and Hydrological Laboratory) have the status of *Groot Technologisch Instituut* (GTI) and are supported by a special subsidy fund.

6.7 Impact

According to the intervention logic (see Figure 2), the main expected impact is the expansion in trade, services and investment by the private sector, employment generated, as well as the improvement of the business climate in the TF countries. This is the policy justification for having an approach as TF. If there would no impact on the economic bilateral relations, why would there be a TF anyhow? Hence, an effort was made to test whether TF makes a difference at all as compared to countries where no TF activities took place.

Since part of the TF interventions has been completed only and time has been short for most activities to mature, it is unlikely that this kind of impact has fully materialized. Therefore, it is doubtful whether the impact is fully shown in statistical data. But since interventions started in 2012, the contrary -being that nothing can be shown from statistical data yet- is even less likely.

In the effort to assess the impact of TF interventions there are various factors to take into account. First, TF is just one among the many factors determining the performance in bilateral business and trade relations. Second, TF did not address all constraints to bilateral investment and business environment, but only part of them. For example, various stakeholders (mainly Colombia and Vietnam) observed that Dutch companies are rather expensive and for that reason miss opportunities. This binding constraint was not addressed by the type of TF interventions, and hence could not be taken away by TF support. The same applies to other investment climate conditions, such as the quality of national physical infrastructure (port facilities), salary levels or corruption levels and the like. Third, the success or failure of the trade and business relations depends on the 'quality' of the business partner. And good business partners do not deal with a single Dutch partner only, but with an array of international partners simultaneously. Fourth, the TF volumes are small compared to the total bilateral trade volumes.

Being aware of these limitations and pitfalls, in the following sections it is intended to analyse respectively (i) the impact on trade and investment and (2) the impact on the business climate.

(1) Analysis of impact on trade and investments

In 2011, both Colombia and South Africa were categorized as upper-middle income countries, with a per capita income of approximately USD 11,000. The per capita income of Vietnam was substantially lower (USD 4,000).

Trade in goods and services

The trade in goods between the Netherlands and the three countries shows a heterogeneous pattern. Imports from and exports to Vietnam show double digit growth figures during the period considered (2008-2016) in this analysis.¹⁰¹ Imports from Vietnam have accelerated during the TF period, while exports increased steadily, with over 10% growth per annum. Fifty percent of the imports from Vietnam were categorized as Machinery and Transport Equipment (SITC 7).¹⁰² This was followed by Other manufactured articles (SITC 8), with a share of almost 30% of total imports, and Food and Live Animals (SITC 0), comprising 15% of total imports. Over time, the composition of imports changed substantially towards more industrial products. The composition of exports to

¹⁰¹ The period of analysis depends on data availability, but common practice for this type of analysis is $n-3/n+3$.

¹⁰² SITC = Standard International Trade Classification.

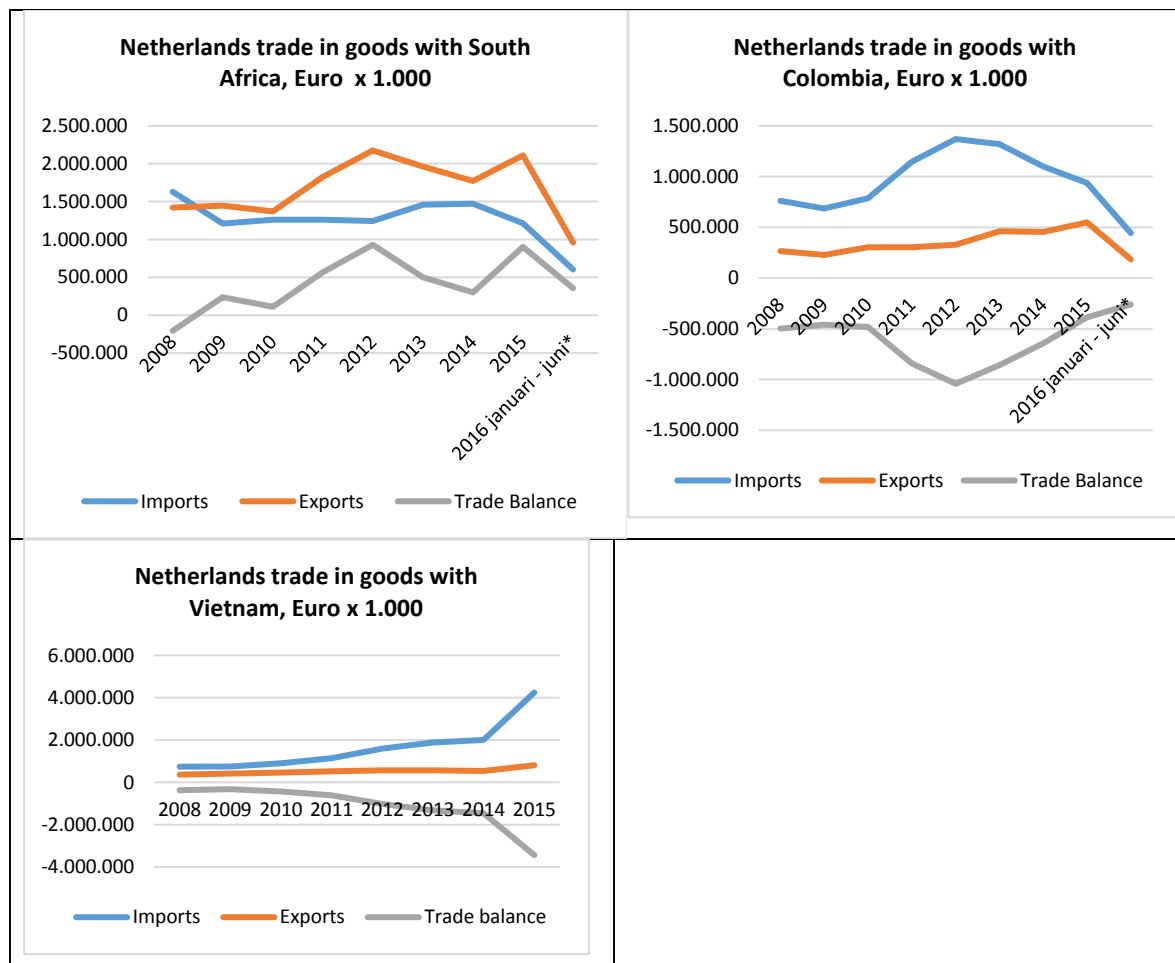
Vietnam was stable over time with Food and Live animals (SITC 0, 22%), Chemicals (SITC 5, 14%) and Machinery and Transport Equipment (SITC 7, 39%) as the most important goods.

Total imports from Colombia decreased 4.9% during the TF period, after a period of relatively high growth rates (14.5% p.a.). In contrast, exports from the Netherlands to Colombia grew by 15.8% per annum during the 2011-2015 period, as compared to 4.9% during the 2008-2011 period. Imports of Mineral fuels, lubricants and related materials (SITC 3) was by far the most important good (over 75%), followed by Food and Life Animals (SITC 0, 5%). The main export products to Colombia were Chemicals and related products (SITC 5, 33%) and Miscellaneous manufactured articles (SITC 8, 12%).

Imports from South Africa decreased during the 2008-2016 period, though at a lower rate during 2011-2015. The imports were dominated by Food and Life Animals (SITC 0), that increased from one-third in 2008 to 50% in 2016, followed by Crude materials, inedible, except fuels (SITC 3) with 16% of total imports, and Manufactured goods (SITC 6, 11%). The main export product of the Netherlands to South Africa is Machinery and transport equipment (SITC 7), with a share fluctuating between 35% and 58%, followed by Chemicals and related products (SITC 5, 20%) and Mineral fuels, lubricants and related materials (SITC 3, 11%).

The trade flows for goods are for all three countries are relatively small, as shown in Annex G and Figure 15.

Figure 15 Trade in goods between the Netherlands and Colombia, South Africa and Vietnam (in current prices)



Source: CBS, 2016.

The impact question is whether TF has contributed to trade flows between the Netherlands and the three countries. To address this question, several regressions for exports and imports were run at the 1-digit SITC level. All equations used monthly data from the Netherlands Central Bureau of Statistics, over the period January 2008-July 2016. The (log of the) share of exports from the Netherlands to Colombia, Vietnam and South Africa in the total exports from the Netherlands to, respectively, Latin America and the Caribbean, Asia and Africa is regressed on a trend and a Dummy reflecting the Transition Facility.¹⁰³

LOG(Netherlands exports to TF country / Netherlands exports to relevant continent) =

$$c(1) + c(2) * TREND + c(3) * DUMTF + c(i) * DUMMONTH$$

The hypothesis is that if any effect exists of TF, the share of the three countries in the respective exports from the Netherlands to the three continents is positively affected. The Dummy is a proxy for TF over the period 2011-2016. Since monthly figures have been used, all equations are corrected for seasonal fluctuations with monthly dummies.

For imports of the Netherlands from the three countries, the share of imports in total imports of the Netherlands is regressed on a trend and using a Dummy reflecting the Transition Facility:

LOG(Netherlands imports from TF country) =

$$c(1) + c(2) * \text{Dutch Imports of goods} + c(3) * DUMTF + c(i) * DUMMONTH$$

In both cases, the lagged explanatory variable has been included to capture a certain lag in the effects. The tables in Annex G show the results of the regressions.

No statistically significant effect has been found for total Dutch exports to a TF country (as compared to the region). However, at the 1-digit SITC level, some significant positive effects of the TF dummy are found. For Colombia, the TF Dummy is significantly positive (at 95% confidence level) for exports of Food and live animals (SITC 0), Beverages and Tobacco (SITC 1) and Miscellaneous manufactured articles (SITC 8). Together, these three categories represent 18 % of total Dutch exports to Colombia. For South Africa, the regressions show a positive effect (at 95% confidence level) of the TF Dummy for Food and live animals (SITC 0), Crude materials, inedible, except fuels (SITC2), Chemicals and related products (SITC 5); Machinery and transport equipment (SITC 7), and Miscellaneous manufactured articles (SITC 8). Together, these categories represent close to 80% of total Dutch exports to South Africa. The regression results for Vietnam are weaker from a statistical point of view, with no effects at 95% confidence level, but showing positive effects at the 90% confidence level for SITC 1, SITC 2, SITC 7 and SITC 8. Together, these categories represent 65% of total Dutch export to Vietnam.

The regressions show generally a statistically stronger effect for Dutch imports from the TF countries. Total imports from Colombia and Vietnam were positively affected during the TF period. For Colombia, this was the case for SITC 0, SITC 1, SITC 2, SITC 4 and SITC 8 (representing 28% of total imports from Colombia). Dutch Imports from Vietnam show a significant positive effect of the TF Dummy for the following categories: SITC 0, SITC 1, SITC 5, SITC 6, and SITC 7 (representing 68% of total imports from Vietnam). The effect of the TF Dummy is less prominent for the imports from

¹⁰³ An alternative for the explanatory variable would have been the share of Dutch exports in the imports of the three countries. In case of South Africa, such an analysis is possible, since total imports per month are available starting in January 2010. Regressions for South Africa using the share of Dutch exports in total imports of South Africa over the period January 2010 – June 2016 at the SITC 1 digit level produces comparable results as in the approach used. The alternative approach cannot be applied for Colombia and Vietnam, due to lack of statistical data at SITC level.

South Africa, with only significant coefficients for SITC 4 and SITC 7 (representing less than 10% of total imports from South Africa).

The econometric relations presented above refer to the trade in goods. The bilateral trade in services is less well documented. The Netherlands Central Bureau of Statistics provides annual data for 2006-2013. These are presented in Table 6.4. The bilateral trade in services between the Netherlands and the three countries shows that, on average, growth slowed down somewhat after 2010. Imports of services from South Africa - consisting mainly of touristic services - declined. The data of trade in services themselves do not indicate that TF has had any impact on trade flows.

Table 6.4 Bilateral trade in services, Euro x mln.

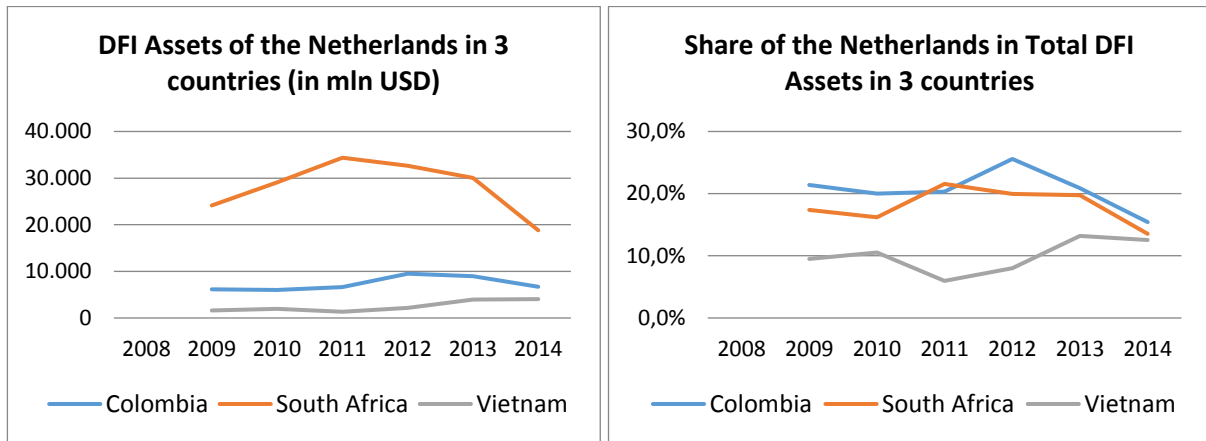
Bilateral trade in services, Euro x mln.									
	Dutch imports of services from			Dutch exports of services to			Services balance		
	Colombia	South Africa	Vietnam	Colombia	South Africa	Vietnam	Colombia	South Africa	Vietnam
2006	50	341	58	172	396	40	122	55	-18
2007	69	354	81	174	407	54	105	53	-27
2008	80	320	80	190	351	86	110	31	6
2009	70	367	72	163	381	79	93	14	7
2010	80	313	78	212	470	112	132	157	34
2011	83	357	100	228	507	121	145	150	21
2012	88	297	114	288	460	144	200	163	30
2013	104	303	107	233	496	160	129	193	53
average annual growth rates									
2006-2010	12.5%	-2.1%	7.7%	5.4%	4.4%	29.4%			
2010-2013	9.1%	-1.1%	11.1%	3.2%	1.8%	12.6%			

Source: Netherlands Central Bureau of Statistics

Investments

A third component of the balance of payments are investments. **Foreign direct investments (FDI)** is another indicator of intensity in bilateral economic relations. Statistical information about FDI *flows* is limited. Table G11 in Annex G shows the direct investment positions of Netherlands' citizens in the three transition countries. In total, they represent between 0.61% and 1.0% of total Dutch direct investments abroad. These are more important in the three countries involved. The average share of the Netherlands in the total direct foreign investment position in Colombia, South Africa during the 2009-2014 period was respectively 20% and 18%. In Vietnam, this percentage was 10% on average, but it increased from 9.5% in 2009 to 12.5% in 2014, with relatively large increases in 2013 and 2014 (see Figure 16).

Figure 16 Direct Foreign Investment in the three countries



There are no clear patterns in DFI that reveal any intensified private sector contacts between the Netherlands and each of the three countries involved over the period 2011-2015. In general, the period in which potential impact of TF on investments could be observed is too short.

(2) The impact on the business climate

Impact on the business climate is often explored by examining **World Bank Doing Business** indicators. Six main indicators focus on governance aspects related to the business environment (control of corruption; government effectiveness; political stability; regulatory quality, rule of law and voice and accountability). These are expressed in ranges between negative (-2.5) and excellent (+2.5). For Colombia, South Africa and Vietnam these are shown in figure 17. For reasons of comparison, the Netherlands has been added.

Colombia and Vietnam score relatively low, but show progress on Control of Corruption, Government Effectiveness and Rule of Law. South Africa scores relatively well on these topics, but with little improvement over time and a negative trend on Corruption and Government Effectiveness.

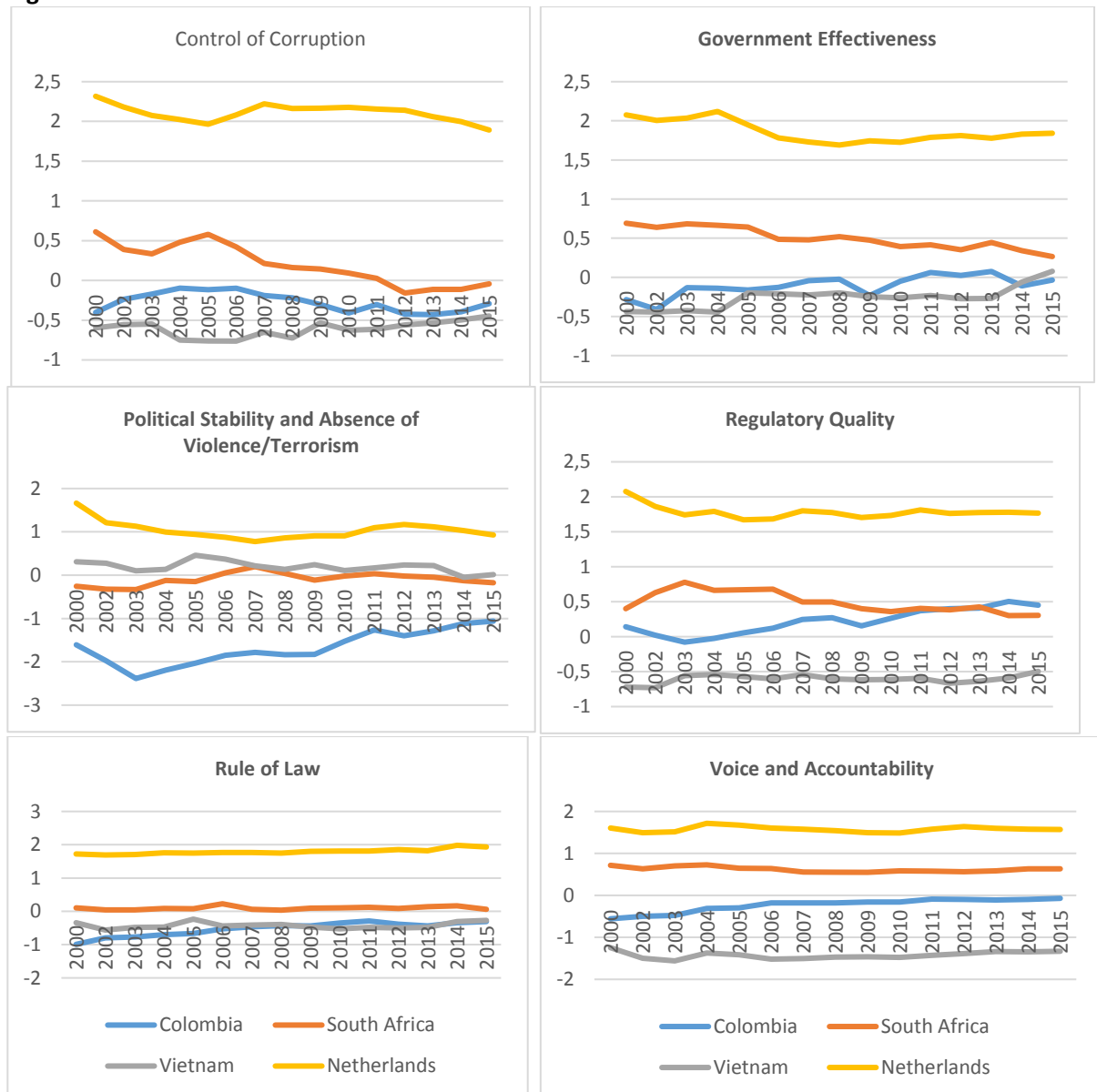
As compared to the Netherlands, the three countries lag well behind and the business climate for Colombia and Vietnam is largely below 'standard' (standard = 0), with improvements in Colombia on indicators like political stability and regulatory quality. South Africa's business climate is more satisfactory, but shows some deterioration on important aspects like Control of Corruption and Government Effectiveness.

There is no (direct) relation between TF and the improvement of the business climate (at least in governance aspects) as reported by the World Bank.

The business climate can also be expressed in terms of international competitiveness. The **Global Competition Index (GCI)**¹⁰⁴ is based on successive aggregations of scores at the indicator level. All indicators have a range between 0 and 7 and are first aggregated to three main categories (Basic Requirements; Efficiency Enhancers and Innovation and Sophistication Factors) and subsequently to the Index score. A summary of the scores by category at different time periods is shown in Table G.10 in Annex G. The competitiveness data for Colombia may possibly reveal a structural improvement; in the case of South Africa and Vietnam there is no positive trend that could eventually be related to TF.

¹⁰⁴ The Global Competition Index has been developed by the World Economic Forum. Each indicator is scored on a range between 0 and 7. All countries surveyed (144 in 2015) are ranked.

Figure 17 Governance Indicators



Source: *Worldwide Governance Indicators, World Bank 2016*

Over the period considered in this review, the relative international competitiveness of the three countries involved hardly changed on the aspects of administrative and organizational sophistication, as well as on innovative power. In the case of Vietnam this might have even slightly deteriorated (see Table 6.5).

Table 6.5 Relative international competitiveness on sophistication and innovation

	Colombia		South Africa		Vietnam	
	Rank	Score	Rank	Score	Rank	Score
Business Sophistication						
2009-2010	60	4.17	36	4.57	70	4.00
2012-2013	63	3.98	38	4.34	100	3.57
2015-2016	59	4.06	33	4.42	100	3.63
Innovation						
2009-2010	63	3.17	41	3.54	44	3.45
2012-2013	70	3.17	42	3.55	81	3.07
2015-2016	76	3.24	38	3.60	73	3.25

Source: World Economic Forum. Number of countries surveyed: 140-144; scores from 0 (very bad) to 7 (excellent).

In the surveys conducted by the ERBS review team, TF users were asked about their perception about the contribution of TF interventions to improve the business climate. It was also asked whether it is easier to do business now (2016) as compared to five years ago. Table 6.6 presents the perceptions by different stakeholder groups.

Table 6.6 Perception of stakeholders about TF's contribution to the business climate

The Transition Facility has contributed to improve the business climate in [country] (it is easier to do business now)?	Dutch companies supported by TF subsidy	Knowledge and (semi-) public organisations supported by TF subsidy	Implementing organisations of assignments	Participants in trade missions, trade expo's and seminars	All respondents
Yes	12		6	3	21
Yes, a bit	20		14	29	63
No	4		3	21	28
Do not know, not applicable	17		8	24	49
Total respondents to the question	53	0	31	77	161

Source: Surveys ERBS 2016.

Among all respondents to the surveys 52% believes TF has contributed somehow to improve the business climate, while 17% thinks that no difference can be noted.

6.8 In short

Output

The effect review aimed at assessing whether the output of TF (being Dutch enterprises making use of information and advice; activities enabled by small financing, new contacts established and use of knowledge and expertise) was translated in outcome and impact (together 'results' or 'effects').

The review indicated that TF had clear effects in terms of output, both at the level of individual interventions, and at the TF programme level. There were 348 TF interventions of a heterogeneous nature and at different stages of development. The assessment of 24 sampled interventions indicated that the envisaged output at intervention level was delivered. The Dutch enterprises made ample use of information and advice, expressed by a large number of studies, in-and outgoing missions and fact-finding activities. In 131 cases small financing was provided to Dutch enterprises that contributed to first time contacts. Interventions were successful in establishing business

relations. To 37% of the businesses and organisations supported with TF resources, it was the first contact established with the country. Noteworthy is that most companies in this group (33% of the cases) had no specific interest in that country, but were open for new experiences and to explore new opportunities in the target countries. Another 40% of the firms did have prior contacts, while the remaining 20% of the contacts resulted from interventions by third parties, such as branch organisations. In about a third of the cases where companies did have contacts prior to the TF support, the partner for the TF support was new.

Among the participants in trade missions, trade fairs and seminars the interest varied from exploring opportunities for export and investment to the search for products to import. Precisely half of the respondents (40 out of 80) found a new business partner as result of these trade missions, trade fairs and seminars. These were not 'one shot' contacts, since in half the cases (hence 25% of the total) the relationship established culminated into (sometimes mutual) representation.

In the three countries, local counterparts were important for successful operations, but did not imply substantial additional funding to the projects. In practice, 'national' partners happened to be more effective than 'local' partners in the sense of subsidiaries of Dutch companies.

Joint projects (interventions in which there was an active search for more business partners) were complex and – according to the results of the surveys and case studies – not always well understood by the participating firms. Some firms felt 'obliged' to collaborate with partners with which they had no previous business experience. Top-sectors have expressed critical remarks in this respect. In their view, the Ministry of Foreign Affairs should support first explorations and investments to demonstrate the applicability of Dutch knowledge in a different context prior to providing subsidies to individual Dutch enterprises. This general demonstration of applicability of techniques and knowledge should be done by, or accompanied by- G2G and K2K activities. According to these top-sectors, TF had subsidised companies prematurely. True or not, in a few cases complex constructs of various Dutch enterprises came in too early (i.e. the Mekong delta in Vietnam; national coast protection in Colombia).

Many relations are still in an exploratory stage; further development is dependent upon further financial resources that have not been secured yet. In the case future funding were identified, the sourcing is mainly public money for private sector development.

Various projects did contribute to innovation, not only the business to business interventions, but also the G2G and K2K activities.

Outcome

The outcome of TF interventions is that the envisaged goals or objectives of interventions or projects are achieved. At programme level, the outcome is envisaged in terms of increased number and volume of business transactions, in transfer of knowledge, in an improved relative positioning of Dutch enterprises and in improved trade and business regulations.

At intervention level, most did produce the envisaged output. But that output did not always result in the envisaged project outcome. To some extent, that is inherent to the nature of the support. A demonstration project does not automatically lead to sales of the product; a participation in a trade fair does not automatically attract new clients; a study does not automatically lead to its use. But evenly important, some projects were described in too optimistic terms, or made optimistic assumptions, or under-estimated the constraints and risks.

It is estimated that approximately 80% of all interventions can be considered as relevant to the objective of support to the Dutch business community in doing business with one of the three countries and 45% relevant to the improvement of the business climate.

At programme level, the outcome of TF was that it did attract 'newcomers' to the three countries involved, mostly SMEs. TF did have an effect in the coordination among the various instruments available for private sector development. This concerned not only the instruments managed by RVO, but also others, such as those funded by the Ministry of Infrastructure and the Environment. TF also managed to involve public and semi-public entities that otherwise probably would not have been involved, such as the Netherlands Space Office and the National Union of Waterboards.

In the surveys, Dutch companies have indicated that in two-thirds of the cases their position in the market improved somewhat. Comparably, it is the perception among Dutch enterprises (60%) that the business climate has improved. Among the sampled interventions, there are only few examples (i.e. regulation on fish exports in Vietnam) of activities that aimed at or actually have improved the business climate.

Impact

The contribution of TF on trade has been assessed through a regression analysis. Analysis on goods data at commodity (SITC) level revealed some positive trends as compared to the regional benchmark. There are no clear patterns in DFI that reveal any intensified private sector contacts between the Netherlands and the target countries over the period 2011-2015. This implies that TF interventions did make some difference on trade (not on investments), although the analysis cannot show how much difference has been made. The conclusion can be drawn that for Colombia and South Africa there is evidence that TF made a difference in trade and hence as approach for strengthening economic relations is justified.

An indicator for impact is employment generation. According to survey respondents the employment generated in the Netherlands was restricted to one or two fte's per intervention. The same applies to the target countries, except a few positive out-layers. Nevertheless, in view of the small size of the interventions, the creation of employment is positive.

7 Conclusions and recommendations

7.1 Conclusions

Once the bilateral relation based on development cooperation is ended, there is no automatic evolution towards the fostering of economic linkages between the two countries. Specific support mechanisms, such as the Transition Facility, may enhance and strengthen these economic relations. The Transition Facility enabled the operationalisation of ‘private sector for development’, but did not have the time to mature and its period of operation was too short to produce full insight in the effectiveness of different approaches to enhance bilateral trade and commerce.

A ‘pilot’ is meant to experiment with -and compare- approaches, to monitor the effectiveness of measures taken. TF, launched in 2011 and closed in 2014 / 2015 did not get the time to mature and to fully explore the options of ‘how and when’ this support produces effects. The TF was a pilot as well for the operationalisation of the ‘private sector for development’ concepts (Busan, 2011). Only three countries were involved and there was no time to develop it to a ‘rolling’ system, with countries that enter and exit the facility. TF’s design did not encompass explicit learning objectives. Although with the ambition to become a programme for economic development over time and although some TF features were incorporated into posterior instruments like PSD Apps, TF remained a ‘bird of passage’ in the flock of instruments for private sector development open to Colombia, South Africa and Vietnam.

Input

To enhance economic bilateral relations, the Netherlands government provided three types of input: (i) public policies for private sector development and economic development, (ii) economic diplomacy and (iii) financial means. During the period 2011-2013, the public policies expressed the shift in paradigm concerning international cooperation towards an agenda based on ‘aid, trade and investment’; economic diplomacy was strengthened; and financial means were made available for the implementation of the agenda.

The Netherlands Scientific Council for Government Policy (WRR, 2010) recommended participation of the Dutch business community in an ‘aid and trade’ approach. The government described in its *Focusbrief*¹⁰⁵ in 2011 TF as ‘a country specific instrument for (near to) middle-income countries with two objectives: a) to enable the shift from a bilateral development relation towards a mutually beneficial economic co-operation and b) to improve the business climate in sectors with opportunities for Dutch enterprises. Simultaneously and parallel, the Ministry of Economic Affairs, Agriculture and Innovation launched its policy note *Foreign Markets, Dutch Opportunities (2011)*¹⁰⁶ stressing ‘more economic diplomacy and less subsidies’ and proposing a strategy for international economic relations that includes (amongst others) public sector support for international entrepreneurs and of SME-starters in international trade and business. The subsequent government announced in the White Paper *A world to gain: a new agenda for Aid, Trade and Investment*¹⁰⁷ (2013)

¹⁰⁵ Staatssecretaris van Buitenlandse Zaken, Ministerie van Buitenlandse Zaken (2011). *Focusbrief ontwikkelingssamenwerking*. 18 maart 2011; pp 16-17.

¹⁰⁶ Ministerie van Economische Zaken, Landbouw en Innovatie. Directoraat-generaal Internationale Betrekkingen. *Buitenlandse Markten, Nederlandse Kans*. 24 juni 2011.

¹⁰⁷ Ministerie voor Internationale Handel en Ontwikkelingssamenwerking. *A world to gain: a new agenda for Aid, Trade and Investment*. April 2013.

to move 'from an aid portfolio to an aid, trade and investment agenda', providing a deeper and broader expression of the shift in paradigm regarding international co-operation. There was no specific role for TF in that agenda.

With TF economic diplomacy was strengthened, since embassies got access to financial resources for trade and investment promotion, next to their general information and facilitation role. The concept was to connect knowledge about interests of Dutch businesses (RVO) with knowledge and contacts about business opportunities and 'the way how' in the target country (embassy). The economic diplomacy was supposed to focus on the nine top-sectors¹⁰⁸ of the Dutch private sector and industry. Among these, TF had a focus on 'food security' and 'water'.

TF was launched with an indicative budget allocation of EUR 58.45 million for a period of 4 years. Due to annual public budget revisions, between 2011 and 2015 a total resource envelope of EUR 47.3 million was made available. This included approximately EUR 9.5 million of budget delegated to the embassies. The total amount committed (2011-2015) was at central level EUR 31.6 million and in delegated funds EUR 6.4 million. Of all commitments registered, EUR 27.6 was classified as ODA and EUR 11.3 as non-ODA, totalling almost EUR 39 million. The total expenditures over the same period sum to EUR 27.0 million.

TF concept, design and activities

The design perspective was from the Dutch business promotion angle only: the private sector in Colombia, South Africa and Vietnam was neither involved in the design nor had direct access to TF. The double objective of simultaneously attending the interests of the Dutch business community and improving the business climate in the three countries involved -using the same means- can be considered a design imperfection. TF had various innovative features, but lacked operational modalities to address constraints in the business climate.

In 2011, TF's approach was new and (hence) not without debate among civil servants and politicians. The Finance Department of the Ministry of Foreign Affairs plead for a cost-effective operation, reason why TF started as 'pilot' for three countries, but with the option to insert more countries later. The goal of TF was to come to a smooth, logical, well-coordinated and efficient input of human and financial resources. TF was open to Dutch entrepreneurs and knowledge institutes only. The private sector in the three countries could not apply for support.

The enabling environment for business development in a country is to a large extent product of local public policies and defined by local (mainly public) institutions. External stakeholders, like Dutch firms and knowledge institutes, can provide input (knowledge, money) for its improvement (mainly of the regulatory framework), but cannot enforce it. TF used the general term 'business climate' only and did not disaggregate the concept into more tangible levels. TF lacked operational instruments to address main constraints and deficiencies in either the enabling environment for business or the regulatory framework.

TF implied a 'democratisation' in the access of Dutch firms to support instruments for international trade and commerce. This was hard to match with the search for focus in the interventions.

During its first year, TF was open to all Dutch enterprises; in 2012, it became focussed on SMEs. An innovative feature was the establishment of the Transition Desk, a 'one-stop shop', where interested

¹⁰⁸ The 9 'top sectors' are: Agriculture & Food; Chemical Industries; Creative Industry; Energy; High Technology; Horticulture; Life Sciences & Health; Logistics; and Water.

firms could get all information about support instruments. Clients were assisted by country specialist programme advisors, knowledgeable about the Dutch business community. This implied a 'democratisation' in the access to support instruments for private sector development and economic development. Programme advisors did not only appraise proposals from companies, but could launch own initiatives in search for partners or in relation to business opportunities identified by the embassy in the corresponding country.

This democratisation was difficult to match with the 'strategic partnerships' that set out broad intentions for cooperation (i.e. water and climate in Vietnam) or the indicative strategies developed by Top-sectors. To implement these partnerships and strategies specific companies (usually internationally well-experienced companies) are needed. The Top-sectors argue that a country should first be convinced that Dutch knowledge can be applied under local circumstances and that support to individual firms (mainly the newcomers) had come too early.

In its design, it was TF's intention to gradually replace ODA resources by non-ODA resources. In practice, this was not realised.

Non-ODA resources (aimed at supporting Dutch enterprises for economic development) were envisaged to gradually replace ODA resources (aimed at improvement of the business climate). This was not realised since the allocations on the corresponding budget lines of the national public budget did not match this intention: non-ODA resources remained behind for what was needed for the implementation of TF. On top, all TF delegated (to the embassies) resources were ODA only and could not be replaced by non-ODA resources. TF could not undo itself from the image (among its clients) of being a 'development co-operation' programme instead of a programme for improving economic relations.

Output

TF was successful in enabling the establishment of new contacts between Dutch firms and the private sector (and to a lesser extent the public sector) in the three countries. Approximately a third of these contacts would not have existed in absence of TF. For successful business and trade operations, local counterparts are of high importance. Among the 24 sampled interventions, 80% produced the envisaged project output.

At least 366 Dutch firms were supported by a blend of different support modalities, offered in different composition and sequence. Approximately 80% of all interventions can be considered as relevant to the objective of doing business with one of the three countries and 45% relevant to the improvement of the business climate.

TF offered seven implementation modules, each with its own characteristics. These modalities could be (and effectively were) applied in different compositions or sequence (the 'cocktail'), hence each initiative was addressed by (a) tailor-made intervention(s). Although this versatility is a strength, it is also complex. This complexity implied a 'high intensity' accompaniment (registration, coaching, appraisal, monitoring) from RVO and embassies.

Between 2011 and 2015, there were 348 TF interventions of a heterogeneous nature. TF attended more activities ('intake'), but not all initiatives (either by the private sector or by RVO itself) finally ends up in a TF-supported intervention. In number, there were more assignments (186) than subsidies (118) (and 45 activities registered under the delegated funds). In terms of commitments, more resources were allocated to subsidies (44%, excl. the delegated budget and transfers) than to assignments (25%, excl. the delegated budget and transfers). The Dutch enterprises made ample use

of information and advice, expressed by numerous studies, in-and outgoing missions and fact-finding activities.

Approximately 80% of all interventions can be considered as relevant to the objective of support to the Dutch business community in doing business with one of the three countries and 45% relevant to the improvement of the business climate. In a few cases (due to the administrative nature of these cases) it is unknown whether these contributed to one (or both) of the objectives. Since there is no register of enterprises that were redirected by the Transition desk to other facilities, the total number of Dutch users of information and advice is unknown, but at least 366 companies and organisations benefited directly from TF support (contract partners only).

Among participants in trade missions, trade fairs and seminars, the interest by Dutch companies varied from exploring opportunities for export and investment to the search for products to import. Half of the respondents found a new business contact as result of these trade missions, trade fairs and seminars. From the perspective of the companies in the TF countries, 43% reported that they had established contacts with the Dutch partner prior to TF. Among those lacking a prior contact in the Netherlands, a third had deliberately looked for a contact in the Netherlands, while 47% was indifferent to the Dutch origin.

In precisely half of the cases, the first contact led to (a kind of) representation. In all three countries, it is important to have either a local representative or own subsidiary. Local counterparts are important for successful operations. The financial contribution by local counterparts to the specific activities or projects was small.

Government-to-government and knowledge-to-knowledge activities contributed most to innovation. The 'Holland promotion' projects were successful in Colombia and South Africa, but were not taken over by the Dutch business community in Vietnam.

In 19 (80%) of the 24 selected interventions the envisaged output at intervention level was produced.

Outcome

At programme level, the 348 TF interventions were of a heterogeneous nature and supported different stages in a process of establishing business relations. Part of the committed interventions had not yet been completed, so business relations have either not been established or not matured yet. In surveys, Dutch enterprises indicated that the relative position of their business in the market has improved. At the intervention level, 25% of the 24 sampled interventions achieved the envisaged project outcome.

Among the 24 sampled interventions, 5 made contributions to the business climate. In surveys, 60% of the Dutch enterprises indicated that in their perception the business climate has improved.

At programme level, the TF outcome is envisaged in terms of increased number and volume of business transactions; transfer of knowledge; improved relative positioning of Dutch enterprises and in improved trade and business regulations.

TF supported the establishment of new (international) contacts. Survey results indicated that to over a third of the respondents the contact with either Colombia, South Africa or Vietnam implied a new adventure. Beforehand these enterprises had no specific commercial interest in that country, but were open for new experiences. In interviews, most stakeholders indicated that the number and volume of business transactions increased over time. TF enabled 'newcomers' (SMEs) to start trading with the three countries, and managed to involve public and semi-public entities that otherwise

would not have been involved (such as the Netherlands Space Office or the National Union of Waterboards) and hence the trade in services diversified.

At intervention level, the 80% of the interventions that did produce the envisaged output, produced only in part the envisaged outcome. Among the 24 cases sampled, 25% produced the envisaged project outcome. To some extent, that is inherent to the nature of the support. A demonstration project does not automatically lead to sales of the product; a participation in a trade fair does not automatically attract new clients; a study does not automatically lead to its use. But evenly important, the outcome of some projects was formulated too optimistically, or under-estimated the (binding) constraints and risks.

A third of the sampled interventions contributed directly to the development of trade and business, while a fifth generated spin-offs. Among the sampled interventions, a fifth can be considered as sustainable. In the surveys, Dutch companies indicate that in two-thirds of the cases their position in the market of the target country has improved somewhat, attributing this to TF interventions.

Comparably, it is the perception among Dutch enterprises (60%) that the business climate has improved (without attributing this to TF interventions), while 17% thinks that no difference can be noted. Among the 24 case studies, 5 (20%) made contributions to improve the business climate (and these 5 include cases that may produce an effect in the future; i.e. regulation on fish exports from Vietnam).

Impact

It was explored whether TF made a difference as compared to countries lacking TF support. Available statistics on trade in goods do indicate positive effects for a few commodities in both imports and exports. The levels of Direct Foreign Investment remained largely stable over the period studied. From a policy perspective it can be concluded that an approach like TF is justified, since it makes a positive difference, although it cannot be indicated how much difference.

The impact of TF in terms of employment generation consists of a few full-time equivalents per partner, both in the Netherlands and in the programme country. Although negligible in absolute numbers, in relation to the small size of the interventions a fair achievement.

The contribution of TF to trade and investment was assessed by regression analysis on CBS statistical data at different levels of aggregation. Regression analysis on monthly data about export in goods at commodity (SITC) level reveal some positive effects as compared to the corresponding regions. For Colombia, the TF dummy is significantly positive (at 95% confidence level) for 'food and life animals', 'beverages and tobacco' and 'miscellaneous manufactured articles', representing 18% of total Dutch exports to that country. For South Africa, the dummy is significant for 'food and life animals', 'crude materials', 'machinery and transport equipment' and 'miscellaneous manufactured articles', representing close to 80% of total Dutch exports to that country. The regression results for Vietnam do not show any effect at 95% confidence level. A statistically strong relation exists for Dutch imports from Colombia and Vietnam.

The data of trade in services do not allow to determine any impact on flows in services over the period 2011-2015. Data on Direct Foreign Investment (DFI) do not reveal any intensified private sector contacts between the Netherlands and any of the three countries over the period 2011-2015.

An indicator for impact is employment generation. According to respondents to the surveys, the employment generated in the Netherlands is restricted to one or two fte's per intervention and in

the three countries 1-3 fte's per partner (except a few positive out-layers). Although modest in absolute numbers, it should be appreciated in relation to the size of the intervention.

Sustainability

Among the 24 sampled interventions, 20% can be considered as sustainable activities. Among the Dutch firms involved in the sampled interventions about half expects that follow-up activities will materialise within 6 months.

At the moment of the review, half of the interventions were still in implementation, implying that relations between Dutch firms and partners in the three countries were still at a stage of 'becoming acquainted to each other'. Among the Dutch firms involved in the sampled interventions about half expects new commercial activities within 6 months. A constraint is price: both in Colombia and Vietnam, Dutch services and supplies are considered as 'expensive' and not competitive in terms of price.

The continuation or further development of 80% of the sampled interventions depended on additional financial input. These financial resources have been secured for 20% of the sampled interventions only, mainly from public sector instruments aimed at private sector development. In another 20% the activities are financially sustainable.

Process

The Dutch firms highly appreciate the RVO Transition Desk as single point of entry. The transfer function implied an outreach to other ministries and agencies.

A novelty was the establishment of a Transition Desk with country specialist programme managers. Approximately 85% of the firms interviewed consider this 'guidance to and coaching of clients' aspect among the strongest features of TF. The reference role implied coordination among the various instruments available for private sector development, including those funded by other ministries, such as the Ministry of Infrastructure and the Environment. While TF reached out to instruments and programmes, instrument managers hardly used the Transition Desk for active promotion.

At large, the sector choice was respected, but of little significance.

During the design stage of TF substantial time was devoted to the identification of a limited number of sectors per country. This selection would focus the 'coordinated interventions' in those sectors of interest to the Dutch industry. The selection of sectors was coordinated in the working group for internationalisation of the Dutch Trade and Investment Board (DTIB) that represents the top-sectors. The sectors selected by country were announced by the Minister and published in the *Staatscourant*. In practice, no pre-meditated intervention plans were developed by sector and country, and in practice, the selection served as an amorphous demarcation line for appraising requests for support. The TF Framework required that 80% of the interventions would be within the selected sectors; in practice, this was 75%. Over time, the top-sectors set new priorities by country and the sector selection lost part of its relevance.

RVO and embassies identified business opportunities as well as trade partners. Joint projects were complex and not always well understood by the participating firms.

RVO programme advisors and embassy staff could take initiatives to appeal Dutch businesses for opportunities in the TF countries. Identification of suitable business or trade partners (both in the Netherlands and in the three TF countries) formed part of their tasks as well. Regarding the identification of partners in Colombia, Vietnam and South Africa, there were few selection

requirements. While in some programmes (i.e. the G4AW) it is a requirement that the businesses and organisations in the partner country should have a solid form of organisation or should have sustained working relations, this was not the case in TF. For TF interventions, the relationship could be either 'loose' or still had to be determined at the start of the intervention.

TF provided the opportunity to invest with more than a single partner at the same time (usually no option in existing instruments), what can be advantageous in tangible projects (for example in greenhouse construction and production). Joint projects were complex and – according to the results of the surveys and case studies – not always well understood by the participating firms. Some firms felt 'obliged' to collaborate with partners with which they had no previous business experience. Comparably, individual firms do not necessarily feel responsible for the implementation of strategic plans or coordinated interventions; their first concern is the companies' financial interest. In a few cases, complex constructs composed of various Dutch enterprises came in too early, as is the case in the Mekong delta or the national coast protection in Colombia.

The disadvantage of a (pro-) active role is that the facilitator (RVO, embassy) becomes part and parcel of the intervention and hence may affect the independence in appraising and monitoring these interventions.

The appraisal of requests for support was conducted timely and with dedicated attention, but not without flaws. Appraisals could have been more critical regarding the stated project objectives, particularly those related to the improvement of the business climate, or the sustainability of the activities. The first in, first served principle for support matches the programmatic approach, but does not guarantee that the best proposals are awarded.

RVO and the embassies appraised the requests for support and agreed upon by means of an Intervention Fiche. In the case of technically complex proposals the Intervention Fiche was sometimes completed by the client. Although proposals were appraised seriously, a more critical assessment of the stated outcome and objectives would have been desirable, since the outcome was formulated in too ambitious terms in various cases. Comparably, the appraisal could have been more cautious in those cases where the identification of business partners was considered a product of the intervention (and not a requirement beforehand).

Although the appraisal system includes some risk assessment, this is rather haphazard and not related to binding constraints (being those constraints that will not be 'solved' by the intervention, such as poor infrastructure, lack of local financing opportunities, or low salary levels). The purpose of a risk assessment is not to avoid risks, but to deliberately decide upon whether the risk will be taken.

The 'first in, first served' system matches the programmatic approach, since a step-by-step support can be delivered using different modalities at different moments in time. It also matches the requirements of rather inexperienced SME's. The system however, lacks a premium on quality of the proposal as is the case in the (alternative) tender procedure in which proposals compete among each other.

TF's effort to adhere to the European Union framework for state aid and the OECD-DAC reporting framework was superfluous, since both frameworks apply threshold levels for reporting. TF support per intervention was below these thresholds.

The number and variety of interventions, in combination with the geographic distance and flaws in international experience of (some) Dutch entrepreneurs implied a high intensity in coaching and

monitoring by the programme advisors. TF lacked a functional data base for oversight and task tracking.

Dutch firms indicate both the flexibility and the active and professional support by RVO programme advisors among the merits of TF. The active search for business partners and the coaching of these partners comes at a price: the accompaniment throughout the process, as well as the monitoring of entirely different activities in sometimes remote areas of the three countries is very labour-intensive and time consuming. Dutch enterprises and organisations, less familiar in a country, may not be fully aware of cultural aspects of doing business, or of the political economy having an influence on inter-cultural behaviour.¹⁰⁹ Also on these aspects the programme advisors had a coaching role.

The magnitude and variety of interventions, the complexity of the various sources and expenditure options requires that key data are instantaneously available for task tracking. Such a dashboard management information system was not available. The existing RVO data bases were designed from a legitimacy perspective (administrative and financial management) and not from a functionality (effects, efficiency) perspective. On top, the existing RVO data base happened to be of little use to TF programme advisors, who did not have full access to the data concerning their own portfolio. In absence thereof, programme advisors elaborated their individual ‘shadow administration’.

When activities are being finalised, a final report must be submitted. With almost 350 interventions this implies a wealth of information that could have been used for meta-analysis.

The operational costs of TF were substantial.

At the start of TF, it was known beforehand that operational costs would be high. The total operational costs of TF over the period 2011-2015 were approximately EUR 5.5 million. This is 14.4% of the commitments for programme implementation over that period, or 22.6% compared to the total expenditure (up to September 2015). Over the years, the operational costs as compared to the total expenditure diminished gradually from 61.3% in 2012 to 15.5% in 2015. The average is in the higher-end bracket of the range of private sector development programmes assessed by IOB in 2014¹¹⁰ as well as compared to complex programmes outsourced by the Ministry (8-9%).

7.2 Recommendations

The following recommendations are structured in accordance to the Terms of Reference.

The effective and efficient promotion of transition from development co-operation to commercial relations based on lessons learnt from the Transition Facility

- *For future programmes aiming at ‘making a difference’ it is recommended to look for substantial volume (both in numbers and financial resources available) combined with (geographical, sectoral) concentration, as applied in the case of TF.*

The macroeconomic analysis indicates that having a facility like TF in place makes a difference as compared to a situation lacking such a programme. Based on this finding, it could be argued that it merits maintaining an approach in which existing general or broad instruments are concentrated and

¹⁰⁹ The strategic partnership on horticulture between the Netherlands and Vietnam was frustrated by misunderstandings about the partner’s organisation forms, as well as power inequalities between the Dutch and Vietnamese partners.

¹¹⁰ IOB Evaluation 389, 2014. Table 10.3, p.188.

coordinated in a few countries. This can be done in a ‘rolling’ entry and exit system, in which countries remain for approximately five years.

- *Next to the planned ex-post evaluation of TF, it is recommended to conduct more focused studies about specific components, amongst them the sustained effects of public sector support to the implementation of the ‘strategic partnerships’ (such as horticulture in Vietnam) or the medium-term effects of support to very small companies.*

The observed ‘democratisation’ in international trade and business (expressed by a high percentage of newcomers supported by TF resources) was difficult to match with the ‘strategic partnerships’ that set out broad intentions for cooperation that mainly aim at experienced companies, aware of the indicative strategies developed by Top-sectors. Smaller individual firms (with a shorter time horizon) do not necessarily feel responsible for the implementation of strategic plans or coordinated interventions; their first concern is the companies’ financial interest. In a few cases, complex constructs composed by various Dutch enterprises came in too early, as is the case in the Mekong delta or the national coast protection in Colombia.

- *For future programme design, it is recommended to disentangle the objectives of supporting the Dutch business community in international trade and commerce from the improvement of the business climate (or to make one objective subordinate to the other). It is recommended to distinguish within the concept ‘business climate’ between the investment climate, the business enabling environment and the regulatory framework¹¹¹ and to develop corresponding support modalities.*

Further improvement of the management process, accountability, and control of current projects

- *For future programmes with ‘exit countries’ from development cooperation, it is recommended to start the support to economic collaboration prior to the culmination of the development cooperation programmes. The transition process can be smoothed by making use of existing contacts. National (business) partners (and their platforms if applicable) should be involved at an early stage.*

Stakeholders in the partner countries are decisive to the establishment of sustained commercial relations. In consequence, next to Dutch businesses, the local stakeholders should be involved (by missions, participation in trade fairs, active contributions to the improvement of the business climate by i.e. regulation) to come to a sustained commercial relation. The chances for successful business operations increase by the involvement of at least one ‘genuine’ local partner, knowledgeable about the business culture, the organisations and national regulations.

- *It is recommended to re-enforce the appraisal of proposals by more critical assessment of the formulation of the specific objectives and the incorporation of a risk assessment.*

The appraisal process can be further enhanced by being more critical with respect to the formulated objectives and specific objectives (outcome) of the proposed interventions. The appraisal can be further refined by including a risk assessment encompassing technical, financial and managerial – operational risks.

- *The implementation of programmes consisting of large numbers of clients and/or interventions requires a solid management information system for monitoring and task tracking.*

¹¹¹ According to the terminology in use by the Donor Committee for Enterprise Development – DCED.

For TF it is too late now, but the monitoring and control of projects can be enhanced by installing a management information system (dashboard monitoring system). Such a system should be installed from the start onwards. The current system of TF financial registration shows flaws and merits consolidation in which the spending authorities (RVO, Ministry, embassies) integrate their financial information.

- *It is recommended to reconsider the instructions for the elaboration of the final reports (presented at the finalisation of an intervention). The final reports should contain a section in which the client assesses the functionality of the support and the sustainability of the activities enabled by the TF intervention.*

Final reports of TF interventions are mostly elaborated from a technical perspective. The reports are insufficiently informative about TF as support mechanism (active coaching, financial support, identification of partners). Final reports should include an assessment of the sustainability or durability of the activities supported by the TF intervention and/or provide an indication about an exit strategy from external support.

- *It is recommended to re-check the requirements for notification (EU, OECD) of public support to private companies and the use of ODA resources to that end.*

Although not familiar with the most recent changes in the international regulation for registration (OECD) of public support, the MTR suspects that the (financial) size of TF support per Dutch firm is too small for compulsory notification.

Further enhancement of the effects of current TF-projects

- *The effects of current TF supported projects can be enhanced by supporting Dutch companies in follow-up activities.*

Since most interventions do produce the envisaged output, but less the expected outcome, it is recommended to support follow-up activities. These follow-up activities can be either simple (i.e. publication and dissemination of studies), or more complex (the question whether the 'design, build, finance and operate' model should be further enhanced with public money or not).

- *The effects of current TF supported projects can be enhanced by elaborating an inventory of financing requirements per intervention for continuation at the end of the TF contract period and subsequently rank these according to the chances for success.*

Among the interventions sampled, the majority needed external financing and support for consolidation or future activities. An inventory of the financing needs and subsequent ranking according to the chances for success may open new opportunities. This could be through follow-up financing from TF rest funds, or by interesting other credit lines or instruments for the 'top' projects. Alternatively, the clients or implementing organisations can be requested to elaborate a short proposal to justify the need for follow-up financing which will be presented, with RVO support, to alternative funding sources (both public and private).

The effects of current TF interventions aimed at the improvement of the business climate can be further enhanced by mobilising the options within existing instruments for private sector development.

The improvement of the business climate is predominantly the domain of national entities. External stakeholders (like Dutch entities, organisations or businesses) can enable this improvement by supporting local knowledge institutes involved in the regulatory framework. This can be done by

providing legal assistance, by strengthening private sector organisations (i.e. bilateral Chamber of Commerce) and public sector entities (i.e. National Bureau of Standards), by enhancing human capabilities (i.e. technical assistance or twinning relations with Dutch entities). To a large extent these support mechanisms do exist, but form part of options within different instruments. It is recommended to mobilise these options in a strategic and coordinated manner for a specific target country (for example by the embassy). It is recommended to involve subject relevant local public institutions and private sector stakeholders in the design and implementation of the interventions.

The sustainability of the economic relation with the TF-countries becomes independent from continued funding by the Dutch government

- *It is recommended that the appraisal of requests for support considers the assessment of duration of external support (including future funding) and /or the exit strategy from that support.*

Among the 24 sampled interventions, three quarters of the ‘next phases’ and follow-up projects required external funding; in almost all cases this funding comes from the public sector. Proposals for support should contain a tentative indication of the duration of external support required and -if possible- an exit-strategy. Opportunities for future commercial financing or public funding could already be indicated during appraisal.

- *It is recommended to continue investing in public-private sector collaboration for Holland promotion / branding at the level of a target country.*

Broad-based promotion activities, as the Holland House in Colombia, the Holland Village in Vietnam or the Creative Industry programme in South Africa, are not only instrumental to inform entrepreneurs (and the public in general) in a target country about Dutch products and knowledge, they also serve as focal point for the Dutch business community. While in Colombia, the Holland House (a semi-permanent activity) could be continued with private funding after the finalisation of the TF support, this was not the case in Vietnam, where the Holland Village (a temporal activity) was not repeated. Since tangible results of this type of promotion and support are produced after a longer or repeated exposure, it is recommended to make medium-term commitments with the private sector about public support to this type of activities. The ‘Holland promotion’ activities also match with the view by top-sectors that governments and private sector alike in a country should first become aware of the potential of the Netherlands to serve a certain problem of to provide services required prior to supporting with public money individual companies.

Appropriateness to the business community

- *It is recommended that RVO continues with a transition / transfer desk to orient Dutch companies (SMEs) about international trade and commerce. This transfer desk for current and future instruments should count with sufficient authority to enforce coordination and the establishment of linkages.*

While there are many ways to disseminate information about instruments, the business community is served by an active focal point and transfer desk where knowledge about instruments for private sector development and economic development comes together. Knowledge about instruments should be combined with country knowledge. This becomes more difficult if instruments are open to numerous countries (like most instruments). It is recommended that the instruments themselves are more focused on either ‘starters’ (making international trade broader and access to public support

more democratic) and ‘experiences, larger firms’, making support ‘deeper’ (more focused on the needs of established firms in relation to their competences and position in competitive markets

- *It is recommended to separate the appraisal of requests for support from the active search for business partners and coaching functions.*

While the active coaching and accompaniment of Dutch firms is appreciated by the clients, it is at odds with an independent appraisal and monitoring. The appraisal can be separated from the other functions by outsourcing to an independent entity (knowledge institute, consultancy firm).

- *It is recommended to differentiate further the support instruments according to the size of the enterprises and to incorporate in future support instruments the option to provide support / subsidy to more than one single applicant.*

TF focused on SMEs and offered a step-by-step coaching various support modalities to serve the client at different moments in time. Larger companies (in fact those that should be leading and instrumental to the implementation of the strategic partnerships) argued that the focus on SMEs implies that some support is provided to companies that finally happen to be too small for a sustained presence in international activities. These internationally well-experienced companies may be best equipped to implement strategic partnerships (i.e. river deltas), but supported by other type of instruments. Alternatively, a TF type of instrument (using TF modalities) could have a side-line window with special features and conditions for larger ‘leading’ companies that ‘pull’ SMEs towards joint activities (water, climate and renewable energy, horticulture).

- *Support to the smallest companies merits critical assessment.*

The support to the smallest enterprises (say less than 10 fte’s) merits critical case by case assessment. To some of these smallest Dutch firms, TF subsidy was not in support of their business model, but the TF subsidy formed part of the business model itself. Frequently, small companies are foot-loose and operate in a global market as suppliers of knowledge or services (for example, software). These small companies are less inclined to invest in commercial relations in one -or a limited number- of countries.

Annex A Methodology

The Terms of Reference largely prescribed the approach and methodology of the MTR. The main methodological components are:

1. A policy reconstruction and corresponding Theory of Change and intervention logic as a frame for the results chain.
2. An analysis of the basic data concerning the interventions.
3. Interviews with key informants aimed at obtaining an oversight of the policy relevance, the implementation process and the efficiency of the (implementation of the) programme.
4. An e-survey among stakeholders and users of the Facility, both in the Netherlands and in the target countries.
5. Country visits to study a sample of interventions.

Ad 1. The policy reconstruction has been elaborated based on desk study and interviews. Chapter 2 presents next to the policy reconstruction also the Theory of Change and intervention logic of the Transition Facility.

Ad 2. The *desk study* encompassed (a) documentation concerning the efficiency of the process. Attention was paid to the distinctive steps in the process; (b) general documentation and evaluation studies related to private sector development programmes with financial support by the Ministry of Foreign Affairs and/or Ministry of Economic Affairs.

Ad 3. Interviews were conducted with a broad array of stakeholders, both in the Netherlands and in Colombia, Vietnam and South Africa. Although some general interviews (with policy makers and embassy staff, for example) can be characterised as ‘open’ interviews, most followed pre-elaborated outlines. Four different outlines for these ‘semi-structured’ interviews were applied (not mutually exclusive):

- i. Subsidy users (Dutch enterprises);
- ii. Knowledge institutes and government entities in the Netherlands (contracted assignments);
- iii. Commercial implementers of contracted assignments;
- iv. Business partners / government entities / knowledge centres in Colombia, Vietnam and South Africa.

Over 80 interviews were conducted:

Interviews	number
In the Netherlands, general subjects	18
In Colombia, Vietnam, South Africa, general subjects	13
Project related interviews: Netherlands and Colombia	10
Project related interviews: Netherlands and Vietnam	18
Project related interviews: Netherlands and South Africa	22

Ad 4. Since the population of interventions supported by the Transition Facility is heterogeneous, the e-survey was conducted among five main sub-populations:

- All commercial companies in the Netherlands that made use of TF subsidies.
- All non-commercial or semi-commercial organisations (knowledge centres, semi-public entities) in the Netherlands that made use of TF support.

- All commercial companies or organisations (knowledge centres, semi-public entities) in the Netherlands that have been contracted for conducting specific assignments (on behalf of RVO or the embassies) either financed or co-financed by TF resources.
- Participants in outgoing missions, trade fairs (expo's) and information seminars (from the Netherlands).
- Participants (both companies and individuals) in Colombia, Vietnam and South Africa, including participants in incoming missions and seminars (from the three countries).



These surveys were further subdivided and by country, while invitations to respond to the questionnaires were linked to all individual TF activities.

Email contacts were supplied by RVO. ERBS disaggregated these lists, removed addresses that did not pertain to the target groups and returned the remainder lists to RVO for endorsement. RVO either introduced the various surveys to potential respondents or sent reminders. All potential respondents received at least one reminder and had at least one month time to respond to the questionnaire. All questionnaires were linked to the corresponding activities (project number) as registered in the RVO.nl database.¹¹²

The 'gross' list used for sending the questionnaire is called the 'sample frame'. There are, however, many reasons why potential addressees never see the questionnaire: email addresses are not active anymore ('bouncing'); the questionnaire ends up in the spam-box; the addressee automatically deletes all mail from unknown sources.

The software registers who opened the email and hence could have responded to the questionnaire. This is the 'sample population reached'. The persons who actually filled (at least one question of) the questionnaire are 'the respondents'. But respondents may decide not to complete the questionnaire, for example because they consider the questions not relevant (anymore) for their individual situation. In consequence, the number of completed surveys is smaller than the number of respondents.

¹¹² One individual respondent could receive more than a single questionnaire if he/she has been registered as contact person for more than one TF intervention and/or the activities encompass both subsidy and contracted assignments.

E-Surveys distributed to groups of TF stakeholders.

	Colombia	South Africa	Vietnam	Total
Survey among Dutch companies				
...Sample frame	65	67	36	168
...Bounce / undeliverable / not opened	26	41	11	78
...Respondents	29	17	15	61
...Participation rate	74%	65%	60%	68%
Survey among parties assigned by RVO or embassy				
...Sample frame	46	30	19	95
...Bounce / undeliverable / not opened	19	18	6	43
...Respondents	15	11	11	37
...Participation rate	56%	91%	85%	86%
Survey among Knowledge Centres				
...Sample frame				20
...Bounce / undeliverable / not opened				11
...Respondents				7
...Participation rate				64%
Survey among participants to seminars and trade missions 1)				
...Sample frame	367	83	34	484
...Bounce / undeliverable / not opened	156	29	18	203
...Respondents	73	14	6	93
...Participation rate	35%	26%	38%	33%
Survey among stakeholders in Colombia, South Africa and Vietnam				
...Sample frame	172	62	20	254
...Bounce / undeliverable / not opened	82	31	5	118
...Respondents	22	12	6	40
...Participation rate	24%	38%	40%	29%

1. Seminars and trade missions: Colombia Event September 2014; Delegation Agrofuturo 2015; Trade mission Pro Flora 2013 and 2014; Life Sciences and Health Mission Colombia 2016; Colombia Trade mission 2016; Seminar Opportunities in Colombia 2016; Seminar Transport Colombia 2015 and 2016; Mission Vietnam 2015; Seminar Vietnam 2015; Renewable Energy South Africa 2013; Seminar Dairy Colombia 2014; Water mission Colombia 2013.

Ad 5. During the months August and September 2016, field visits were made to Colombia, Vietnam and South Africa. In the three countries, the review team comprised both a member of the core team and a national expert. Next to subjects of a general nature concerning the Netherlands programmes to promote business and trade, a pre-selected sample of projects were visited.¹¹³ The Terms of Reference restricted the selection (of at least 6 interventions per country) to completed projects (defined as 'those projects that have been finalised according to the knowledge of the RVO programme advisors'). Other selection criteria were:

- Representing the sectors: Agro&Food, Water, Transport & Logistics, Other;

¹¹³ The projects proposed for more detailed study were submitted in the Inception Report of July 2016. During implementation of the field studies, the Embassy of the Kingdom of the Netherlands in Bogotá requested amendments to the selection, what was accepted.

- Representing various support categories (delegated [embassy administered], DHK, ODA – non-ODA subsidy, and project means for assignments);
- Representing different starting years;
- Projects for relatively larger amount of resources committed, with a few smaller ones;
- Representing preferably interlinked series of activities;
- Feasibility of visiting the sites given the constraints of time and financial resources.
- At least one Government to Government activity.

All projects visited were assessed according to the same standards, using a scorecard method. The scorecard (see below) is composed on the main review questions listed in the ToR. A scorecard facilitates the use of comparable standards and yardsticks (even if the yardsticks do not apply precisely to the individual case) and provides a foundation for generalisation at aggregate level (by summing the scores over the interventions sampled). The country briefs (Annexes D, E and F) comprise standardized summaries of the interventions / projects visited.

Selection of case studies

Table A.1 Percentage distribution of commitments per country by sector (in mln EUR and percentage shares)

	Colombia	Vietnam	South Africa	Total
Agro&Food	3.4	4.7	2.7	10.8
Energy	0.3		1.8	2.1
Transport & Logistics	1.4	0.4	1.9	3.7
Water	7.0	1.2	3.3	11.5
Other	5.7	1.8	3.4	10.9
Total	17.8	8.1	13.1	39.0

Source: Derived from database RVO, 1st September 2016.

Starting from the premise of approximately 6 interventions / projects per country (ToR), the distribution of number of interventions according to the weights based on committed volumes was as follows:

Number of interventions by sector	Vietnam	South Africa	Colombia	Total
Agro	3	1	1	5
Energy				
Transport & Logistics				
Water	2	3	2	7
Others	1	2	3	6
Total	6	6	6	18

During the implementation of the field visits, the selection for Colombia was adjusted

South Africa

Taking into consideration the characteristics mentioned above, the following interventions were selected:

Table A.2 AGRO Selected interventions South Africa

	Name organisation	Reference	Programme	Theme	Services	Budget year	ODA/non-ODA	Title Dossier
1	Agentschap NL	TF12SAP3A	TF resources	Agro-horticulture	Outgoing Mission	2012	ODA	Horticulture project identification phase - 1
	Stichting Greenport Holland International	TF12SAP3A	TF resources	Agro-horticulture	Outgoing Mission	2012	ODA	Horticulture project identification phase - 1
	FloraHolland	TF12SAP3A	TF resources	Agro-horticulture	Outgoing Mission	2012	ODA	Horticulture project identification phase - 1
	Stichting Dienst Landbouwkundig Onderzoek Instituut Alterra	TF12SAP3A	TF resources	Agro-horticulture	Outgoing Mission	2012	ODA	Horticulture project identification phase - 1
	Dutch Embassy Pretoria	TF12SAP3A	TF resources	Agro-horticulture	Outgoing Mission	2012	ODA	Horticulture project identification phase - 1
2	CBI	TF12SAP3B	TF resources	Agro-horticulture	Fact Finding	2012	ODA	Horticulture project identification phase - 2

Note: Although the portfolio information registers the both projects as 2 separate projects, they can actually be considered as 1 project, since project 2 is a follow-up of project 1.

Table A.3 WATER Selected interventions South Africa

	Name organisation	Reference	programme	Theme	Services	Budget jaar	ODA/non-ODA	Title Dossier
1	Vitens	24713	Embassy	Water	Delegated budget	2012	ODA	Centre of Expertise
	Vitens	25089	Embassy	Water	Delegated budget	2013	ODA	Centre of Expertise
	Vitens	28234	Embassy	Water	Delegated budget	2015	ODA	Centre of Expertise
2	Vec Engineering Consultancy B.V.	DHK13D01ZA	DHK	Water	Demonstration study	2013	non-ODA	Showcase Water
	Ims International B.V.	DHK13D01ZA	DHK	Water	Demonstration study	2013	non-ODA	Showcase Water
	Prezent Internet B.V.	DHK13D01ZA	DHK	Water	Demonstration study	2013	non-ODA	Showcase Water
3	Vec Engineering Consultancy B.V.	DHK13D02ZA	DHK	Water	Demonstration study	2013	non-ODA	CDE Showcase
	Prezent Internet B.V.	DHK13D02ZA	DHK	Water	Demonstration study	2013	non-ODA	CDE Showcase

Table A.4 Other selected interventions South Africa

	Name Organisation	Reference	programme	Theme	services	Budget year	ODA/non-ODA	Title dossier
1	Dasuda Foundation	DHK13D04ZA	DHK	Urban Development	Subsidy-Demonstration	2013	non-ODA	DASUDA
	NABC - Netherlands-African Business Council	DHK13D04ZA	DHK	Urban Development	Subsidy-Demonstration	2013	non-ODA	DASUDA
	Blok Kats Van Veen Architecten	DHK13D04ZA	DHK	Urban Development	Subsidy-Demonstration	2013	non-ODA	DASUDA
	Miltech	DHK13D04ZA	DHK	Urban Development	Subsidy-Demonstration	2013	non-ODA	DASUDA
	Nelen & Schuurmans B.V.	DHK13D04ZA	DHK	Urban Development	Subsidy-Demonstration	2013	non-ODA	DASUDA
	Remco Rolvink	DHK13D04ZA	DHK	Urban Development	Subsidy-Demonstration	2013	non-ODA	DASUDA
2	IQ Support B.V.	DHK13H05ZA	DHK	Energy (renewable)	Subsidy-Feasibility	2013	non-ODA	Green Campus
	Triodos Facet B.V.	DHK13H05ZA	DHK	Energy (renewable)	Subsidy-Feasibility	2013	non-ODA	Green Campus
	Ewwconsultancy	DHK13H05ZA	DHK	Energy (renewable)	Subsidy-Feasibility	2013	non-ODA	Green Campus
	Entry Technology Support B.V.	DHK13H05ZA	DHK	Energy (renewable)	Subsidy-Feasibility	2013	non-ODA	Green Campus
	Senergy	DHK13H05ZA	DHK	Energy (renewable)	Subsidy-Feasibility	2013	non-ODA	Green Campus

	Hogeschool Utrecht	DHK13H05ZA	DHK	Energy (renewable)	Subsidy-Feasibility	2013	non-ODA	Green Campus
3	Skyrnrg B.V.	TF14ZAOS03	Subsidie ODA	Energy (renewable)	Subsidy-ODA	2014	ODA	Solaris
	Solidaridad Network SA Trust	TF14ZAOS03	Subsidie ODA	Energy (renewable)	Subsidy-ODA	2014	ODA	Solaris
	Loskop Kunsmiss (Emds) BPK T/A/ Afrifert	TF14ZAOS03	Subsidie ODA	Energy (renewable)	Subsidy-ODA	2014	ODA	Solaris
	Sunchem Biofuel Development South Africa	TF14ZAOS03	Subsidie ODA	Energy (renewable)	Subsidy-ODA	2014	ODA	Solaris
4	Skyrnrg B.V.	TF15ZAOS02	Subsidie ODA	Energy (renewable)	Subsidy-ODA	2015	ODA	Solaris II
	Sunchem Biofuel Development South Africa	TF15ZAOS02	Subsidie ODA	Energy (renewable)	Subsidy ODA	2015	ODA	Solaris II
	Seed Processing Holland B.V.	TF15ZAOS02	Subsidie ODA	Energy (renewable)	Subsidy ODA	2015	ODA	Solaris II
5	Professional Emergency Care (PEC)	25557	Embassy	Health	Delegated budget	2014	ODA	Intervention Fiche Transition
6	DCMR Milieudienst Rijnmond	TF15ZAP10	G2G	Transport & Logistics	TF-assignment	2015	ODA	SPD Durban
7	Consulaat-Generaal van het Koninkrijk der Nederlanden	TF13SAP7	Assignment	Creative Industry	Reimbursement file	2013	non-ODA	What design can do in South Africa
	Consulaat-Generaal van het Koninkrijk der Nederlanden	TF13ZAP12	Assignment	Creative Industry	Reimbursement file	2013	non-ODA	Cape Town World Design Capital
	C. van de Baan	TF13ZAP12	Assignment	Creative Industry	Assignment-Fact Finding	2013	non-ODA	Cape Town World Design Capital
	International New Town Institute	TF13ZAP12	Assignment	Creative Industry	Assignment-Fact Finding	2013	non-ODA	Cape Town World Design Capital
	Stichting Droog Design	TF13ZAP12	Assignment	Creative Industry	Assignment-Fact Finding	2013	non-ODA	Cape Town World Design Capital
	NL architects	TF13ZAP12	Assignment	Creative Industry	Assignment-Fact Finding	2013	non-ODA	Cape Town World Design Capital
	C. van de Baan	TF13ZAP21	Assignment	Creative Industry	Assignment-Fact Finding	2013		Follow up Exploratory mission Cape Town World Design Capital 2014
	Consulaat-Generaal van het Koninkrijk der Nederlanden	TF13ZAP22		Creative Industry	Reimbursement file	2013		Project coordination WDC 2014

Note 1: Project 4, Solaris II, is still ongoing, but included here because it is an extension of project 3 (Project Solaris)

Note 2: Project 1, On advice of the Netherlands Consulate General in Cape Town the local counterparts of this project were not met. Needs further to be discussed with the Dutch partners in the project

Note 3: Project 2, It appeared to be difficult to trace the counterpart persons of this project

Note 4: Project 7 involves a series of activities all related to Cape Town World Design Capital

Vietnam

Table A.5 AGRO Selected interventions Vietnam					
HortiViN: Partnership on Horticulture between Vietnam and the Netherlands	TF14VNOS01	Sustainable and profitable horticultural sector through 1. capacity building; 2. upgrading of production of sustainable, safe, higher quality food and ornamentals; 3. strengthen the structure of the horticultural sector in Vietnam by connecting private business, science & knowledge institutes and government (private - public co-operation).	Greenport Holland, FloraHolland	01-01-2014 to 31-12-2016	€ 208,178
Review Study Horticulture Vietnam	TF14VNS05	A holistic overview of horticultural development projects over the past 10 years (2005-2014) in Vietnam.	Fresh Studio Vietnam, IPSARD	01-10-2014 to 01-04-2015	€ 46,145
PPP Sustainable Pangasius	TF13VNP15	Sustainable Pangasius production in the Mekong delta by identifying and assessing methods to minimize the production of waste and to valorize the solid waste or its constituents. Continuation of the experience gained in the research phase (VRF10WSSD01).	consortium with WUR, DeHeus, Provimi and Queens	01-10-2013 to 01-07-2015	€ 89,559
Table A.6 WATER Selected interventions Vietnam					
Joint Water Expertise Development in Vietnam	TF12VNP7	To help define legal requirements and develop a business plan for the Joint Venture, with an aim to: <ul style="list-style-type: none"> • Make available expertise and knowledge for feasibility studies, and offer smart solutions for Vietnamese organisations & government, engagement with Dutch businesses, and enhance co-operation between VN and NL parties. 	TUD Valorisation Center, WRU Hanoi	01-12-2012 to 31-12-2015	€ 114,000
Water and Climate Services for Transboundary Water Management and Natural Disaster Risk Management	TF13VNP4	The G2G programme, is to create improved access to the Vietnamese market, position NL business to take advantage of new business opportunities in the remote sensing data utilisation.	NSO, MONRE, Consortium of private sector companies	01-10-2013 to 01-10-2015	€ 499,465
Spin-off NSO G2G on Water and Climate Services Vietnam	TF14VNP06	Remote Sensing and hydrological modelling in the Red River basin, aimed at pre-sorted and positioning of Dutch business. Support to The Netherlands Space Office (NSO) that has been asked to participate in the directing team, and more specifically to support PvW	NSO, PvW	01-01-2015 to 31-12-20015	€ 61,537
Table A.7 Other selected interventions Vietnam					
Evides Industrial Waste water treatment	DHK13D16VN	Demonstration project with the following objectives: 1) Introduction of new technologies in the petrochemical industry by means of extended pilot plant trials is a proven method. To enter into a long-term contract of outsourcing water business to EIW and the consortium. Binh Son Refinery (BSR) in Dung Quat.	EIW, Hatenber water		€ 200,000 committed € 179,338 spent

Colombia

Table A.8 AGRO Selected interventions Colombia							
Name organisation	Reference	Programme	Theme	Services	Budget year	ODA/non-ODA	Title Dossier
1 Machinefabriek D.T. Dijkstra B.V.	DHK13H01CO	DHK_subsidy_TF	Agro (various)	Subsidy-Feasibility study (DHK)	2013	non-ODA	Modern storage technology for the Colombian agricultural sector
AgroVent B.V.	DHK13H01CO	DHK_subsidy TF	Agro-Food	Subsidy-Feasibility study (DHK)	2013	non-ODA	Modern storage technology for the Colombian agricultural sector
2 Yellow Pallet B.V.	TF12COS5	DHK_subsidy_TF	Agro-Biobased/Biomass	Subsidy-Feasibility study (DHK)	2012	non-ODA	Banana Pallet Factory
Fresh Studio Innovations Europe B.V.	TF12COS5	DHK_subsidy TF	Agro-Biobased/Biomass	Subsidy-Feasibility study (DHK)	2012	non-ODA	Banana Pallet Factory

Notes: Total commitments of Project 1 are €82,904 and of Project 2 €93,962.

Table A.9 WATER Selected interventions Colombia							
Name organisation	Reference	Programme	Theme	Services	Budget year	ODA/non-ODA	Title Dossier
OCM2 BV	TFCO13001	PvW resources for assignments	Water	Assignment-Identification Mission	2013	ODA	Room for the River and risk management in the river Cauca Basin
Arcadis Nederland B.V.	TFCO13005	PvW resources for assignments	Water	Assignment-Technical Assistance	2013	ODA	Room for the River and risk management in the river Cauca Basin

Notes: Total commitments of the 'project' are €462,536

Table A.10 TRANSPORT & LOGISTICS Selected interventions Colombia

Name organisation	Reference	Programme	Theme	Services	Budget year	ODA/non-ODA	Title Dossier
Stig Consult	TF13COP1A	TF resources for assignments	Water	Assignment-Fact finding mission	2013	non-ODA	Expert advice on multimodal river transport
Waterdienst Rijkswaterstaat	TF13COP12	TF resources for assignments	Transport & logistics	Assignment-Incoming mission	2013	ODA	Expert mission Cormagdalena
Fundación Universidad del Norte	TF13COOS01	TF subsidy ODA	Transport & logistics	Assignment-Setting up Master's Degree programme Transport & Logistics	2013	ODA	Port, Transport and Logistics Centre of Expertise (CE)
Stichting STC-Group	TF13COOS01	TF_subsidy_ODA	Transport & logistics	Assignment-Setting up Master's Degree programme Transport & Logistics	2013	ODA	Port, Transport and Logistics Centre of Expertise (CE)
Nederlands Centrum voor Handelsbevoordering (NCH)	MTFCOP1501	TF resources for assignments	Transport & logistics	Assignment-Seminar and outgoing missions (offered by Minister Schultz Verhaegen.	2015	non-ODA for mission, ODA for seminar	HM Synchromodal transport
Arcadis Nederland B.V.	TF13COP1C	TF resources for assignments	Water	Assignment-Other	2013	ODA	Masterplan Inland Water Transport
Nederlands Centrum voor Handelsbevoordering (NCH)	MTFCOP1502	TF resources for assignments	Transport & logistics	Incoming mission and masterclass.	2015	ODA	Masterclass Transport for Colombian authorities

Notes: Total committed expenditure of the 'project' is €1,041,111

Scorecard

Appraisal and Monitoring of the project (the activity funded by TF)		
I. Quality of appraisal and monitoring/evaluation of the project/activity	1. Quality of the appraisal of the project/activity in terms of improvement of the local business climate in the recipient country	Appraisal of the project's contribution to the improvement of the local business climate in the recipient country (sources: Quick Scan, Project Fiche, other appraisal documents)
		According to the information available at the time of appraisal:
		A. The project is expected to contribute substantially to the local business climate
		B. The project is expected to be favourable for the local business climate
		C. The contribution of the project to the local business climate is limited
		D. The project would not contribute to the local business climate
		X. No information available/ not applicable / don't know
	2. Quality of the appraisal of the project/activity in terms of creating (additional) business or institutional relations with the recipient country	Appraisal of the activity's contribution to the creation / enlargement of business or institutional relations with the Netherlands
		According to the information available at the time of appraisal:
		A. The project is expected to contribute substantially to the business / institutional relations with the Netherlands / Dutch partners
	B. The project is expected to be favourable for the business / institutional relations with the Netherlands / Dutch partners	
	C. The contribution of the project to the business / institutional relations with the Netherlands / Dutch partners is limited	
	D. The project would not contribute to the business / institutional relations with the Netherlands / Dutch partners (and has been approved on the basis of other considerations)	
	X. No information available/ not applicable / don't know	
	3. Quality of the monitoring and evaluation of the project/activity	Appraisal of the quality and contents of progress reports and (desk) evaluation reports regarding the realization of outputs, outcomes and impact; the identification of obstacles and constraints during implementation.
		According to the information that was available:
	A.	The monitoring reports and desk evaluation offer an excellent overview of the progress of the activity and its outcomes and allow to make an assessment about the expected impact
	B.	The monitoring reports and desk evaluation offer a good overview of the progress of the activity and its outputs and outcomes
	C.	The monitoring reports and desk evaluation only offer a limited overview of the progress and the realization of outputs
	D.	The monitoring reports and desk evaluation do not offer an overview of the progress and the realization of outputs. Or: progress reports are lacking.
	X.	No information available/ not applicable / don't know
Effect Review: Question 1 (ERQ1): To what extent have the TF-project achieved the objectives that are defined in the project plan and fiche?		
II. Achievement of expected objectives of the TF-activity in the field of the local business climate in the recipient country and the creation of trade and investment relations with the	4. Extent to which the verifiable outputs were realized	Expectation in the appraisal document versus actual realization in the field (source: benchmark Fiche)
		A. The expected outputs have been realized for 100% or more
		B. 80-90% of the expected outputs has been realized

Netherlands that can be attributed to the project		C.	50-80% of the expected outputs has been realized	
		D.	<50% of the expected outputs has been realized	
		X.	No information available/ not applicable / don't know	
	5. Extent to which the objectives of the project/activity has been achieved		Expectation in the appraisal document versus actual realization, provided that adequate data are available or a judgment can be made	
		A.	The objectives of the project/activity have been achieved for 100% or more	
		B.	80-90% of the objectives of the project/activity has been achieved	
		C.	50-80% of the objectives of the project/activity has been achieved	
		D.	<50% of the objectives of the project/activity has been achieved	
		X.	No information available/ not applicable / don't know	
	6. Extent to which the outcome of the project/activity has been achieved		Expectation of outcome in the appraisal document versus actual realization, provided that adequate data are available or an assessment can be made	
	A.	The outcome of the project/activity have been achieved for 100% or more		
	B.	80-90% of the outcome of the project/activity has been achieved		
	C.	50-80% of the outcome of the project/activity has been achieved		
	D.	<50% of the outcome of the project/activity has been achieved		
	X.	No information available/ not applicable / don't know		
Effect Review Question 2 (ERQ2): What is the value added of involving foreign parties (not being the Dutch embassy) from the start onwards for the effects of a good TF-intervention?				
III. Achievement of expected results of activity in the field of establishment of working relations with local partners	7. Extent to which local partners contributed to the achievement of the objectives of the TF funded project/activity		Expectation in the appraisal document versus actual realization in the field. (Benchmark: 'Fiche')	
		A.	Contribution local partners was essential for the success of the project	
		B.	Contribution local partners was helpful for the execution of the project	
		C.	Contribution local partners was limited	
		D.	Contribution local partners did not contribute anything to the success of the project	
		X.	No information available/ not applicable / don't know	
	8. Extent to which the involvement of local partners contributed to the transaction costs of the TF funded project/activity		Expectation in the appraisal document versus actual realization, provided that adequate data are available or a judgment can be made. Benchmark 'Fiche'	
		A.	Contribution of local partners substantially reduced the transaction costs of the project/activity	
		B.	Contribution of local partners somewhat reduced the transaction costs of the project/activity	
		C.	Contribution of local partners had no effect on the transaction costs of the project/activity	
	D.	Contribution of local partners did increase the transaction costs of the project/activity		
	X.	No information available/ not applicable /don't know		
9. To what extent has the project/activity contributed to stable working relations over time		Contribution of the project/activity to establishment of long-term relationships with partners in the target country		

		<p>A. The project/activity has resulted in stable long term working relations with partners in the target countries</p> <p>B. The project/activity has resulted in first contacts in the target country</p> <p>C. The project/activity has resulted in knowledge about potential partners in the target country</p> <p>D. The project/activity has not resulted in stable long term working relations nor in knowledge about potential partners in the target country</p> <p>X. No information available/ not applicable / don't know</p>	
<p>Effect Review Question 3 (ERQ3): To what extent have the approved / initiated TF project contributed to the achievement of the (policy) objectives of TF on the output level?</p>			
<p>IV. Achievement of expected results of activity regarding the policy objectives of TF</p>	<p>10. To what extent have the TF funded project/activity achieved the (policy) objectives of TF on the output level?</p>	<p>Expectation in the appraisal document versus actual realization in the field (benchmark: 'Fiche')</p>	
		<p>A. The TF project/activity has significantly contributed to the TF policy objectives</p> <p>B. The TF project/activity has had a limited contribution to the TF policy objectives</p> <p>C. The TF project/activity has not contributed to the TF policy objectives</p> <p>D. The TF project/activity has contributed negatively to the TF policy objectives</p> <p>X. No information available/ not applicable / don't know</p>	
	<p>Effect Review Question 4 (ERQ4): increase in the size of (sustainable) trade, investments, and services by the Dutch company(ies) and improving the business climate of the Transition country?</p>		
	<p>V. Results in terms of trade and investment flows between the Netherlands and the recipient country and regarding improvement of the local business climate</p>	<p>11. To what extent has the project/activity contributed to the increase in the size of (sustainable) trade, investments, and services by the Dutch companies involved</p>	<p>Expectation in the appraisal document versus actual realization in the field (benchmark: 'Fiche')</p>
			<p>A. The activity has resulted in a substantial increase in business</p> <p>B. The activity has resulted in some increase in business</p> <p>C. The activity has resulted in opportunities for business in the future</p> <p>D. The activity has not resulted and is not expected to result in an increase in business now or in the future</p> <p>X. No information available/ not applicable / don't know</p>
		<p>12. To what extent has the project/activity contributed to an improvement of the business climate of the target country?</p>	<p>Expectation in the appraisal document versus actual realization provided that adequate data are available or a judgment can be made</p>
		<p>A. The activity has resulted in a substantial improvement in the local business climate</p> <p>B. The activity has resulted in some improvement in the local business climate</p> <p>C. The activity has resulted in preparing the basis for an improvement in the local business climate</p> <p>D. The activity has not resulted in an improvement on the local business climate</p> <p>X. No information available/ not applicable / don't know</p>	
<p>Effect Review Question 5 (ERQ5): To what extent is there already a transition from an OS relation to an economic relation? To what extent will the transition continue? To what extent is this to be expected during further course of the programme?</p>			
<p>VI. Results of activity in terms of the transition from an OS relation towards a commercial realtion</p>		<p>13. To what extent has the project/activity a demonstration effect and if so is there any spin-off?</p>	<p>Expectation in the appraisal document versus actual realization in the field (benchmark: 'Fiche')</p>

		A.	The activity is generally followed by other organisations in the sector
		B.	The activity is followed by some other organisations in the sector
		C.	The activity is hardly followed by other organisations in the sector
		D.	The activity is not followed by other organisations in the sector
		X.	No information available/ not applicable / don't know
	14. To what extent has the project/activity contributed to innovations in the sector in the TF country?	Expectation in the appraisal document versus actual realization provided that adequate data are available or a judgment can be made	
		A.	The activity has introduced major innovations in the sector in the target country
		B.	The activity has introduced some innovations in the sector in the target country
		C.	The activity has created the conditions for the introduction of innovations in the sector in the target country
		D.	The activity did not contribute to the introduction of innovations in the sector in the target country
		X.	No information available/ not applicable / don't know
	15. To what extent do Dutch companies experience difficulties in obtaining finance for follow-up projects/investments in the target country?		
		A.	The Dutch company find it easy to obtain finance for follow-up projects/investments in the target country
		B.	The Dutch company face some difficulties to obtain finance for follow-up projects/investments in the target country
		C.	The Dutch company face many difficulties to obtain finance for follow-up projects/investments in the target country
		D.	It is (virtually) impossible for the Dutch company to obtain finance for follow-up projects/investments in the target country
		X.	No information available/ not applicable / don't know
Effect Review Question 6 (ERQ6): Which country-specific context has either contributed to or inhibited the effects of TF?			
VII. Effects related to the local environment	16. To what extent was the country-specific environment positive or negative for the effects of the activity		
		A.	The local environment contributed positively to the effects/impact of the project/activity
		B.	The local environment was favourable for the project/activity
		C.	The local environment had no impact on the effects of the project/activity
		D.	The local environment contributed negatively to the effects of the project/activity
		X.	No information available/ not applicable / don't know
Effect Review Question 7 (ERQ7): To what extent are the achieved results sustainable?			
VIII. Sustainability of the results	17. To what extent are the achieved results sustainable?		
		A.	The project/activity has long term effects on bilateral economic relations and/or the local business environment
		B.	The project/activity has some short term effects on bilateral economic relations and/or the local business environment

		C.	The project/activity has contributed to the conditions that might result in future bilateral economic relations and/or the local business environment
		D.	The project/activity had no and will not have effects on bilateral economic relations and/or the local business environment
		X.	No information available/ not applicable / don't know
	18. To what extent does the company have access to an alternative financing window at the moment?	Note: not applicable to G2G, K2K etc	
		A.	The company has plenty of opportunities to finance follow-up activities
		B.	The company has to rely upon own funding for follow-up activities
		C.	The company face difficulties in funding follow-up activities
		D.	The company has no access to alternative funding for follow-up activities
		X.	No information available/ not applicable / don't know
	19. What are the company's / institution's investment / trade plans in this country at the short and medium term?		
		A.	The company / institution is planning to expand its trade with and/or its investment in the country
		B.	The company / institution is planning to further explore its trade with and/or its investment in the country
		C.	The company / institution is planning to continue its relations in this country
		D.	The company / institution has no plans to increase its trade and/or investment relations with the country
		X.	No information available/ not applicable / don't know
Effect Review Question 8 (ERQ8): To what extent are the achieved effects attributable to TF			
IX. Effects are yes or no attributable to the TF facility	20. To what extent has the position of the company changed as a result of the TF support?		
		A.	The company has considerably strengthened its position in the country
		B.	The project has improved its knowledge about the country
		C.	The project has started access to the country for the company
		D.	The position of the company has not changed as a result of the project
		X.	No information available/ not applicable / don't know
Effect Review Question 9 (ERQ9): Are the outputs achieved with the planned inputs and has that been cost efficient?			
X. Cost efficiency of the TF supported activities	21. Are the outputs achieved with the planned inputs and has that been cost efficient?	Expectation in the appraisal document versus actual realization in the field (benchmark: 'Fiche')	
		A.	Outputs have been achieved at lower costs
		B.	Outputs have been achieved at costs as planned
		C.	Outputs have been achieved at higher costs
		D.	Outputs have not been achieved
		X.	No information available/ don't know

Annex B Overview instruments and incentives for private sector development and international business

Instruments for international private sector development and incentives for Dutch international trade and business.

Instruments and facilities	implemented by	open in last quarter 2011	open in July 2015	TF linked to
Borgstelling MKB kredieten	RVO.nl	yes	yes	
CBI (imports)	RVO.nl	yes	yes	
DHK Facility / DHI	RVO.nl	yes	yes	yes
DRIVE	RVO.nl	no	yes	yes
Dutch Good Growth Fund	RVO.nl; Price WC; Atradius	no	yes	yes
Dutch Employers Co-operation Programme	Min Foreign Affairs, VNO/NCW	yes	yes	yes
Energising Development	RVO.nl / GIZ	yes	yes	
Eureka	RVO.nl	yes		
European Award for entrepreneurship	RVO.nl	yes		
Eurostars	RVO.nl	yes		
Exportkredietverzekering MKB	Min EZ, Atradius	yes	yes	
Faciliteit Duurzaam Ondernemen en Voedselzekerheid	RVO.nl	no	yes	yes
Finance for International Business	RVO.nl	yes		yes
Food and Business Global Challenges	Min Foreign Affairs, NWO-WOTRO	yes	yes	yes
Fonds opkomende markten - ELI	FMO	yes	no	
Fonds opkomende markten - OS	FMO	yes	no	
Fonds Duurzaam Water	RVO.nl	yes	yes	yes
Fonds Life Sciences and Health for Development	RVO.nl		yes	yes
Horizon 2020	RVO.nl			
iCRS Tools	RVO.nl			
Infrastructure Development Fund	FMO	yes	yes	
Innovatiekrediet	RVO.nl	yes		
Internationaal Excelleren	RVO.nl	yes	no	yes
Internationaal Innoveren	RVO.nl	yes	no	yes
MASSIF	FMO	yes	no	
Matchmaking Facility (MMF)	RVO.nl	yes	yes	yes
Netherlands Management Training Programme	RVO.nl	yes	yes	yes
NICHE	NUFFIC	yes	yes	
Oranje Handelsmissiefonds	RVO.nl; ING; KLM, others	yes	yes	yes
ORIO	RVO.nl	yes	yes	
Package 4 Growth	RVO.nl	yes	no	
Partners for International Business	RVO.nl	yes	yes	yes
Partners for Water	RVO.nl	yes	yes	yes
Pilot 2g@there-OS	RVO.nl	yes	no	yes
Prepare2Start	RVO.nl	yes	no	yes
Private Sector Investment Programme	RVO.nl	yes	no	

PSD Apps	RVO.nl	no	yes	
PSD Coach	RVO.nl	no	yes	
Programma Uitzending Managers	VNO/NCW	yes	yes	yes
Pro Poor Innovation Fund	?	yes		
SEED capital	RVO.nl			yes
Starters International Business	RVO.nl	yes	yes	yes
Subsidieregeling voor demonstratieprojecten		yes	yes	yes
Training of Managers and Entrepreneurs (NMTP)	RVO.nl	yes	yes	yes
Vroegefase financiering	RVO.nl			
WSSD	Min For Affairs	yes	no	
2Xplore	RVO.nl	yes	no	yes

Source: ERBS based on web-search. List reviewed by Min. of Foreign Affairs.

Annex C Portfolio data and process components

Table C.1 Commitments, disbursements and consolidations (in EUR) of completed interventions

Sector and country	Committed	Disbursed	Consolidated
1. Agro	1,767,755	1,795,915	752,748
Colombia	594,492	629,945	268,124
non-ODA	581,065	616,518	268,124
ODA	13,427	13,427	
South-Africa	587,837	587,761	296,675
non-ODA	440,493	440,417	296,675
ODA	147,344	147,344	
Vietnam	585,426	578,210	187,949
non-ODA	413,532	406,316	187,949
ODA	171,895	171,895	
2. Energy	1,358,070	1,356,502	541,871
Colombia	235,336	235,336	196,725
non-ODA	196,725	196,725	196,725
ODA	38,611	38,611	
South-Africa	1,122,734	1,121,166	345,146
non-ODA	597,734	596,166	345,146
ODA	525,000	525,000	
3. Transport & Logistics	1,308,328	1,236,466	801,206
Colombia	988,700	983,784	701,206
non-ODA	429,343	424,427	271,944
ODA	559,357	559,357	429,262
South-Africa	209,675	142,729	
non-ODA	170,593	103,647	
ODA	39,082	39,082	
Vietnam	109,953	109,953	100,000
non-ODA	105,161	105,161	100,000
ODA	4,792	4,792	
4. Water	3,396,698	2,802,691	715,502
Colombia	2,242,266	1,734,066	119,992
non-ODA	721,059	721,058	119,992
ODA	1,521,208	1,013,008	
South-Africa	1,007,902	922,094	595,510
non-ODA	789,370	703,562	595,510
ODA	218,532	218,532	
Vietnam	146,530	146,530	
non-ODA	25,000	25,000	
ODA	121,530	121,530	
5. Other	2,621,152	1,873,820	881,921
Colombia	1,624,664	998,497	431,107
non-ODA	467,026	456,106	431,107
ODA	1,157,638	542,391	
South-Africa	859,784	738,619	366,874
non-ODA	566,429	497,340	264,606
ODA	293,355	241,279	102,268
Vietnam	136,704	136,704	83,940
non-ODA	98,940	98,940	83,940
ODA	37,764	37,764	
Grand Total	10,452,002	9,065,395	3,693,248

Table C.2 Commitments, disbursements and consolidations per sector (in EUR)

Sector label	Committed	Disbursed	Consolidated
Agro (divers)	1,558,886	1,196,556	283,610
Agro-Biobased/Biomass	1,567,021	1,011,575	93,962
Agro-Food	5,670,342	3,269,289	254,121
Agro-Horticulture	2,033,757	1,477,344	106,000
General	1,284,990	629,633	
Creative Industry	1,132,207	700,422	85,725
CSR	525,031	492,454	
Energy (sustainable)	2,098,764	1,869,187	541,871
Finance	578,755	212,949	
Health	936,227	598,541	
Manufacturing industry	756,869	286,035	19,340
Manufacture / High Tech	360,000	324,000	
Maritime	410,161	349,161	100,000
Mining	211,102	166,065	
Others	2,558,012	1,793,685	275,549
Transport and logistics	3,702,641	2,441,971	701,206
Urban Development	973,315	483,999,73	301,307
Waste, Waste Management, Waste Water	1,212,272	889,762	100,000
Water	11,452,770	9,038,421	894,840
(blank)	38,941	35,046	
Grand Total	39,062,062	27,266,096	3,757,531

Table C.3 Percentage distribution of commitments per sector

Percentage of total commitments	Colombia	South Africa	Vietnam	Total
Agro	31%	25%	43%	100%
Energy	15%	85%	0%	100%
Transport & Logistics	38%	51%	11%	100%
Water	61%	29%	10%	100%
Other	52%	31%	17%	100%
Total in mln EUR	17.8 (46%)	13.1 (34%)	8.1 (21%)	39.0 (100,0%)

Table C.4 Commitments and disbursements by country and sector

Sector / country	Sum of Commitments	Sum Disbursed	No. disbursed
Agro	€ 10.830.005,97	€ 6.954.763,87	84
Colombia	€ 3.408.661,56	€ 1.908.776,79	24
Vietnam	€ 4.684.036,05	€ 3.348.341,78	31
South Africa	€ 2.737.308,36	€ 1.697.645,30	29
Energy	€ 2.098.763,73	€ 1.869.186,83	27
Colombia	€ 319.517,00	€ 219.517,00	4
South Africa	€ 1.779.246,73	€ 1.649.669,83	23
Logistics	€ 3.702.640,69	€ 2.441.971,23	29
Colombia	€ 1.411.569,92	€ 1.346.866,92	10
Vietnam	€ 404.792,00	€ 9.783,32	3
South Africa	€ 1.886.278,77	€ 1.085.320,99	16
Water	€ 11.452.769,58	€ 9.038.421,11	100
Colombia	€ 6.968.845,41	€ 5.953.337,41	66
Vietnam	€ 1.184.981,00	€ 515.623,50	9
South Africa	€ 3.298.943,17	€ 2.569.460,20	25
Others	€ 10.938.941,48	€ 6.926.706,94	99
Colombia	€ 5.698.642,02	€ 3.058.727,05	38
Vietnam	€ 1.805.577,78	€ 1.191.968,28	17
South Africa	€ 3.434.721,68	€ 2.676.011,61	44
Grand Total	€ 39.023.121,45	€ 27.231.049,98	

Box C.1 Registration and administration

Each (envisaged) intervention with an expected TF support of over EUR 20,000 had to be registered -prior to approval- by means of an Intervention Fiche. This Fiche encompasses a description of the envisaged results to be achieved within a period of three years; the distribution of tasks between the embassy and RVO; a budget; an indication of the responsible parties and a description with respect to the eligibility criteria (see 5.1). In practice, embassies did not always register through these Fiches, but used the procedure for development assistance, being the Appraisal Memorandum (BEMO). These BEMOs were usually not converted into Intervention Fiches. In other cases, activities initiated by the embassies were financially sub-divided into units of less than EUR 20,000. In consequence, the existing registration of TF supported interventions is not exhaustive.

Each intervention counts with a physical dossier. This dossier is not always at hand by the RVO team Programmatic Co-operation, but could be kept by other sections, such as the one responsible for in-or outgoing missions. Assignments contracted in the market are administratively handled by the central procurement office of the Ministry of Economic Affairs (EZ-IUC). DHK activities can be dealt with by the Department for DHK (DHI).

The RVO data base is not open to all members of staff and requires authorisation to access files. TF programme advisors did not have access to (part of) their own portfolio (i.e. DHK files). In absence of a central registration that allows 'dash board' monitoring and/or task tracking, programme advisors elaborated their individual 'shadow administration'.

Figure C 1 Process flow subsidy and assignment

Stage	Subsidy	Project / assignment
Pre-start up	Information; guidance, referral to third parties	Meetings, concept development, search for partners
Start-up and appraisal	Quicksan	Elaboration Terms of Reference
	Guidance for improvement; search additional business partners	Search for business partners next to Knowledge institutes and/or public entities
	Request for subsidy	Approach potential candidates; Pre-selection
	Elaboration Intervention Fiche; Coordination and consult RVO and corresponding embassy	
	Appraisal or Appraisal form (BEMO) elaboration	
	Financial Memo, including check on level of own contribution by partners involved. In total a minimum of 50%. Check on eligible contribution components, such a time use.	Budget and proposals (bid)
		Appraisal Proposal(s); Coordination RVO and corresponding embassy
		Elaboration Intervention Fiche
Approval	Subsidy contract to the lead company ('penvoerder') and hence not to all parties involved in the intervention	Contracting implementing entity (ies)
Monitoring	Reports (usually Inception report and bi-annual progress reports. Progress reports are short ¹¹⁴)	Reports (usually Inception report and bi-annual progress reports)
Finalisation	Final report	Final report
	Financial final overview	Financial final overview
Administrative closure	Closure memo	Closure memo

¹¹⁴ Progress report are based on the appraisal document. This facilitates short reporting.

Annex D Colombia



Settlement at the banks of the Cauca River (Vía Cali-Palmira, Valle del Cauca, Colombia)

1 Obstacles for doing business

At the start of the Transition Facility, the trade in goods between the Netherlands and Colombia comprised an almost negligible share of Dutch external trade. The value of exports of goods from the Netherlands to Colombia was only EUR 325 million in 2011.¹¹⁵ Similarly, the stock of Dutch foreign direct investment in Colombia was EUR 227 million in that year, representing only a tiny fraction of total Dutch FDI of almost EUR 3,000 billion. At the same time, there was hardly any Colombian FDI in the Netherlands.¹¹⁶ The values of Dutch-Colombian exports and foreign direct investment increased slightly between 2011 and 2015, but the shares in, respectively, overall Dutch exports and FDI remained small.

The limited Dutch economic presence in Colombia may be related to bottlenecks in ‘doing business’ in Colombia. At the start of the Transition Facility, Colombia ranked 42nd out of 183 countries on the

¹¹⁵ CBS data.

¹¹⁶ <http://www.rvo.nl/sites/default/files/2016/09/Handels-en-investeringscijfers-Colombia-Nederland-augustus-2016.pdf>

World Bank's 'Doing Business Index' (the Netherlands ranked 31st).¹¹⁷ In 2015, Colombia ranked 54th.¹¹⁸ The lower rank in 2015 does however not necessarily mean that the business climate deteriorated. Nonetheless, the figure indicates that there were (still) substantial obstacles for 'doing business.' Especially tax and trade regulation, as well as enforcing contracts were perceived as obstacles to business and trade.¹¹⁹ Access to finance is mentioned as another constraint.¹²⁰ What did play a role between 2011 and 2015 was the security situation (presence of the FARC), what implies higher security-related expenses. The high degree of informality and corruption are also mentioned as obstacles for doing business.¹²¹ Inadequate transport infrastructure in Colombia is a practical constraint. In addition, obstacles for Dutch-Colombian trade and investments are also related to factors as geographical distance and language barriers.

2 Priority sectors for Dutch business and trade

The 2012 Annual Plan of the Royal Netherlands Embassy (RNE) remarked the following.¹²² "The perspective of the embassy changed substantially with the Dutch government's decision to stop traditional development co-operation in Colombia and to create a transition facility for three countries, among which Colombia. Currently, the embassy is carrying out several analytic studies that will serve as input for a multi-annual transition strategy, to be finalized by the end of this year. In anticipation of this strategy, this annual plan includes our current, broad views on how to implement the transition."

The annual plan prioritized the following themes: water, sustainable trade, climate change and bio-based economy. Another possible theme to be prioritized was maritime infrastructure.

The Embassy of the Netherlands asked Ecorys to conduct a Transition Analysis in 2012. This analysis was an important input to the transition strategy, which identified 3 *focal sectors*.¹²³

1. Agriculture (horticulture, agro-food, bio-based);
2. Water (flood risk management, water management, ports); and
3. Emerging sectors (to be expected: energy (mining/oil/gas), health, logistics).

Similarly, it identified the following *intervention modalities*:

1. Improvement of business climate;
2. Trade and investment promotion;
3. Corporate social responsibility (sustainability, climate, production chains, social responsibility); and
4. The KGB-model (Knowledge2Knowledge, Government2Government and Business2Business).

In practice, the key sectors of the TF activities in Colombia have been Agriculture, Water and Transport & Logistics.

¹¹⁷ <http://english.rvo.nl/sites/default/files/2014/07/Brochure%20Transition%20Facility.pdf>

¹¹⁸ <http://www.rvo.nl/sites/default/files/2016/09/Handels-en-investeringscijfers-Colombia-Nederland-augustus-2016.pdf>

¹¹⁹ <http://www.doingbusiness.org/data/exploreeconomies/colombia/>.

¹²⁰

<https://www.rvo.nl/sites/default/files/2016/03/Financing%20Opportunities%20for%20Dutch%20SMEs%20in%20Colombia.pdf>.

¹²¹ See for example <http://www.business-anti-corruption.com/country-profiles/colombia>.

¹²² Netherland Embassy Bogotá. *Annual Plan 2012*.

¹²³ Netherland Embassy Bogotá. *Towards a new bilateral partnership between Colombia and the Netherlands*. Transition Facility 2012-2014. 31st January 2012. P.15 ff.

3 Transition Facility

In total, the RVO data base registers a portfolio of 333 'entries' for Colombia, with a total financial commitment of about EUR 19 million since 2011:

Table D.1 Data base entries Colombia

File Status	Number	Commitments in EUR
Completed	152	5,685,458
o AFG	65	2,102,081
o VST	37	1,734,667
o Closed	50	1,848,710
Ongoing	136	13,397,300
o BEH	74	3,843,057
o Implementation	6	3,452,790
o LOP	54	5,789,121
o OPV	1	250,000
o blank	1	62,331
Rejected/withdrawn/unknown	45	-
o AFW	32	-
o AIN	9	-
o PIN	2	-
o IGG	2	-
TOTAL	333	19,082,758

Source: Database RVO.nl September 1st, 2016. Minor inconsistencies due to errors in the database.

These 288 entries concerning complete and ongoing activities correspond to 147 different interventions (subsidies and assignments). Half of them are funded by ODA. The interventions tend to be larger than non-ODA interventions, because the amount committed for ODA interventions represent about two third of the total committed

Table D.2 Total number of and committed expenditure on interventions by ODA and non-ODA

		Non ODA	ODA	Total
2011	Number		1	1
	EUR		181,605	181,605
2012	Number	4	8	12
	EUR	146,800	2,734,761	2,881,561
2013	Number	17	21	38
	EUR	1,179,857	3,921,775	5,101,632
2014	Number	27	10	37
	EUR	1,717,842	2,484,804	4,202,646
2015	Number	26	33	59
	EUR	2,029,452	3,410,337	5,439,790
	Total number	74	73	147
	Total EUR	5,073,951	12,733,282	17,807,234

Source: Database RVO.nl September 1st, 2016. The difference in total is due to the system of registration in the database.

4 Selected projects

For further in-depth study, a selection was made of completed projects. The selection includes 4 projects in the sector Agro (Table D3). The selection in the sector Water comprises a series of related activities carried out in the framework of the pilot project 'Room for the River Cauca'. In Transport & Logistics, a series of somehow related activities have been selected. Together, the committed expenditure of the selected project comprises about a third of the commitments of all completed projects.

Table D.3 Selected projects Colombia

Table D.3: AGRO Selected projects Colombia							
Name organisation	Reference	Programme	Theme	Services	Budget year	ODA/non-ODA	Title of File
1 Machinefabriek D.T. Dijkstra B.V. & AgroVent B.V.	DHK13H01CO	DHK_subsidy_TF	Agro (diverse)	Subsidy-Feasibility study (DHK)	2013	non-ODA	Modern storage technology for the Colombian agricultural sector
2 Yellow Pallet B.V. & Fresh Studio Innovations Europe B.V.	TF12COS5	DHK_subsidy_TF	Agro-Biobased/Biomass	Subsidy-Feasibility study (DHK)	2012	non-ODA	Banana Pallet Factory
3 Business Bridge	TF14COP06	TF resources for assignments	Agro-Food	Assignment-Fact Finding	2014	non-ODA	Fact Finding Dairy Sector
4 Business Bridge	TF14COP10	TF resources for assignments	Agro-Food	Assignment-Outgoing Mission	2014	non-ODA	Agrofuturo 2015 'Holland Pavillion'
NCH	MTF14COP10	TF resources for assignments	Agro-Horticulture	'Verrekendosier'	2014	non-ODA	Agrofuturo 2015

Notes: Total commitments of Project 1 are €82,904 and of Project 2 €93,962. Commitments of Project 3 are €28,626 and those of Project 4 are €134,481

Table D.3: WATER Selected project Colombia							
Name organisation	Reference	Programme	Theme	Services	Budget year	ODA/non-ODA	Title of File
OCM2 BV	TFCO13001	PvW resources for assignments	Water	Assignment-Identification Mission	2013	ODA	Room for the River and risk management in the river Cauca Basin – Identification Mission
Arcadis Nederland B.V./Deltares/Others	TFCO13005	PvW resources for assignments	Water	Assignment-Technical Assistance	2013	ODA	Room for the River and risk management in the river Cauca Basin – Master Plan

Notes: Total commitments of the 'project' are €462,536 (plus €60,000 for training on SOBEK model)

Table D.3x: TRANSPORT & LOGISTICS Selected project Colombia							
Name organisation	Reference	Programme	Theme	Services	Budget year	ODA/non-ODA	Title of File
Stig Consult	TF13COP1A	TF resources for assignments	Water	Assignment-Fact finding mission	2013	non-ODA	Expert advice on multimodal river transport
Deltares	TF13COP12	TF resources for assignments	Transport & logistics	Assignment-Incoming mission and training in NL	2013	ODA	Expert mission CorMagdalena
Fundación Universidad del Norte & Stichting STC-Group	TF13COOS01	TF subsidy ODA	Transport & logistics	Assignment-Setting up Master's Degree programme Transport & Logistics	2013	ODA	Port, Transport and Logistics Centre of Expertise (CE)
Stig Consult/ NCH	MTFCOP1501	TF resources for assignments	Transport & logistics	Assignment-Seminar and outgoing mission (offered by Minister Schultz Verhaegen)	2015	non-ODA for mission, ODA for seminar	HM Synchromodal transport
Arcadis Nederland B.V.	TF13COP1C	TF resources for assignments	Water	Assignment-Other	2013	ODA	Masterplan Inland Water Transport
Arcadis/ NCH	MTFCOP1502	TF resources for assignments	Transport & logistics	Incoming mission and masterclass in NL	2015	ODA	Masterclass Transport for Colombian authorities

Notes: Total committed expenditure of the 'project' is €1,041,111; NCH = Nederlands Centrum voor Handelsbevordering

5 Process review

Most of the selected activities were initiated by RVO or by the applicants of (TF or DHK) subsidies. In a few cases it was initiated by RVO and the Embassy of the Kingdom of the Netherlands in Colombia jointly. The selected interventions do not encompass TF activities supported by embassy resources for assignments and subsidies.

RNE Bogotá fulfilled a facilitating role mainly. When Dutch companies want to do business in Colombia, often the first contact is with the embassy. But the embassy is limited in its capacities and resources and has to 'remain neutral', that means that all businesses should have the same fair treatment and benefits. The embassy may refer companies to the Holland House Colombia (HHCO), that was established with TF support and that has been successful in recent years. HHCO was an initiative of, among others, NCH. It was established in 2013 and received a TF subsidy during a period of three years which would be gradually reduced over time. The aim of the Holland House is "to support Dutch companies that have commercial interest in trade and investments in Colombia by providing commercially viable services in addition to the tasks and responsibilities of the Netherlands Embassy in this field."¹²⁴

Hence, there is a division of labour between the embassy and HHCO. The embassy provides 1st line support to businesses, while Holland House provides 2nd and 3rd line support. HHCO pays more attention to Dutch interests than to Colombian interests, whereas the embassy takes a more 'neutral' position.¹²⁵

Holland House knows well the TF team at RVO, appreciates its professionalism and dedication, and is of the opinion that there is a good working relationship between the embassy and RVO. Embassy staff was in general also positive about the TF team at RVO, and was of the opinion that the embassy-RVO relationship facilitated the process a lot, but indicated that in some instances there was a kind of 'imposition' of projects by some former TF team members.

In the opinion of embassy staff, there is no mutual relationship as far as the proposal of projects or initiatives is concerned. Proposals are normally formulated in the Netherlands and the embassy tries to identify and establish relevant contacts on the basis of what is proposed. Not being able to take the initiative in finding projects based on the needs of Colombia makes the work of the embassy a bit difficult.¹²⁶

Initially, the start-up of TF activities was slow, since the embassy had to coordinate with all partners involved and the 'rules of the game' evolved gradually only.¹²⁷ One of these rules is that fiches are made for activities with a budget of at least 20 thousand Euros. In the early years of TF, fiches were always made and were approved prior to the start of the activities. Later on, fiches were sometimes made after an activity had started already.

The Holland House in Colombia has become an important player in the economic relationship between the Netherlands and Colombia. It also participates in projects, such as the projects "Port, Transport and Logistics Centre of Expertise" and "Agrofuturo 2015" (see section selected projects). To concentrate efforts and to strengthen the links between the Dutch and Colombian agro sectors, the HHCO launched the Holland House Agro Window (HHAW) at the end of 2014.

Similarly, for joint activities in the water sector, a Holland Colombia Water Platform (HCWP) was set up in 2014¹²⁸ and housed at the Holland House. It had a short life and ceased to exist in 2016.

Earlier, in 2011, Colombia and the Netherlands had launched the Colombia-Netherlands Water Partnership (CNWP) with the aim of preventing new floods in Colombia.¹²⁹

¹²⁴ Netherland Embassy Bogotá. *Annual Report 2012*.

¹²⁵ Interview Jan-Willem van Bokhoven.

¹²⁶ Interview at RNE Bogotá.

¹²⁷ Netherland Embassy Bogotá. *Annual Plan 2013 ZMA Bogotá*.

¹²⁸ Netherland Embassy Bogotá. *Annual Plan 2015 ZMA Bogotá*.

¹²⁹ <https://www.government.nl/latest/news/2011/07/01/colombia-and-the-netherlands-launch-water-partnership>

Regarding the 11 selected projects, the major findings on process can be summarised as follows:

- The process opened new ways of collaboration, but the start-up was slow
- Procedures developed over time, but were not always strictly adhered to (for example, fiches elaborated after and not prior to approval)
- In general, the quality of appraisal is good;
- Not much is known about the quality of monitoring and evaluation.

6 Effect review

In general, an important effect of the TF projects is the positioning of Dutch companies in Colombia. As an embassy staff member put it, “One aim of TF is the positioning of Dutch business in Colombia. Without TF, the positioning of the Netherlands would have taken longer.”¹³⁰

Regarding the 11 selected projects, the major findings on effect can be summarised as follows:

- The proposed outputs were achieved in most of the projects and this was generally done in a reasonably efficient way;
- Most of the selected projects reached their objectives (almost) completely;
- Local partners often contributed to the achievement of these objectives;
- The projects helped (somewhat) to establish working relationships over time;
- Some projects resulted in follow-up projects, but in other cases this is not known;
- While in some cases it was clearly indicated that finance was a bottleneck for follow-up projects, in most cases it was not known whether obtaining finance was a problem or not; and whether there would be access to an alternative financing window;
- In most cases, the company/institution continues aiming at doing business with Colombia;
- There were limited or no effects on the business climate in Colombia.

¹³⁰ Interview at RNE Bogotá.

Table D.4 with frequency of scores by Indicator – 11 selected projects / interventions Colombia

Indicators	A	B	C	D	X
Appraisal and Monitoring of the project (the activity funded by TF)					
1. Quality of the appraisal of the project/activity in terms of improvement of the local business climate in the recipient country	1	6	2	0	2
2. Quality of the appraisal of the project/activity in terms of creating (additional) business or institutional relations with the recipient country	0	8	1	0	2
3. Quality of the monitoring and evaluation of the project/activity	1	2	0	0	8
(ERQ1): To what extent have the TF-project achieved the objectives that are defined in the project plan and fiche?					
4. Extent to which the verifiable outputs were realized	9	1	0	0	1
5. Extent to which the objectives of the project/activity has been achieved	8	2	0	0	1
6. Extent to which the outcome of the project/activity has been achieved	1	0	0	0	10
(ERQ2): What is the value added of involving foreign parties (not being the Dutch embassy) from the start onwards for the effects of a good TF-intervention?					
7. Extent to which local partners contributed to the achievement of the objectives of the TF funded project/activity	4	2	2	0	3
8. Extent to which the involvement of local partners contributed to the transaction costs of the TF funded project/activity	0	1	0	0	10
9. To what extent has the project/activity contributed to stable working relations over time	2	3	5	1	0
(ERQ3): To what extent have the approved / initiated TF project contributed to the achievement of the (policy) objectives of TF on the output level?					
10. To what extent have the TF funded project/activity achieved the (policy) objectives of TF on the output level?	2	5	2	0	2
(ERQ4): Increase in the size of (sustainable) trade, investments, and services by the Dutch company(ies) and improving the business climate of the Transition country?					
11. To what extent has the project/activity contributed to the increase in the size of (sustainable) trade, investments, and services by the Dutch companies involved	0	2	4	0	5
12. To what extent has the project/activity contributed to an improvement of the business climate of the target country?	0	0	6	2	3
(ERQ5): To what extent is there already a transition from an OS relation to an economic relation? To what extent will the transition continue? To what extent is this to be expected during further course of the programme?					
13. To what extent has the project/activity a demonstration effect and if so is there any spin-off?	0	0	6	4	1
14. To what extent has the project/activity contributed to innovations in the sector in the TF country?	0	0	2	2	7
15. To what extent do Dutch companies experience difficulties in obtaining finance for follow-up projects/investments in the target country?	0	2	2	0	7
(ERQ6): Which country-specific context has either contributed to or inhibited the effects of TF?					
16. To what extent was the country-specific environment positive or negative for the effects of the activity	0	2	2	0	7
(ERQ7): To what extent are the achieved results sustainable?					
17. To what extent are the achieved results sustainable?	0	1	7	1	2
18. To what extent does the company have access to an alternative financing window at the moment?	1	0	1	0	9
19. What are the company's / institution's investment / trade plans in this country at the short and medium term?	7	0	1	0	3
(ERQ8): To what extent are the achieved effects attributable to TF					
20. To what extent has the position of the company changed as a result of the TF support?	2	6	0	2	1
(ERQ9): Are the outputs achieved with the planned inputs and has that been cost efficient?					
21. Are the outputs achieved with the planned inputs and has that been cost efficient?	0	5	3	0	3

7 Conclusions

General

Most of the TF interventions implemented in Colombia were projects in the priority sectors defined in the Transition Strategy, but the strategy was not always strictly adhered to.

The completed TF interventions represent about one third of the total commitments of all completed and ongoing TF interventions together. In turn, the committed expenditure of the 11 selected interventions also comprises about a third of the TF commitments completed in Colombia by late 2015.

Obstacles

The nature of most of the projects is such that they cannot be expected to contribute directly to the removal of obstacles for sustained business relations between Colombia and the Netherlands. For example, various stakeholders indicated that Dutch companies are often too expensive for the Colombian market. This hinders also the access to finance. In several cases, lack of financing options has been an obstacle to doing business in Colombia. These are (binding) constraints that cannot be overcome with TF interventions.

Consequently, follow-up projects are not very common. If there is a follow-up project at all, such a project is often co-funded by the Netherlands, either via the Transition Facility or by means of a financial contribution by another (private sector development) programme or fund.

TF projects sometimes address issues of legislation and/or regulation, but the adoption or incorporation in the national legislation or regulation is outside the reach of projects.

Policy

In general, the 11 selected interventions appear to be relevant to the objectives of TF and the strategic choices made for support to private sector activities in Colombia. Most of these projects do address real needs. Perhaps one exception was the seminar on synchro-modal transport, which was interesting, but far too ambitious for Colombia.

There is a clear need for this type of support, preferable with financing opportunities by the Netherlands government, as other countries (such as Japan and South Korea) provide technical assistance for free and other countries offer blended finance. The Colombian counterpart is then less inclined to pay for the Dutch expertise, even if this expertise is considered of a high level or technically superior.

Co-operation with a genuine Colombian partner (e.g. a company with local presence, such as Jesyca) helps in acquiring projects and ought to be a requirement for support by the Netherlands to such projects.

Process

The large number of TF projects in Colombia implied a significant administrative burden to the embassy. Most of the selected activities were initiated by RVO or jointly by RVO and the Royal Netherlands Embassy in Colombia.

RNE Bogotá generally played a facilitating role only. So did the Holland House Colombia, which itself was established in 2013 with support from TF and which has been quite successful in recent years.

Embassy staff was positive about the RVO TF team and was of the opinion that the embassy-RVO relationship facilitated the process. It indicated that in some instances there was a kind of ‘imposition’ of projects by RVO TF advisors.

Effects

Proposed outputs were achieved in most of the projects and this was generally done in a reasonably efficient way.

Most of the selected projects reached their objectives (almost) completely and local partners often contributed to the achievement of the objectives. Some projects resulted in follow-up projects. In general, TF has helped to better position Dutch firms in the Colombian market. Without TF, this positioning would have taken more time.

8 Review selected interventions in Colombia

In this section, the 11 selected interventions are reviewed. A scorecard for the 11 interventions is presented at the end of this section.

(1) Banana Pallet Factory

Project title	Banana Pallet Factory
Project number TF	TF12COS5
Budget committed	EUR 93,962
Consortium members Netherlands	Yellow Pallet B.V., Fresh Studio Innovations Europe B.V.
Consortium members elsewhere	Uniban
Counterparts / beneficiaries (if applicable)	-
Intervention period	14-12-2012 – 15-09-2013
Intervention modality	DHK subsidy TF

1. Short description (objective and activities)

Yellow Pallet’s business model is to develop and sell factories (that convert banana-stems into transport pallets and/or pallet-blocks), services and supplies.¹³¹ It thus assesses the feasibility of such factories. The objective of the project was therefore to conduct a study to “demonstrate the technical and financial feasibility of realization of a pallet-block production factory, a pallet production factory or both in the real Colombian situation in Urabá to Uniban and interested investors.”¹³² Uniban is the biggest banana producer and exporter of Colombia.

The general objective of the project was to:¹³³

- Conduct a technical and financial feasibility study
- Determine the value added for all stakeholders
- Prepare a bid to be assessed by Uniban or investment partners.

¹³¹ Colombia faces a shortage of wood and wood is imported from Chile for the production of wooden pallets. There is thus scope for substitution of wood by banana stems in the production of pallets.

¹³² Bijlage1 Final report project TF/12/CO/S/5. d.d. 05-09-2013 by Hein van Opstal, Yellow Pallet.

¹³³ Project fiche.

Activities included among others desk research, visits to banana-producing countries and making financial projections of a joint-venture factory in Colombia, as well as financial projections of Yellow Pallet B.V. (i.e. the Holding).

2. Realisation verifiable output

Feasibility study completed in July 2013 and bankable business plan for 2013-2023 elaborated and submitted in September 2013.

3. Realisation project objective(s)

Feasibility study completed in July 2013 and bankable business plan for 2013-2023 elaborated and submitted in September 2013.

4. Establishment sustained working relations

After the completion of the study, RVO did no longer have contact with the owner-manager of Yellow Pallet.

There was good contact with Uniban. However, Uniban has now a new President, so it will take some effort to renew the contact.

5. Contribution to trade, investment, service delivery

It did not lead to concrete investment in Colombia, because at the end Uniban did not want to invest because it had financial problems. A factor that played a role was that an influential family in the banana cooperative was also the owner of a factory for the production of wooden pallets.¹³⁴ Nonetheless, the study was used for the development of a similar project with Chiquita in Costa Rica, resulting in the start of the realization of a pallet factory in March 2016.¹³⁵ To that purpose, Yellow Pallet set up a joint venture in Costa Rica. Early 2017, it was still in the process of obtaining the permits for the construction of a pallet factory in Costa Rica. At the time it also “led to the continuation of the commercial process with Uniban in Colombia.”¹³⁶

Without TF it would not have been possible to conduct the study and initiate the project in Costa Rica.

6. Contribution to improvement business climate in target country

No contribution, because the TF-supported study did not (yet) lead to concrete projects in Colombia.

7. Specific comments on assessment of process and/or results

Initially, Yellow Pallet intended to apply for a PSI subsidy, but it was explained that that no longer was possible. It had also submitted an application for funding from FDOV, but that application was not honoured. Yellow Pallet already had contacts in Colombia. Via WUR, it contacted the RNE in Colombia, which pointed at the possibility of applying for a subsidy from TF. Throughout the project there was good contact with the embassy in Bogotá and, particularly, with the Consulate of the Netherlands in Medellín.

Yellow Planet approached RVO and subsequently submitted an application for a DHK subsidy, together with Uniban as local business partner. The DHK subsidy was granted and the project started

¹³⁴ One of the potential clients already produced (wooden) pallets itself.

¹³⁵ <http://www.yellow-pallet.com/yellow-pallet.com/index.php/news-yellow-pallet>.

¹³⁶ Bijlage1 Final report project TF/12/CO/S/5. d.d. 05-09-2013 by Hein van Opstal, Yellow Pallet.

early 2013. Yellow Planet submitted monthly progress reports to RVO. The final report was submitted in July 2013 and the business plan in September of that year. During the TF project, a concept of a banana pallet factory had been developed and the production of pallet blocks was tested in a test factory in Italy in the summer of 2013. The project was also to result in actual investment in a banana pallet factory.

An investor was found in the Netherlands who also partly paid for the tests. The TF project helped to find that investor.

There was also good contact with Uniban – one of the mayor banana producers in Colombia. Uniban was to contribute €1 million, but had financial problems at the end of 2013. This, coupled with the fact that the tests were not always successful, led Uniban to decide to wait and see whether the concept could first be proved elsewhere.

(2) Conditioned Storage of Potatoes. Feasibility study for Colombia

Project title	Conditioned Storage of Potatoes. Feasibility study for Colombia
Project number TF	DHK13H01CO
Budget committed	EUR 82,904
Consortium members Netherlands	Machinefabriek D.T. Dijkstra B.V. & AgroVent B.V.
Consortium members elsewhere	TCA Consulting & Advice
Counterparts / beneficiaries (if applicable)	Corpoica, Cooperatives of small potato farmers, Consejo de la Papa (potato board) and Fedepapa
Intervention period	20-08-2013 – January 2015
Intervention modality	DHK_subsidy_TF

1. Short description (objective and activities)

Agrovent and TCA were asked to conduct a feasibility study of conditioned storage of potatoes. The goal of the study is “creating and auditing a business case to a small scale, climate-controlled storage facility, adjusted to the production capacity of the cooperatives.”¹³⁷

The project also involved participation of Corpoica and DT Dijkstra in the ALAP 2014 event and a trip to the Netherlands of a team of investigators from Corpoica “in order to gather data and new knowledge about storing of potatoes and other crops. Agrovent and DT Dijkstra prepared a complete program and visited several locations where potatoes, carrots and onions were stored.”¹³⁸

2. Realisation verifiable output

The report “Conditioned Storage of Potatoes. Feasibility study for Colombia” was completed in January 2015. TCA played an import role in the writing of the report.¹³⁹

¹³⁷ *Conditioned Storage of Potatoes. Feasibility study for Colombia*. TCA Consulting & Advice, January 2015.

¹³⁸ *Ibid.* p. 51.

¹³⁹ TCA Consult is now part of South Quest (www.southquest.eu). RVO was already familiar with both Laurens Trebet of TCA and Agrovent.

The technical proposal and complementary feasibility study were presented by the consortium to the Colombian stakeholders.

3. Realisation project objective(s)

The report “Conditioned Storage of Potatoes. Feasibility study for Colombia” was completed in January 2015. The consortium also made a proposal for a pilot project.

4. Establishment sustained working relations

There are still contacts with Fedepapa.

TCA and Agrovent had already done business before in Colombia. After the completion of the feasibility study, Agrovent went several times to Colombia. RVO has however not had direct contact with Agrovent after the study was completed.

5. Contribution to trade, investment, service delivery

There are possibilities for contracts for Agrovent. Four proposals were submitted (to Fedepapa, Yupi, McCain and the Dominican Republic). The proposal to the Dominican Republic concerned a spin-off project which was sold via the Colombian channel. At the end of 2016, a contract was to be signed with Yupi or McCain. The project with Fedepapa was still stand-by. The reason for that is that there were problems, also with respect to financial resources.

The Colombian government had committed funds (from an EcoPetrol donation) for a pilot project. Financing did not appear to be a direct problem, but the project was not implemented because the government funds were not disbursed.

For DT Dijkstra, the effects of the project – i.e. the feasibility study – were zero, because its equipment for handling and packaging turned out to be too big and too expensive.

6. Contribution to improvement business climate in target country

Until now there are no effects of the study on the local business climate.

7. Specific comments on assessment of process and/or results

The start of the project was delayed for about half a year because of insufficient capacity. There was also a change of contact person within RVO. The implementation of the project required additional time and financial resources, because it also involved participation in the ALAP 2014 fair.

The process of contractual and financial settlement with RVO was smooth.

(3) Fact finding study on the dairy sector in Colombia

Project title	Fact finding study on the dairy sector in Colombia
Project number TF	TF14COP06
Budget committed	EUR 28,626
Consortium members Netherlands	Business Bridge
Consortium members elsewhere	-
Counterparts / beneficiaries (if applicable)	(Associations of) milk producers in Colombia
Intervention period	01-08-2014 – 31-03-2015

1. Short description (objective and activities)

The objective of the project was to conduct a fact-finding study on the dairy sector in Colombia, providing:

- a quantitative description of the sector in terms of:
 - Scale of the sector in Colombia
 - Annual turnover
 - Top 10 lists of companies in the sector (separately for dairy farmers, importing companies, distributing companies, processing companies)
 - Percentage of SME's and employability, most promising companies
 - Production vs. local consumption vs. exports
 - International trade and investment on the sector (private and public).
 - Main productive regions;
- a qualitative description of the sector in terms of:
 - current state of primary production and processing
 - level of technology and developments in innovation
 - co-operation programmes/schemes with other governments and multilateral organizations
 - names of R&D institutes, sector organizations,
 - competitive and comparative advantages of the sector
 - Dutch businesses already active in the Colombian dairy market
 - challenges of the sector;
- an overview of current government policy of the sector, CSR risks and opportunities Dutch companies to enter the Colombian dairy sector; and
- a draft strategy.

The study was to be “used as guidance tool to develop a strategy for Dutch companies in the dairy sector.”¹⁴⁰

Activities comprised both desk and field research in Colombia and the Netherlands. The field research included meetings and discussions with sector entities, dairy sector workshops in Colombia and interviews and visits to Dutch dairy-related organizations in the Netherlands. The findings of the report were presented both in Colombia and the Netherlands.

2. Realisation verifiable output

The fact-finding study “*Mooooi Dairy opportunities ... For a Colombian-Dutch win-win collaboration*” was completed and was published by RVO on 28 February 2015.

3. Realisation project objective(s)

The fact-finding study was published on 28 February 2015.

4. Establishment sustained working relations

Business Bridge established contacts in Colombia and maintains these. This is considered to be very important.

¹⁴⁰ Embassy of the Kingdom of the Netherlands Bogota, Colombia/RVO (2014). TF14COP06 ToR Fact finding dairy sector Colombia Final.

5. Contribution to trade, investment, service delivery

Follow-up projects for Business Bridge are its contribution to the TF project “Agrofuturo 2015” and the presentation of the main findings of the study in a dairy-sector seminar in the Netherlands that was organized by RVO. Another follow-up project is the TF project “Colombian-Netherlands Dairy capacity and business development project,” or project “DairyCAB.” This ongoing project is supported by an ODA subsidy and was started in December 2015. DairyCAB is being implemented by a consortium led by Wageningen University & Research Centre (WUR) and the Universidad de Antioquia. The consortium also includes the Dutch companies Eurofins Agri and Barenbrug.¹⁴¹

Business Bridge also started a project for ASOLECHE to develop a trade mission to the Netherlands, but in the end the mission had to be cancelled. Nevertheless, it led to good contacts with organisations in Colombia.

In addition, on the basis of Business Bridge’s report, there is a Dutch entrepreneur who – in collaboration with a local milk producers’ cooperative - is establishing a Gouda cheese factory in Colombia to make “de Ruige Weide” cheese.^{142, 143}

There was also a Dutch company that produces animal food that was looking for collaboration in Colombia, but in the end it was not successful.

Finally, together with Holland House, Business Bridge also did a study for RVO on financing possibilities for Dutch SMEs that want to do business with Colombia.¹⁴⁴

6. Contribution to improvement business climate in target country

On the one hand, the study made it possible that some important Colombian stakeholders could go to the Netherlands to learn about the technical answers to the challenges that the sector in Colombia faces. That experience helped them to develop a longer-term perspective of the development of the sector.

On the other hand, the DairyCAB project helps to transfer technical knowledge to Colombia and that this knowledge can be used to improve the efficiency of milk production.

The Gouda cheese factory project also helps to develop the sector and stimulate entrepreneurship.

In Colombia, dairy farmers are often owners of farms rather than entrepreneurs. Owners often let the milking of cows do by someone else and are, therefore, less involved in what is going on on the farm. Unlike in the Netherlands, there is a less a mentality of entrepreneurship. There are some farms that are more developed, but these already collaborate with other countries, such as New Zealand, Canada and Australia.

7. Specific comments on assessment of process and/or results

Business Bridge was already known by RVO, as it had done a large study for CBI in 2013 and previously had also carried out projects for CBI. Business Bridge and other parties were invited to

¹⁴¹ WUR (2016). *Inception Report and Work Plan DairyCaB. Final*. Wageningen: Wageningen University & Research Centre. September 2016.

¹⁴² <https://quesogouda.wordpress.com/>.

¹⁴³ Interviews.

¹⁴⁴ <https://www.rvo.nl/sites/default/files/2016/03/Financing%20Opportunities%20for%20Dutch%20SMEs%20in%20Colombia.pdf>.

submit a proposal for the dairy fact-finding study and Business Bridge was selected to conduct the study. The project started shortly thereafter.

The collaboration with RVO went very well. There was also a lot of good interaction with the Royal Netherlands Embassy in Bogotá, which helped to guide the study in the direction of what was useful for the sector.

The study made very clear that there is a good match between the needs of the dairy sector in Colombia and what the Netherlands can provide and hence that there are opportunities for doing business. However, the high price of goods and services provided by Dutch firms are a bottleneck for doing business, as it is difficult to obtain finance. There are a lot of companies that are interested in doing business with Colombia, but they know that financing is a problem.

Colombia does have programmes for financing of projects, but it is really necessary to have someone who can look into that.

Finally, another potential bottleneck for Dutch-Colombian collaboration in the dairy sector is that the focus of the Netherlands is mainly on the dairy sector in Africa and China.

(4) Agrofuturo 2015

Project title	Agrofuturo 2015
Project number TF	TF14COP10 & MTF14COP10
Budget committed	EUR 134,481
Consortium members Netherlands	The Dutch Centre for Trade Promotion (Nederlands Centrum voor Handelsbevordering, NCH), Business Bridge
Consortium members elsewhere	Holland House Colombia
Counterparts / beneficiaries (if applicable)	-
Intervention period	February 2015 – November 2015
Intervention modality	TF resources for assignments

1. Short description (objective and activities)

NCH, Business Bridge and Holland House Colombia submitted a proposal for the project on 11 March 2015. The objective of the project was to organize and undertake an outgoing mission for at least 18 companies in the agro sector (with individual matchmaking) and organize participation in the trade fair “Agrofuturo 2015” in Medellín (with a Holland Pavillion at the expo). The project was to build on previous activities, including the projects of Agrovent and the fact-finding study on the dairy sector in Colombia.

The Colombian Agricultural sector is considered a priority sector in the Transition Facility Strategy Colombia. “Agrofuturo” is the “most important academic and business event for the agricultural sector in Colombia. Its purpose is to promote development of the agricultural sector through a new AGRO model that is profitable and productive, and has business vision, based on three fundamental pillars: innovation, knowledge and sustainability.”¹⁴⁵

¹⁴⁵ Project fiche.

NCH took the lead in the project. The role Business Bridge was to stimulate Dutch dairy farms to participate in the outgoing mission. A Business Bridge local representative in Colombia accompanied the participating firms in visits to two locations in Colombia. Business Bridge was also present at the trade fair.

2. Realisation verifiable output

Trade mission and participation in Agrofuturo 2015.

3. Realisation project objective(s)

In the end, 13 Dutch firms participated in a trade mission to Colombia.¹⁴⁶ The Agrofuturo trade fair took place in Medellin from 19 to 21 of August 2015.

4. Establishment sustained working relations

No information

5. Contribution to trade, investment, service delivery

No information

6. Contribution to improvement business climate in target country

No information

7. Specific comments on assessment of process and/or results

None

(5) Room for the River and flood risk management in the river Cauca Basin – Identification Mission & Master Plan

Project title	Room for the River and flood risk management in the river Cauca Basin – Identification Mission & Master Plan
Project number TF	TFCO13001 & TFCO13005
Budget committed	EUR 462,536 (plus €60,000 for training on SOBEK model)
Consortium members Netherlands	OCM2 BV & Arcadis Nederland B.V./Deltares/Others
Consortium members elsewhere	-
Counterparts / beneficiaries (if applicable)	Corporación del Valle de Cauca (CVC), Universidad del Valle (UniValle), ICESI, Universidad de San Buenaventura (USB)
Intervention period	Jan 2014 – March 2016
Intervention modality	Partners for Water resources for assignments

1. Short description (objective and activities)

In February-March 2013, an identification or fact-finding mission took place of the pilot project. The mission was undertaken by Mr. Henry Opdam of OMC2 BV. Its objective was to “find out what the

¹⁴⁶ See NCH (2015). *Holland. Pioneers in International Business. Netherlands Trade Mission to Colombia*. (File “DEFINIEF Missieboekje.pdf received from RVO).

actual status is of the project, what kind of assistance is needed of the Dutch water sector & what kind of opportunities can be defined for future upscaling in other parts of the country.” (Fiche).

The mission formed the input for the ToR for the project “Master Plan Flood Risk Management in the Upper Cauca Valley.”

2. Realisation verifiable output

Report of identification mission submitted; five reports related to Master Plan submitted to RVO and training on SOBEK model delivered.

3. Realisation project objective(s)

Report of identification mission submitted; Master Plan elaborated.

4. Establishment sustained working relations

There are good working relations of Arcadis and Deltares with CVC.

5. Contribution to trade, investment, service delivery

So far, the effects for Dutch enterprises are limited. The project resulted in some related additional RVO-financed assignments carried out by Arcadis and Deltares, but apart from these assignments it has not (yet) led to follow-up projects, neither for Arcadis and Deltares, nor for other Dutch enterprises in the water sector.

6. Contribution to improvement business climate in target country

The project had no concrete effect on the local business climate, but may have helped to create trust in government among Colombian firms.

7. Specific comments on assessment of process and/or results

Arcadis was already familiar with RVO and TF. A previous assignment was carried out in the framework of the pilot project “Room for the River and risk management in the River Cauca Basin,” that had started in 2011.

In February-March 2013, an identification or fact-finding mission (TF13COP2a - PvW TFCO13001) took place of the pilot project. The mission was undertaken by Mr. Henry Opdam of OMC2 BV. Its objective was to “find out what the actual status is of the project, what kind of assistance is needed of the Dutch water sector & what kind of opportunities can be defined for future upscaling in other parts of the country.”¹⁴⁷

The mission formed the input for the ToR for the project “Master Plan Flood Risk Management in the Upper Cauca Valley”

The Colombian government transferred funds to the Netherlands and a European tender procedure took place in June 2013. Arcadis had been in contact with RVO and was aware of the tender procedure. None of the consortia could meet all the criteria. Hence, a second tender procedure took place later in 2013.

Arcadis submitted a proposal and was informed in December 2013 that it had won the project. The project was carried out by Arcadis, Deltares, local universities – Universidad del Valle (UniValle), ICESI and Universidad de San Buenaventura (USB) – and others, in collaboration with the Corporación del

¹⁴⁷ Project fiche.

Valle de Cauca (CVC). The role of UniValle and ICESI was very important; that of USB was somewhat limited.

The project started in January 2014 and was to be completed in 1 year and 3 months. In the end it took 2 years and 3 months and it was completed in March 2016. It took more time to complete, also because some additional activities were carried out, which were co-financed by RVO and CVC. There were 5 phases in the project and there was regular contact with and feedback from RVO. The process was efficient.

With respect to effects, the high fees of Dutch enterprises are an obstacle for doing business with Colombia, although the unfavourable economic situation in Colombia, political factors, as well as resistance by powerful big sugarcane growers in the region also played a role. For Arcadis, a non-tangible effect of the TF activity is that it permitted it to position itself better on the Colombian market.

(6) Expert advice on multimodal river transport

Project title	Expert advice on multimodal river transport
Project number TF	TF13COP1A
Budget committed	EUR 21,200
Consortium members Netherlands	Stig Consult
Consortium members elsewhere	-
Counterparts / beneficiaries (if applicable)	DNP
Intervention period	01-02-2013 – 28-02-2013
Intervention modality	TF resources for assignments

1. Short description (objective and activities)

The project concerned a fact-finding study on multi-modal transport in Colombia for the National Planning Department (DNP). Stig Consult was already active in Colombia, but had never done a fact finding mission. It wanted to do something more innovative than a standard fact-finding study and make a sort of quick scan and look among others at the economic feasibility.

2. Realisation verifiable output

Study conducted and report “A status review and action plan for Colombian Intermodal River Transport” submitted.

3. Realisation project objective(s)

Study conducted and report “A status review and action plan for Colombian Intermodal River Transport” submitted.

4. Establishment sustained working relations

None

5. Contribution to trade, investment, service delivery

Possibilities for assignments to Dutch companies in Colombia are limited, because “in Colombia everything is done public-public”. DNP will never hire a prominent Dutch company. There is a strong

division between public and private (despite the personal links between companies and government).

The only large assignment that came out of the fact-finding study by Stig Consult was the development of the Masterplan River Transport – see below – but that assignment was not won by Stig Consult.

For Stig, a follow-up assignment was its contribution to the development and realization of a seminar in Colombia on synchro-modal transport.

6. Contribution to improvement business climate in target country

As it was a short fact-finding study, it could not be expected to directly contribute to improving the business climate in Colombia.

7. Specific comments on assessment of process and/or results

After the study, a Colombian delegation (led by the Colombian Minister of Transport Cecilia Álvarez) was going to visit the Netherlands. This was postponed. Instead, it was proposed to organize a Round Table Conference. Onno Roelofs of Stig Consult was invited to give a pitch (of about 10 minutes) of the study, which was well-received. (That attracted a lot of attention and even now Stig Consult is sometimes asked to do something similar in other countries.)

In the end, the Dutch Minister of Transport, Melanie Schultz received her Colombian counterpart Cecilia Álvarez. As a ‘gift,’ Minister Schultz offered her a seminar on transport and logistics. The idea was that Dutch experts would share knowledge about how it could be applied in Colombia. Stig Consult was asked to make a programme for the contents of the seminar. A condition was that Stig Consult would be hired as a subcontractor by the framework contractor for events to be selected by RVO.

(7) Incoming mission and capacity building on water resources management and modelling

Project title	Incoming mission and capacity building on water resources management and modelling
Project number TF	TF13COP12
Budget committed	EUR 50,000 (plus EUR 15,000 committed by Deltares)
Consortium members Netherlands	Deltares
Consortium members elsewhere	-
Counterparts / beneficiaries (if applicable)	CorMagdalena, DNP, Fondo Adaptación, Finagro, IDEAM, MADS
Intervention period	01-06-2013 – 11-04-2014
Intervention modality	TF resources for assignments (plus funding from Deltares’ own resources)

1. Short description (objective and activities)

Incoming mission and capacity building of high-level Colombian professionals on water resources management and modelling. A major objective was to contribute to strengthening of the business sector in Colombia.

Activities comprised a visit to the Netherlands, classroom training, site visits, discussion and reflection.

2. Realisation verifiable output

Deltares provided the “Water Resources Management and Modelling Training Course” on 7-11 April, 2014. Eight high-level public servants participated in the course, which was not set up as a commercial event, but focussed on contents (i.e. technical knowledge and integrated water resources management). Two case studies were covered: the Room for the River project in the Netherlands and the *La Mojana* project in Colombia. It was a very successful training course which was highly valued by the participants.

3. Realisation project objective(s)

Deltares successfully delivered the “Water Resources Management and Modelling Training Course” on 7-11 April, 2014.

4. Establishment sustained working relations

Good working relations were established (or strengthened) with the organizations that the participants represented. Sometimes this was also formalized in agreements. E.g. an agreement was signed between research institute CIRMAG of CorMagdalena, the STC Group and Deltares.

5. Contribution to trade, investment, service delivery

There are hardly any concrete, direct effects, but as mentioned in Deltares’ report on the project:¹⁴⁸ “The course provides new opportunities for the Dutch water sector as a lot of trust has been created and an excellent impression of Dutch water knowledge and experience, including planning aspects, has been left with the participants. Most participants have key positions where decisions are taken on water management investments in Colombia. Possible opportunities include activities regarding participative planning processes, flood risk assessments and modelling.”

Later on, Deltares provided a tailor-made training course in Colombia which was financed by EP-Nuffic. This course was very much inspired by the training course delivered in the Netherlands.

6. Contribution to improvement business climate in target country

No direct effects have been observed, but interest was generated in the more integrated approach of water management and a close link between knowledge generation and policy making, which is common in the Netherlands, while in Colombia there was a gap between policy making (in government) and knowledge generation (at the universities). A more integrated approach can help to bridge this gap. Nonetheless, it can of course not be expected that a one-week course has an immediate and large effect on the business climate in Colombia.

7. Specific comments on assessment of process and/or results

The training project was linked to an existing project that was financed by CorMagdalena. There was contact between Deltares and RVO and subsequently Deltares was asked to submit a proposal.

¹⁴⁸ *Water Resources Management and Modelling Training Course. A training workshop for policy makers from Colombia, organized by Deltares.* Delft: Deltares, 2014.

Deltares submitted the proposal in July 2013. The course was to be provided in November 2013, but this postponed to April 2014 due to reasons at the Colombian side.

RNE in Colombia played an important role and had regular contact with RVO about the project. In contrast, the Holland-Colombia Water Partnership did not play a role in this project.

In the end, the actual contribution (in man hours) by Deltares was much larger than the committed one.

For CorMagdalena, the visit to the Netherlands was interesting, as it generated many links and a contract with Deltares.

(8) Outgoing mission and seminar on synchro-modal transport

Project title	Outgoing mission and seminar on synchro-modal transport
Project number TF	MTFCOP1501
Budget committed	EUR 122,483
Consortium members Netherlands	Stig Consult, NCH
Consortium members elsewhere	Holland House Colombia
Counterparts / beneficiaries (if applicable)	Seminar participants, Dutch companies the participated in the outgoing mission
Intervention period	01-01-2014 – 31-12-2014
Intervention modality	TF resources for assignments

1. Short description (objective and activities)

The objective of the TF project was to organize an outgoing mission and a high-level seminar, which had been offered by Minister Schultz Verhaegen to her Colombian colleague.

2. Realisation verifiable output

Stig Consult – in collaboration with RVO, NCH and Holland House Colombia – organized a trade mission to Colombia for the transport sector. The mission took place from 19-22 May 2014. A delegation of twelve Dutch companies from the sector participated in both individual matchmaking and a two-day high-level seminar on synchro-modal transportation in Colombia.¹⁴⁹ Another 100 persons also attended the seminar.¹⁵⁰ The seminar went well and Minister Álvarez was happy with it. Apart from presentations, there was also some interaction in the form of a computer game on synchro-modality.

3. Realisation project objective(s)

See above.

It is difficult to assess the effectiveness of the seminar. In the end it was only meant to inspire.

The seminar in itself was very good and interesting, but it was too ambitious and therefore not useful and applicable.

4. Establishment sustained working relations

¹⁴⁹ <http://www.stigdelta.com/stig-organizes-synchromodality-seminar-in-colombia/>

¹⁵⁰ See Excel file “Transport Seminar participants.xlsx.”

No concrete results.

5. Contribution to trade, investment, service delivery

No concrete results.

6. Contribution to improvement business climate in target country

No concrete results.

7. Specific comments on assessment of process and/or results

Supposedly, the seminar had to be on synchromodal transport. This was an enormous limitation for Stig Consult. In practice, however, Stig Consult developed a seminar according to the structure of the model of Theo Notteboom¹⁵¹ – making a distinction between the themes Economic Activities, Transport and Infrastructure. It proposed to have speakers on each of these three themes.

Someone in Colombia had expressed the wish to have also Colombian speakers (which was a bit odd given that the seminar was offered by Minister Schultz Verhaegen). This was another limitation. In the end, Stig designed a seminar programme in which Dutch and Colombian speakers alternated.

Given the Netherlands Embassy's close contacts with the Ministry of Transport and DNP, it was requested to make it primarily a 'public-public' event. A further request was that it had to be a high-level seminar and therefore with speakers from universities/the academic world, and not from the private sector. This appears to be a paradox, given the Transition Facility's objectives of improving opportunities for the private sector. However, in the end, a couple of speakers of companies participated.

Stig Consult developed the programme for this trade mission, approached academic keynote speakers, coordinated presentations and provided a moderator for the seminar.

(9) Port, Transport and Logistics Centre of Excellence (CE)

Project title	Port, Transport and Logistics Centre of Excellence (CE)
Project number TF	TF13COOS01
Budget committed	EUR 429,262
Consortium members Netherlands	STC-Group
Consortium members elsewhere	Fundación Universidad del Norte
Counterparts / beneficiaries (if applicable)	-
Intervention period	16-12-2013 – 15-09-2015
Intervention modality	TF subsidy ODA

1. Short description (objective and activities)

The objective of the TF project was to establish and a 'Port, Transport and Logistics Centre of Excellence.' The Centre of Excellence (CE) was to contribute to improving the business climate in Colombia by addressing the lack of professionals in the (inland) transport sector.¹⁵² By contributing to

¹⁵¹ See <https://www.uantwerpen.be/en/staff/theo-notteboom/>

¹⁵² Fiche of project TF13COOS01.

the “improvement of the operational efficiency and competitiveness of the Colombian transport and logistics system” it would indirectly contribute to improvement of commercial relations between the Netherlands and Colombia.¹⁵³

2. Realisation verifiable output

The outputs of the project were to be delivered in five phases.¹⁵⁴ Three reports were submitted to RVO, an inception report, a second report corresponding to phases 2 and 3 of the project and a *Final report: Port, Transport and Logistics Centre of Excellence* corresponding to phases 4 and 5. The Final report gives an overview of various specific results obtained, such as development of new curricula/educational programmes, training of qualified subject matter specialists and specification of administration, quality and financial procedures.

3. Realisation project objective(s)

On 15 September 2015, the Centre of Excellence became fully operational and could function without subsidy. The official inauguration in Barranquilla was on 2 September 2015 and coincided with the visit to Cartagena of the Dutch Minister of Infrastructure and Water.

4. Establishment sustained working relations

STC has established a sustained working relationship with Universidad del Norte and other stakeholders in Colombia.

5. Contribution to trade, investment, service delivery

The project has resulted, or may result, in some follow-up activities. Various activities were already undertaken prior to the official start on 2 September 2015, including a programme for the Chamber of Commerce of Cartagena, 2 seminars for the Ministry of Transport (with respectively some 45 and 20 participants – one course with finance from Nuffic), and training of 28 persons in Nicaragua – also with financing from Nuffic (see Final Report). STC and UniNorte will see whether there are other programmes in Nicaragua and Guatemala to which the Centre can contribute.

In addition, the Centre of Excellence signed a two-year agreement with MINEDUC Chile – currently extended – for sending students with a scholarship from *Becas Chile*. The first students will start in 2018.

Tentatively, a 3-weeks programme on Logistics and Transport will be delivered for SENA.

Finally, STC submitted a new proposal to Partners for Water (PvW) for a study on Smart Logistics and Smart Engineering.

6. Contribution to improvement business climate in target country

The availability of programmes that previously did not exist, as well as the possible presence of international experts helps to improve the business climate. The private sector in Colombia sees the Centre of Excellence as something positive.

7. Specific comments on assessment of process and/or results

¹⁵³ *Final report: Port, Transport and Logistics Centre of Excellence*. Rotterdam and Barranquilla: STC-Group and Universidad del Norte, 15 September 2015.

¹⁵⁴ Fiche of project TF13COOS01.

STC wanted to establish a subsidiary in Latin America. Potential countries for such a subsidiary were Colombia and Chile. At that moment, STC was not yet familiar with TF. STC was already implementing another project in Colombia. That was a project with SENA.

Chile turned out to be cumbersome in terms of signing contracts etc. For that reason, Colombia was chosen. STC initially talked to Universidad del Valle (UniValle) about possible collaboration, but the process was very slow. STC then had a conversation with the TF programme manager for Colombia, who saw many opportunities for STC in Colombia. Via Holland House and subsequently the Colombian Embassy in the Netherlands, STC got in touch with Universidad del Norte (UniNorte). A visit to get to know each other took place in July 2013. TF facilitated the process.

First a Quick scan was made. This was followed by a proposal which submitted to RVO on 14 November 2013. RVO approved the subsidy on 23 December 2013.

Implementation of the project started on 1/1/2014 (with some delay, because of the holidays).

Various activities were already undertaken prior to the official in start in September 2015. The administration and financial management of the project was done by UniNorte, in collaboration with Holland House.

(10) Masterplan Inland Water Transport (*Plan Maestro Fluvial*)

Project title	Masterplan Inland Water Transport (<i>Plan Maestro Fluvial</i>)
Project number TF	TF13COP1C
Budget committed	EUR 348,730
Consortium members Netherlands	Arcadis Nederland B.V.
Consortium members elsewhere	Jesyca
Counterparts / beneficiaries (if applicable)	Ministry of Transport and DNP – the National Planning Department
Intervention period	01-04-2014 – 01-10-2015
Intervention modality	TF resources for assignments (Colombia 48%; Netherlands 52% of the budget)

1. Short description (objective and activities)

The project concerns a special G2G co-operation between Colombia and the Netherlands for the development of a masterplan for river transport in Colombia. Arcadis carried out the activities of Lot 2 of the assignment. The output of activities of Lot 1 carried out by the WPANS consortium of Panteia, Witteveen + Bos, STC and others was incorporated in the master plan.

2. Realisation verifiable output

The project resulted in a masterplan for river transport. At the end of the project, Arcadis and Jesyca presented the plan in Colombia. During the presentation, there was also presence of representatives of the WPANS consortium.

3. Realisation project objective(s)

The objective of the development of a masterplan for river transport in Colombia was achieved.

4. Establishment sustained working relations

The project resulted in very good working relationships with Holland House and with Jesyca. The latter is also the local partner in the follow-up project Masterplan Dredging of Sea Ports.

5. Contribution to trade, investment, service delivery

The execution of this TF project helped in acquiring the projects Masterplan Dredging and Masterplan Coastal Erosion, for the fact that Arcadis was already familiar with the local situation in Colombia. But even more important was that Jesyca was involved again. In the case of the Masterplan Dredging a larger part of the work was done by Jesyca than in the case of the Masterplan River Transport.

Arcadis and Jesyca also submitted tenders for other projects. So far, this has not led to concrete projects, but the expectation is that that will happen in the future.

In general, TF has resulted in more opportunities for Dutch firms to do business with Colombia.

6. Contribution to improvement business climate in target country

The plan identified bottlenecks for local business in terms of handling of goods and persons and included proposals for investments and pilot projects. The Master Plan attracted quite a lot of attention. Via Jesyca, the Ministry of Transport started the tender procedure for the first pilot project.

7. Specific comments on assessment of process and/or results

RVO invited a number of parties to submit a tender. There were two lots. Arcadis submitted and won a tender for Lot 2.

Arcadis started to work on the issue of governance. However, the collaboration with the Colombian government was not always easy. One reason was that Arcadis had involved a Dutch company based in Colombia that employs Colombians, but that this company had insufficient feeling of governance issues. Consequently, Arcadis did not make progress in terms of content and process. Secondly, the counterpart consisted of several parties – several persons of the Ministry of Transport and some people of the DNP. There were 8 persons in the reference group who all commented on the draft reports, but there was no “filter” on the comments and suggestions. The client repeatedly rejected the draft reports.

The Colombian government urgently requested a replacement of the local partner by a genuine local Colombian partner and suggested three candidates. Following an internal tender procedure, the partner Jesyca was selected. The implementation of the project improved a lot with the involvement of Jesyca. However, the part on institutional issues had to be redone, which was a reason for the delay in the implementation of the project.

The replacement of the local partner more or less coincided with a change in the Arcadis project team.

There was also a change of personnel at RVO. The person in charge of the project left the TF team and was replaced by someone who speaks Spanish and who tried to become more involved in the project. Despite these positive changes, the official approval of the project’s products remained difficult.

The role of the Royal Netherlands Embassy was not always positive. In contrast, Holland House played a useful role, especially in terms of logistical support.

The *Plan Maestro Fluvial (PMF) de Colombia 2015* resulted in a Delta Co-operation Year Plan. The Plan is being incorporated in the policy of the Ministry of Transport.

(11) *Intercambio de Conocimiento/Exchange of Knowledge/Masterclass* Transport for Colombian authorities

Project title	<i>Intercambio de Conocimiento/Exchange of Knowledge/Masterclass</i> Transport for Colombian authorities
Project number TF	MTFCOP1502
Budget committed	EUR 63,095
Consortium members Netherlands	Arcadis Nederland B.V., NCH (in collaboration with RVO and RWS)
Consortium members elsewhere	-
Counterparts / beneficiaries (if applicable)	Participants (high-level officials of various ministries and government agencies)
Intervention period	1-5 December 2014
Intervention modality	TF resources for assignments

1. Short description (objective and activities)

According to the ToR of the assignment, the objectives of the *Intercambio* were:

- Bringing together high-level policy makers of the Colombian government in the area of (multimodal) transport, to present and discuss relevant themes
- Positioning of Dutch companies in the area of transport and logistics
- Strengthening the network of Dutch and Colombian stakeholders with the ultimate aim of generating collaboration projects.

In collaboration with RVO, Rijkswaterstaat (RWS) and the Royal Netherlands Embassy in Colombia, Arcadis and NCH organized an incoming mission for exchange of knowledge on intermodal transport.

2. Realisation verifiable output

A group of 12 high-level Colombian policy makers visited the Netherlands from 1-5 December 2014 for exchange of knowledge on multimodal transport. The participants visited the Port Authority of Rotterdam, Vopak, the Ministry of Infrastructure and the Environment and the Maritime and Transport College (STC) in Rotterdam.

3. Realisation project objective(s)

The objectives were met. There was ample room for Colombian policy makers to meet other policy makers from Colombia and Dutch counterparts. There was substantial exchange of knowledge on multimodal transport.¹⁵⁵

4. Establishment sustained working relations

The *Intercambio* was import for establishing relationships. As part of the *Intercambio*, a networking event was organized at the Colombian Embassy in the Netherlands. Many Dutch firms were present, which resulted in new contacts. During the *Intercambio*, also other companies could establish relationships with the Colombian partners.

¹⁵⁵ Arcadis, Report on Evaluation of 'Exchange' of Knowledge' Colombia. 18 December 2014.

5. Contribution to trade, investment, service delivery

For Arcadis, the *Intercambio* helped to acquire follow-up assignments, such as the projects to elaborate plans on dredging and coastal protection.

In general, it is difficult to identify concrete result for the Dutch transport sector.

6. Contribution to improvement business climate in target country

The project did not really help to improve the business climate in Colombia, at least not directly. Nonetheless, the Masterclass helped to create better understanding of issues that play a role when doing business with Colombia. E.g., there were also discussion on legislation. Companies engaged in inland (river) transport face problems with the existing legislation.

7. Specific comments on assessment of process and/or results

Arcadis was already implementing the project “Plan Maestro Fluvial” (PMF). RVO was thinking about organizing a Master Class on that topic and asked Arcadis to submit a proposal for the contents of the Master Class based on the ToR that it had formulated. The preparation took about three months, from the first telephone call from RVO. Rijkswaterstaat (RWS) also participated in the discussions. (Later on, RWS provided human resources and office space for the Master Class.)

From the Colombian side there was less ownership of the PMF. The Master Class helped to deal with that. This was very efficient, because the Master Class improved the communication with PMF and helped to move forward the PMF.

There was good communication between RVO and Arcadis. De Royal Netherlands Embassy in Colombia also had some comments on the proposal. All in all, it took about one month before the project could be started.

Arcadis does not have an office in Colombia, but closely collaborates with Holland House and occasionally held work sessions at the premises of Holland House.

Table D.5 Scores by Indicator - 11 Selected Projects

Indicators	Score	TF12COSS	DHK13H01CO	TF14COP06	(M)TF14COP10	TF013005	TF13COP1A	TF13COP12	TF13COO501	MTECOP1501	TF13COP1C	MTECOP1502
Appraisal and Monitoring of the project (the activity funded by TF)												
1. Quality of the appraisal of the project/activity in terms of improvement of the local business climate in the recipient country	A B C D X	X	X	X	X	X	X	X	X		X	X
2. Quality of the appraisal of the project/activity in terms of creating (additional) business or institutional relations with the recipient country	A B C D X	X	X	X	X	X		X	X		X	X
3. Quality of the monitoring and evaluation of the project/activity	A B C D X					X	X	X			X	X
(ERQ1): To what extent have the TF-project achieved the objectives that are defined in the project plan and fiche?												
4. Extent to which the verifiable outputs were realized	A B C D X	X	X	X	X	X	X	X	X		X	X
5. Extent to which the objectives of the project/activity has been achieved	A B C D X	X	X	X	X	X	X	X		X	X	X
6. Extent to which the outcome of the project/activity has been achieved	A B C D X	X	X	X	X	X	X	X	X	X	X	X
(ERQ2): What is the value added of involving foreign parties (not being the Dutch embassy) from the start onwards for the effects of a good TF-intervention?												
7. Extent to which local partners contributed to the achievement of the objectives of the TF funded project/activity	A B C D X	X	X			X	X	X	X	X	X	X
8. Extent to which the involvement of local partners contributed to the transaction costs of the TF funded project/activity	A B C D X	X	X	X	X	X	X	X	X		X	X
9. To what extent has the project/activity contributed to stable working relations over time	A B C D X	X	X	X	X	X	X	X	X	X	X	X
(ERQ3): To what extent have the approved / initiated TF project contributed to the achievement of the (policy) objectives of TF on the output level?												
10. To what extent have the TF funded project/activity achieved the (policy) objectives of TF on the output level?	A B C D X	X	X	X	X	X	X	X		X	X	X
(ERQ4): increase in the size of (sustainable) trade, investments, and services by the Dutch company(ies) and improving the business climate of the Transition country?												
11. To what extent has the project/activity contributed to the increase in the size of (sustainable) trade, investments, and services by the Dutch companies involved	A B C D X	X	X	X	X	X	X	X		X	X	X

Indicators	Score	TF12CO05	DHK13H01CO	TF14COP06	(M)TF14COP10	TECO13005	TF13COP1A	TF13COP12	TF13CO0S01	MTFCOP1501	TF13COP1C	MTFCOP1502
12. To what extent has the project/activity contributed to an improvement of the business climate of the target country?	A B C D X	X	X	X	X	X	X	X	X	X	X	X
(ERQ5): To what extent is there already a transition from an OS relation to an economic relation? To what extent will the transition continue? To what extent is this to be expected during further course of the programme?												
13. To what extent has the project/activity a demonstration effect and if so is there any spin-off?	A B C D X	X	X	X	X	X	X	X	X	X	X	X
14. To what extent has the project/activity contributed to innovations in the sector in the TF country?	A B C D X	X	X	X	X	X	X	X	X	X	X	X
15. To what extent do Dutch companies experience difficulties in obtaining finance for follow-up projects/investments in the target country?	A B C D X	X	X	X	X	X	X	X	X	X	X	X
(ERQ6): Which country-specific context has either contributed to or inhibited the effects of TF?												
16. To what extent was the country-specific environment positive or negative for the effects of the activity	A B C D X	X	X	X	X	X	X	X	X	X	X	X
(ERQ7): To what extent are the achieved results sustainable?												
17. To what extent are the achieved results sustainable?	A B C D X	X	X	X	X	X	X	X	X	X	X	X
18. To what extent does the company have access to an alternative financing window at the moment?	A B C D X	X	X	X	X	X	X	X	X	X	X	X
19. What are the company's / institution's investment / trade plans in this country at the short and medium term?	A B C D X	X	X	X	X	X	X	X	X	X	X	X
(ERQ8): To what extent are the achieved effects attributable to TF?												
20. To what extent has the position of the company changed as a result of the TF support?	A B C D X	X	X	X	X	X	X	X	X	X	X	X
(ERQ9): Are the outputs achieved with the planned inputs and has that been cost efficient?												
21. Are the outputs achieved with the planned inputs and has that been cost efficient?	A B C D X	X	X	X	X	X	X	X	X	X	X	X

Annex E South Africa



Obstacles for doing business

At the start of TF, South Africa was with a per capita income of about USD 11,000 ranked in the group of upper-middle income countries. The choice of South Africa for TF support was also relevant considering the country's economic and financial links with the Netherlands and its business climate. Traditionally, there existed rather well developed commercial ties between the Netherlands and South Africa, which can be illustrated with the following data. Total exports of goods by the Netherlands to South Africa amounted to around EUR 1.5 billion per year during the 2008-2011 period, or 15% of total Dutch exports to Africa. The Netherlands imported goods from South Africa to an annual amount of EUR 1.3 billion during the same period, or between 10% and 15% of total Dutch imports from the African continent. In 2011 the Dutch trade balance with South Africa showed a surplus of EUR 566 million. The bilateral services balance of the balance of payments also showed a surplus in 2011 of EUR 150 million. Dutch exports of services were estimated at an annual average of over EUR 400 million during the 2006-2011 period and imports of services at around EUR 340 million per annum. Transport and professional services dominated the Dutch exports of services, and tourism the imports of services. The total value of Dutch investments in South Africa was estimated at approximately EUR 20 billion in 2011, divided into EUR 15 billion portfolio investments and EUR 5 billion other investments in 2011.

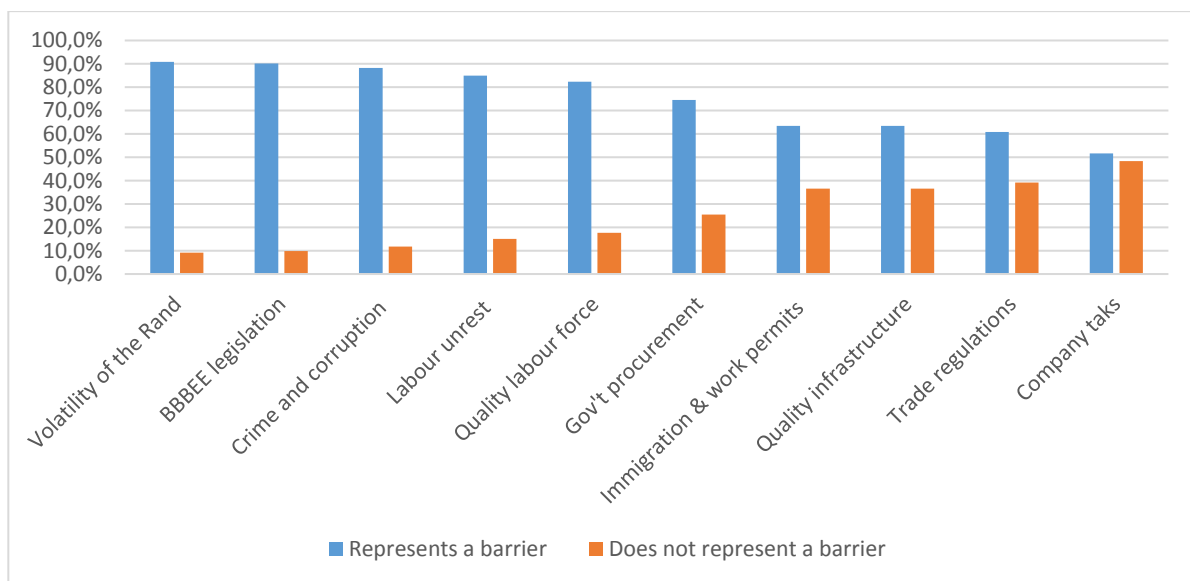
Despite its relative importance as trade and investment partner at the African continent the country faces serious constraints for doing business.

Since the definition of an adequate business climate is complex and multi-dimensional, it is helpful in this case of South Africa to refer to a broad assessment made by the European Commission,

published in the so-called White Book.¹⁵⁶ Figure E.1 presents the findings of the Business Climate Survey 2014¹⁵⁷, which is based on responses to a questionnaire circulated among about 1,500 companies and responded by 153 EU-connected companies during the second part of 2014. A major concern among the EU firms surveyed were related to the country’s macroeconomic performance reflected in the volatility of the Rand. Ninety percent (90%) of the respondents mentioned the volatility of the currency as unfavourable for the local business climate. Although true, the South African Rand is by far not as volatile as other currencies in the region. It has depreciated gradually between 2010 and 2015, and stabilized at between SAR 15 and SAR 16 against the Euro over the last couple of years. The labour market is considered a major barrier as well reflected in issues like legislation regarding Broad-Based Black Economic Empowerment¹⁵⁸, the quality of the labour force and the current labour laws, labour unrest and minimum wages. This rather negative view on labour market issues is confirmed by the Human Capital Report of the World Economic Forum¹⁵⁹, which ranks South Africa 105 out of 122 countries on the indicator “workforce and employment¹⁶⁰”, which includes indicators for ‘talent, ‘participation’, and ‘training’. Close to 90% of the respondents also mentioned the occurrence of crime and corruption as serious impediments to business development.

In addition to the obstacles mentioned above, some projects could have also been challenged by the effects of drought (Climate Change). In 2015 and 2016 South Africa experienced very serious drought conditions.

Figure E.1 Business Climate Survey, company responses, % of total responses



Source: Business Climate Survey 2014: EU Trade and Investment in South Africa by Tutwa Consulting and published by Imani Development South Africa, March 2015

¹⁵⁶ TF co-financed the research for the 2nd White Book.

¹⁵⁷ Business Climate Survey 2014: EU Trade and Investment in South Africa.

¹⁵⁸ The Black Economic Empowerment (BEE) policy is often seen as an example of a constraint to foreign investors and traders. It is a racially selective approach launched by the South African government to revert the inequalities resulting from Apartheid by giving previously disadvantaged groups certain economic privileges. To foreign companies, these legislative hurdles can be overcome through direct involvement of local partners.

¹⁵⁹ The Human Capital Report 2013, World Economic Forum, 2013.

¹⁶⁰ So-called Pillar 3. South Africa ranks 92 on Pillar 1 (Education); 98 on Pillar 2 (Health and wellness) and 42 on Pillar 4 (Enabling environment). Overall ranking on the Human Capital Index is 86 out of 122 countries.

Priority sectors for Dutch business and trade

The introduction of TF for South Africa in 2011/12 as an instrument of 'Holland promotion' was well-timed, given the publicity as a result of the successes of the Netherlands football team during the World Championship Football in 2010.

The main sectors at the time were Water, Transport and Logistics, and sustainable Agriculture, but attention was also given to sustainable energy. In 2011, it was explicitly stated that no sector identification for TF was needed, since the sector focus would be determined by the private sector stakeholders (the Dutch Top-sectors). In addition, the then still active development co-operation programme was expected to contribute to the strengthening of commercial relations between the Netherlands and South Africa. Economic diplomacy, including the organisation of trade mission events, presence at fairs, networking with South African business community and government officials, etc. were the main instruments. In fact, TF strengthened the economic activities of the embassy to the benefit of creating a level playing field for Dutch firms.

The full spectrum of instruments, including TF, is, since 2011, being used to achieve the intensification of the economic relations between the two countries. Holland Branding is particularly focused on strengthening the image of the Netherlands as innovative, sustainable and competitive. Since 2012, more attention is also devoted to Corporate Social Responsibility (CSR) (including labour conditions) and the role of the Netherlands as forerunner in this area with a view to giving Dutch businesses a preferential status in the market. Overall, the main policy is visibility of the Dutch products.

The selection of sectors for TF was coordinated with the Dutch Top-sectors. With a view to stimulate the demand from the Dutch business community and to visualize the potentials of the South African economy, a number of market studies were conducted and fact finding missions launched in order to identify the prospective markets for Dutch exporters and Dutch investors.

During the 2012-2015 period, the sector focus was broadened with Sustainable Energy, Chemicals (oil and gas), Creative Industry, and Life Science & Health, in addition to Water, Transport and Logistics and sustainable Agriculture. Within these sectors certain sub-sectors were identified as interesting to Dutch firms. For example, within sustainable energy it was concluded that the Netherlands could contribute most to 'waste-to-energy', wind energy, and green buildings. For Transport and Logistics the comparative advantage of the Netherlands is in knowledge and expertise about (sustainable) port development, smart logistics and Public-Private Partnerships. Supply chain management in horticulture and agro-food, and veterinary expertise, are important for South Africa in relation to market access to the EU.

In sum, the general policy of the Embassy of the Kingdom of the Netherlands in tandem with the General Consulate in Cape town and RVO was focused at the promotion of Dutch trade and investment with special attention to, in first instance, Water, Transport and Logistics and sustainable Agriculture, and later complemented by Sustainable Energy, Chemicals (oil and gas), Creative Industry, and Life Science & Health.

While all these aspects were important, the choice of the projects was also informed by other initiatives that the Embassy in Pretoria had been implementing – design of projects would have looked at the windows for upscaling or complementing such initiatives. A number of these activities were in line and complementary to other existing initiatives of alternative programmes. The portfolio of TF reflects this strategic selection.

Transition Facility portfolio

Between 2011 and 2015, a total of 141 applications were submitted for funding from TF, of which 127 were approved.¹⁶¹ In addition, 23 applications were channelled through the TF desk to the programme for Demonstration, Feasibility and Knowledge projects (DHK) of which 15 were approved. Out of the 127 activities approved for funding from TF, 61 were registered as ODA projects and 66 as non-ODA projects. RVO's transition facility desk managed 73 projects; two third of these qualified as non-ODA projects and one-third as ODA projects. The embassy in Pretoria (together with the Consulate General in Cape Town) managed 46 assignments (ODA). The remaining 8 projects (4 ODA and 4 non-ODA) were managed by the Partnership for Water. See table E.1

Table E.1 South Africa: Applications and approved TF interventions, by ODA and Non-ODA							
		Embassy	RVO: Transition facility	Partnership for Water	Total TF South Africa	DHK non-TF a)	Total South Africa
Applications	ODA	34	28	4	66		66
	Non-ODA	13	58	4	75	23	98
	Total	47	86	8	141	23	164
Approved	ODA	33	24	4	61		61
	Non-ODA	13	49	4	66	15	81
	Total	46	73	8	127	15	142

a) DHK: Demonstration, Feasibility and Knowledge Projects. Source: Database RVO.

Out of the total budget allocated to South Africa, 36% was committed to non-ODA projects and the remaining 64% to assignments labelled as ODA. The total amount of committed TF assignments is approximately EUR 13 million. EUR 5.2 million was committed by the local Embassy and EUR 7.4 million by TF RVO. The projects channelled through Partnership for Water amounted to EUR 287 thousand; the total budget for non-TF DHK projects was close to EUR 900 thousand. The distribution of ODA – non ODA by year is shown in table E.2:

¹⁶¹ Source: RVO Database September 2016. Note that several activities may pertain to one single project.

Table E.2 South Africa: ODA – non ODA in Euro, by year

		Embassy	RVO: Transition facility	Partners voor Water	DHK non-TF	Total South Africa
2011	ODA	382,523				382,523
	Non-ODA	0				0
	Total	382,523				382,523
2012	ODA	523,792	12,603	200,382		736,777
	Non-ODA	114,678	87,464	62,642		264,785
	Total	638,470	100,067	263,025		1,001,562
2013	ODA	1,519,758	596,365	18,150		2,134,273
	Non-ODA	0	1,976,034	6,704		1,982,738
	Total	1,754,402	2,572,399	24,854		4,351,655
2014	ODA	2,169,758	1,325,878			3,495,636
	Non-ODA	188,000	1,262,182		171,276	1,621,458
	Total	2,357,758	2,588,060		171,276	5,117,094
2015	ODA	1,328,409	2,084,653			3,413,062
	Non-ODA	59,211	84,638		634,060	777,909
	Total	1,394,619	2,169,291		634,060	4,197,970
Total	ODA	4,610,221	4,019,499	218,532		8,848,253
	Non-ODA	596,532	3,410,318	69,346	805,336	4,881,533
	Total	5,206,754	7,429,817	287,879	805,336	13,729,786

Source: Database RVO

The allocation of resources by sector reveals that the water sector has been most important, both for ODA and non-ODA projects. Agriculture and Food is the second important sector followed by Transport and Logistics. While the embassy managed mainly the water sector, RVO managed most of other activities, also indicating that the initiative for activities in these sectors originate in the Netherlands mostly. In contrast to Colombia and Vietnam, activities in the energy sector play a relatively important role in South Africa with a total allocation of close to EUR 2 million. Figure E.2 and table E.3 show the TF commitments by sector.

Figure E.2 commitments by main sector, by agency

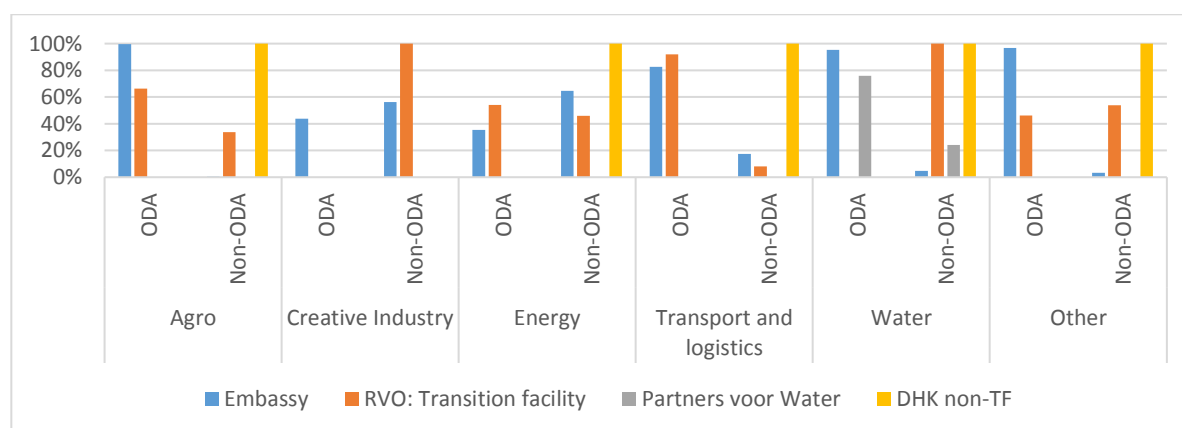


Table E.3 South Africa: interventions in Euro, by main sector

		Embassy	RVO: Transition facility	Partners voor Water	DHK non-TF	Total South Africa
Agro	ODA	625,180	1,233,312			1,858,492
	Non-ODA	2,811	624,409		213,536	840,755
	Total	627,991	1,857,720		213,536	2,699,247
Creative Industry	ODA	184,262				184,262
	Non-ODA	237,195	11,715			248,910
	Total	421,457	11,715			433,172
Energy	ODA	64,791	863,879			928,670
	Non-ODA	118,051	732,526		159,391	1,009,968
	Total	182,842	1,596,405		159,391	1,938,638
Transport and logistics	ODA	486,131	1,240,150			1,726,281
	Non-ODA	102,075	96,863		109,681	308,619
	Total	588,207	1,337,013		109,681	2,034,901
Water	ODA	1,793,483		218,532		2,012,015
	Non-ODA	88,000	1,129,581	69,346	212,697	1,499,625
	Total	1,881,483	1,129,581	287,879	212,697	3,511,640
Other	ODA	1,456,374	692,753			2,149,127
	Non-ODA	48,400	804,629		110,031	963,060
	Total	1,504,774	1,497,382		110,031	3,112,187
Total	ODA	4,610,221	4,030,094	218,532	0	8,858,848
	Non-ODA	596,532	3,399,723	69,346	805,336	4,870,938
	Total	5,206,754	7,429,817	287,879	805,336	13,729,786

Source: Database RVO

Overall, 89% of the total budget allocated and committed by the Embassy was ODA. For RVO the percentages of the budget allocated were 54% ODA and 46% non-ODA.

The TF portfolio varies from missions of South African business persons to the Netherlands and vice versa, trade fairs in South Africa and demonstration, feasibility, knowledge (DHK) and fact finding projects. This variety is shown in the overview of interventions by type of activity in table E.4.

Table E.4 South Africa: Overview interventions by type of activity in Euro

	ODA	Non-ODA	Total
Embassy			
Delegated Budget	4,595,831		4,595,831
'Verrekendossier'	14,390	596,532	610,922
Total Embassy and Consulate	4,610,221	596,532	5,206,754
RVO: Transition Facility			
- Demonstration Study		1,954,474	1,954,474
- Feasibility study	75,000	871,625	946,625
- Knowledge generation		142,972	142,972
- Incoming mission	137,318	159,799	297,117
- Outgoing mission	8,375	149,420	157,795
- Fact-finding	26,008	81,070	107,078
- ODA subsidy	3,245,755		3,245,755
- G2G	375,000	607	375,607
- Participation fairs		35,078	35,078
- Special subsidy	134,741		134,741
- Technical assistance	17,302		17,302
- Seminar		15,274	15,274
Total RVO	4,019,499	3,410,318	7,429,817
Partners for Water			
- Demonstration Study			
- Feasibility study	18,150		18,150
- Knowledge generation			
- Incoming mission			
- Outgoing mission			
- Fact-finding		6,704	6,704
- ODA subsidy			
- G2G			
- Participation fairs	112,338	62,642	174,981
- Special subsidy			
- Technical assistance			
- Seminar	4,744		4,744
- Others	83,300		83,300
Total Partners for Water	218,532	69,346	287,879
DHK (demonstration, feasibility and knowledge) not-Transition facility			
DHK non-TF		805,336	805,336
Total			
Embassy	4,610,221	596,532	5,206,754
RVO: Transition facility	4,019,499	3,410,318	7,429,817
Partners for Water	218,532	69,346	287,879
DHK non-TF		805,336	805,336
Total South Africa	8,848,253	4,881,533	13,729,786

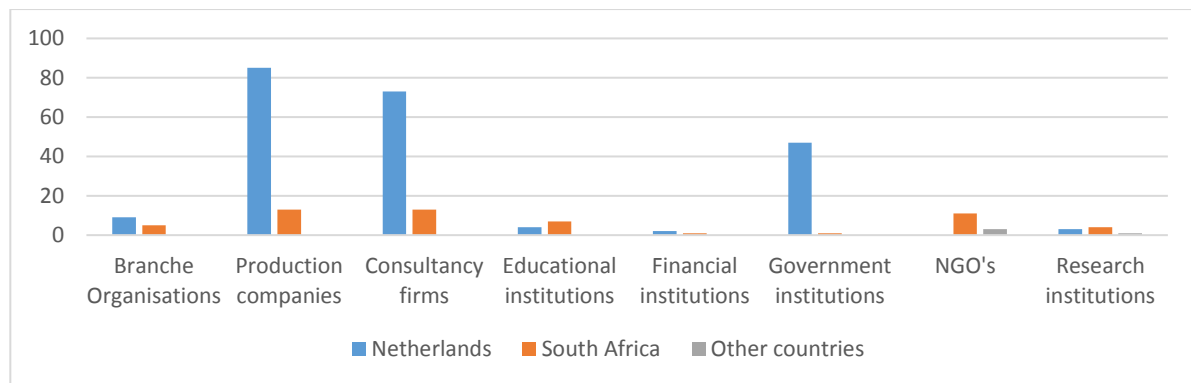
Source: Database RVO

The 'delegated budget' encompasses several relatively large projects, such as the set-up of a Centre of Expertise in the water sector, training of nurses in several hospitals and the support to a project producing a special type of tobacco that can be used as bio fuel for airplanes. The Centre of Expertise

is the project with the largest budget in the South African TF programme. It combines the support to three local governments in the identification of urgencies in the sector, including the formulation of potential solutions, with the promotion of Dutch expertise in the water sector. The Delegated Budget further includes some smaller assignments focusing on support in energy production and savings as well as on promotion of in particular Cape Town as a city for design.

Most of the participants in the TF programme were relatively small Dutch companies. Quite a few of them were involved in more than one activity. Dutch consultancy firms formed a large group. They were in particular active in demonstration, feasibility and knowledge projects. Twenty South African companies, relatively small companies as well, were counterparts in mainly Dutch initiated projects.

Figure E.3 Participants in TF projects by type of organisation



Selected projects

During the inception phase 6 projects were selected for a more detailed assessment. However, during the preparation of the field visits it appeared to be difficult to trace the counterparts and other stakeholders for some of these projects. In order to have at least 6 reviewed projects, the selection was modified, maintaining the same criteria as used in the inception phase. The amendment in the selection was based on:

- Maintaining the same sub-programme of the facility (Post, DHK, ODA subsidy, etc.)
- Maintaining (as far as possible) the same starting year;
- Relatively large projects;
- Being part of a series of activities;
- Representing the sectors: Agro, Water, Others;
- Including ODA and non-ODA; and
- Feasibility of visiting the sites given the relatively low budget for the Mid-Term Review.

In the end, the following projects were selected:

Project name:	Centre of Expertise
Sector:	Water
Project numbers:	24713, 25089, 28234
Contracted company:	Vitens International
ODA/non-ODA:	ODA
Budget years:	2012, 2013, 2015
Total Budget:	€ 1,627,107

Project name: **Green Campus**
 Sector: Sustainable energy
 Project numbers: DHK13H05ZA
 Contracted companies: IQ Support BV; Ewwconsultancy; Entry Technology Support BV; Senergy; Hogeschool Utrecht; and Triodos Facet BV
 ODA/non-ODA: non-ODA
 Budget years: 2013
 Total Budget: € 79,660

Project name: **Solaris I and Solaris II** (ongoing in 2016)
 Sector: Agro and sustainable energy
 Project numbers: TF14ZAOS03; TF15ZAOS02
 Contracted company: Skyng B.V; Sunchem Biofuel Development South Africa; Seed Processing Holland B.V; Solidaridad Network SA Trust
 ODA/non-ODA: ODA
 Budget years: 2014, 2015
 Total Budget: € 305,415

Project name: **“Innovative Skills Development Programme Health Care Sector South Africa”**
 Sector: Health
 Project numbers: 25557
 Contracted company: Professional Emergency Care (PEC)
 ODA/non-ODA: ODA
 Budget years: 2014
 Total Budget: € 356,308

Project name: **Sustainable Port Development Durban (G2G)**
 Sector: Transport and Logistics
 Project numbers: TF15ZAP10
 Contracted company: DCMR Milieudienst Rijnmond
 ODA/non-ODA: ODA, Government to Government
 Budget years: 2015
 Total Budget: € 150,000

Project name: **Creative industry in Cape Town**
 Sector: Creative Industry
 Project numbers: A series of projects
 Contracted company: DCMR Milieudienst Rijnmond
 ODA/non-ODA: ODA and non-ODA
 Budget years: 2013 - 2015
 Total Budget: € 648,683

Process review

With two executing agencies, the Embassy of the Kingdom of the Netherlands in Pretoria with the Consulate General in Cape Town on the one hand and RVO on the other hand TF introduced a novelty. It was based on the concept that the embassy possesses the best knowledge about the local conditions in the recipient countries, whereas RVO has access to the Dutch business community and their branch organisations. Together, the expertise of these agencies was considered to be ‘the best of two worlds and hence expected to offer the best opportunity to both South Africa and the Dutch business community.

The Transition Desk functions as the single point of entry for interested Dutch parties. The primary target group of TF is the Netherlands' business community with a focus on SMEs. The secondary target group comprises the South African business community, civil society and local government. The Dutch Ministry of Foreign Affairs stressed that there is no hierarchical or sequential order in these target groups.

The different characteristics of the ODA and non-ODA sources caused some uncertainties after the introduction of TF. Procedures were not crystal clear and the commitment of ODA funds directly to Dutch companies raised questions, while the non-ODA resources could not be delegated to the embassy. Fine-tuning of the procedures between embassy and RVO took some time, resulting in late disbursements of delegated funds and therefore in an accumulation of projects during 2013/2014 and 2015.

In its annual planning documents, the embassy stressed the need to streamline the procedures and to come to clear agreements on the administrative and legal framework within which the ODA funds of the transition facility could be used. The embassy managed to finance requests for funding of projects that were 'on the shelf' in 2011, but these became subject of debate with the ministry. Over time, these difficulties were resolved and just when the collaboration between the agencies went smoothly and the rules for drawing on ODA funding were clarified, the decision was taken to discontinue TF.

The embassy's role was focused at the support to local institutions with a view to improve the local business climate. Its knowledge about local conditions in South Africa was of utmost importance in designing assignments (studies for example) and selecting the right companies to implement these assignments.

In sum, the new approach with two programme executors required also a new form of operation at the start of the facility. This took time and the actual start-up the programme took longer than envisaged. Yet, ultimately TF was executed smoothly in South Africa in general to the satisfaction of the majority of stakeholders.

Effect review

Although Dutch exports to and imports from South Africa as well as investment in South Africa were already well developed at the start of TF, considerable scope for expansion existed and still exists, given the country's strategic position (physically and otherwise) at the African continent. With a view to expanding trade and investment, it can be concluded that South Africa was a logical choice for being selected as eligible TF partner. The country fitted (and still fits) well in the Dutch transition from development aid to a relation based on economic collaboration.

Most activities were implemented during the period 2013-2015. Since the translation of the effects of such a programme into an improved business climate and/or larger trade and investment flows require time, measurable effects of the TF funded activities can hardly be observed yet.

The various evaluation questions have been addressed at the level of the reviewed projects. Aggregated over the six projects analysed, the effects have been summarized in a scorecard (see table E.5).

Table E.5 Scorecard South Africa

Indicators	A	B	C	D	X
Appraisal and Monitoring of the project (the activity funded by TF)					
1. Quality of the appraisal of the project/activity in terms of improvement of the local business climate in the recipient country	2	4			
2. Quality of the appraisal of the project/activity in terms of creating (additional) business or institutional relations with the recipient country	3	3			
3. Quality of the monitoring and evaluation of the project/activity		4	1	1	
Effect Review: Question 1 (ERQ1): To what extent have the TF-project achieved the objectives that are defined in the project plan and fiche?					
4. Extent to which the verifiable outputs were realized	4	1	1		
5. Extent to which the objectives of the project/activity has been achieved	3	1	2		
6. Extent to which the outcome of the project/activity has been achieved	1	3	1	1	
(ERQ2): What is the value added of involving foreign parties (not being the Dutch embassy) from the start onwards for the effects of a good TF-intervention?					
7. Extent to which local partners contributed to the achievement of the objectives of the TF funded project/activity	5	1			
8. Extent to which the involvement of local partners contributed to the transaction costs of the TF funded project/activity			5		1
9. To what extent has the project/activity contributed to stable working relations over time	2	3		1	
(ERQ3): To what extent have the approved / initiated TF project contributed to the achievement of the (policy) objectives of TF on the output level?					
10. To what extent have the TF funded project/activity achieved the (policy) objectives of TF on the output level?	5		1		
(ERQ4): increase in the size of (sustainable) trade, investments, and services by the Dutch company(ies) and improving the business climate of the Transition country?					
11. To what extent has the project/activity contributed to the increase in the size of (sustainable) trade, investments, and services by the Dutch companies involved	1	3	1	1	
12. To what extent has the project/activity contributed to an improvement of the business climate of the target country?	1	2	2	1	
(ERQ5): To what extent is there already a transition from an OS relation to an economic relation? To what extent will the transition continue? To what extent is this to be expected during further course of the programme?					
13. To what extent has the project/activity a demonstration effect and if so is there any spin-off?		1	1	3	1
14. To what extent has the project/activity contributed to innovations in the sector in the TF country?	2	3			1
15. To what extent do Dutch companies experience difficulties in obtaining finance for follow-up projects/investments in the target country?		1	3	1	1
6 (ERQ6): Which country-specific context has either contributed to or inhibited the effects of TF?					
16. To what extent was the country-specific environment positive or negative for the effects of the activity	1	3	2		
(ERQ7): To what extent are the achieved results sustainable?					
17. To what extent are the achieved results sustainable?	3		1	2	
18. To what extent does the company have access to an alternative financing window at the moment?	1	1	3	1	
19. What are the company's / institution's investment / trade plans in this country at the short and medium term?	2			1	3
(ERQ8): To what extent are the achieved effects attributable to TF					
20. To what extent has the position of the company changed as a result of the TF support?	3	2		1	
(ERQ9): Are the outputs achieved with the planned inputs and has that been cost efficient?					
21. Are the outputs achieved with the planned inputs and has that been cost efficient?		3	2	1	

The larger projects performed slightly better than the relatively small projects. It can, however, not be concluded that this holds for the entire TF portfolio in South Africa because the sample of reviewed projects is too small to make such generalisations. Sustainability of the projects remains unclear, as is the case of the financial sustainability of the Centre of Expertise, which is by far the largest project in the sample. All projects have delivered what was agreed upon at their start and the outputs were considered relevant. They score relatively low on to what extent the transition from an aid to trade relation has been achieved. The contribution to bilateral trade and/or investment has been limited in the case of these selected projects. Similarly, the contribution to an improvement of the local business climate was small. It should however be recognised that realisation of such changes takes usually more time than the period between execution of these projects and this review. The score on the cost efficiency of the projects is very uncertain, since a full assessment of the costs of the projects compared to what has been achieved could not be made.

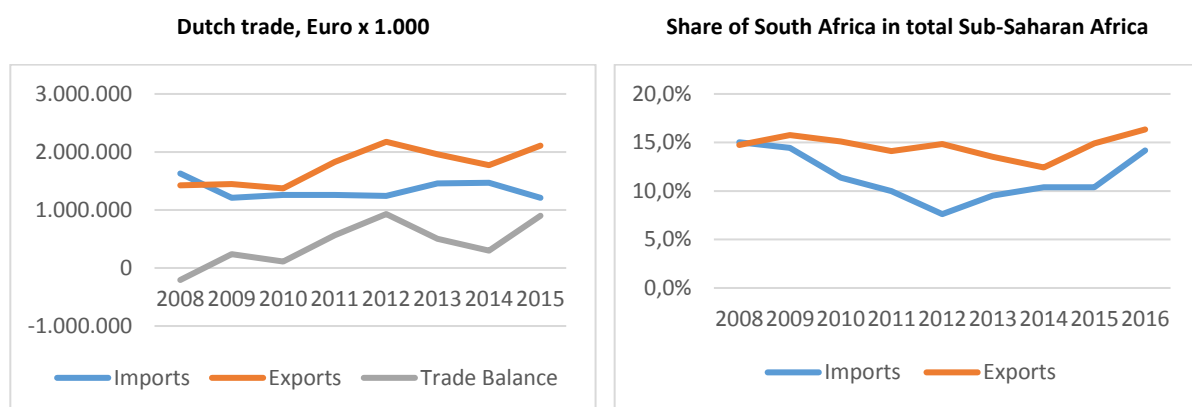
Macro effects

Since TF is aimed at enhancing business and trade between the two countries, the envisaged impact would be a traceable increase in trade flows of products and services and in (mutual) investments.

Bilateral trade in goods

The Netherlands is a relatively small trade partner for South Africa, both for imports and exports in comparison with for example China. However, within the Sub-Saharan African region, South Africa is an important country for the Netherlands business community. About 15% of Dutch exports to this region has South Africa as destination. Similarly, the share of imports from South Africa in total Dutch imports from the Sub-Saharan countries increased as well from a 7.6% in 2008 to over 14% in 2016. Exports also increased in absolute values, from around EUR 1.4 billion during the 2008-2010 period to EUR 2.1 billion in 2015. The trade balance of goods with South Africa increased to almost EUR 900 million in 2015 from a deficit of EUR 200 million in 2008 (see Figure E.4 and Table E.6).

Figure E.4 Dutch Trade of goods with South Africa



Source: Netherlands Bureau of Statistics

The import package was dominated by Food and Life Animals (SITC 0), which increased from one-third in 2008 to 50% in 2016, followed by Crude materials, inedible, except fuels (SITC 3) with 16% of total imports, and 'Manufactured goods, classified chiefly by material' (SITC 6) with 11%. Machinery and transport equipment (SITC 7) is the main export product of the Netherlands to South Africa with a share which fluctuates between 35% and 58%. It is followed by Chemicals and related products (SITC 5) with a share of 20%, Mineral fuels, lubricants and related materials (SITC 3) with a share of

11%, and by Miscellaneous manufactured articles (SITC 8) and Food and Life Animals (SITC 0) with shares of respectively 8% and 7%.

Table E.6 Dutch bilateral trade in goods with South Africa, Euro x 1.000

	Imports	Exports	Trade Balance
2008	1,629,150	1,422,528	-206,622
2009	1,210,079	1,446,130	236,051
2010	1,260,492	1,371,931	111,439
2011	1,261,973	1,828,393	566,420
2012	1,245,111	2,175,253	930,142
2013	1,460,182	1,961,040	500,858
2014	1,470,778	1,770,294	299,516
2015	1,212,347	2,111,960	899,613
2016 January - June	603,453	960,436	356,983
Average annual growth rates			
2008-2011	-8.2%	8.7%	
2011-2015	-1.0%	3.7%	

Source: Netherlands Central Bureau of Statistics

The overarching impact of TF would be its contribution to an increase of the bilateral trade between South Africa and the Netherlands. In other words, can (part of) the increase of Dutch exports of goods to the country be attributed to TF funded activities? Similarly, would the decline in Dutch imports from South Africa have been larger in the absence of the TF programme? To address these questions, a number of regressions were run for exports and imports at the 1 digit SITC level. All equations were estimated using monthly data, if possible over the period January 2008-July 2016. For exports from the Netherlands the (log of the) share of exports from the Netherlands to South Africa in the total exports from the Netherlands to Africa was regressed on a trend and a Dummy (over the period 2011-2016) reflecting the Transition Facility¹⁶²:

$$\text{LOG(Netherlands exports to South Africa / Netherlands exports to Total Africa)} = c(1) + c(2) * \text{TREND} + c(3) * \text{DUMTF} + c(i) * \text{DUMMONTH}$$

The hypothesis is that if there exists an effect of TF, the share of South Africa in Dutch exports to the African continent is positively affected. Since we work with monthly figures, all equations are corrected for seasonal fluctuations with monthly dummies.

For imports of the Netherlands from South Africa, the share of imports from South Africa in total imports of the Netherlands is regressed on a trend and a Dummy reflecting the Transition Facility:

$$\text{LOG(Netherlands imports from South Africa)} = c(1) + c(2) * \text{Log(Dutch Imports of goods)} + c(3) * \text{DUMTF} + c(i) * \text{DUMMONTH}$$

In both cases the lagged explanatory variable has been included to capture a certain lag in the effects.

¹⁶² An alternative for the explanatory variable is the share of Dutch exports in the imports of South Africa. For this country total imports per month are available starting in January 2010, allowing such an approach. Regressions for South Africa using the share of Dutch exports in total imports of South Africa for the period January 2010 – June 2016 for exports at the 1 digit level gives similar results as the approach explained in the main text.

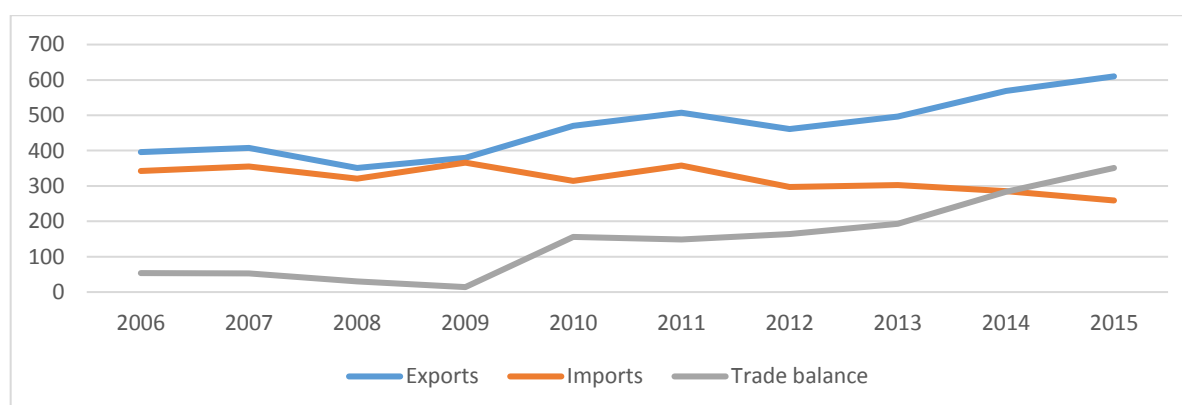
The tables in Annex G present the results of the regressions. For total Dutch exports to South Africa, no statistically significant effect was found. Yet at the 1 digit level, the regressions show a positive effect of the TF Dummy on Food and live animals (SITC 0), Crude materials, inedible, except fuels (SITC 2), Chemicals and related products (SITC 5); Machinery and transport equipment (SITC 7), and Miscellaneous manufactured articles (SITC 8) (close to 80% of total exports).

The effect of the TF Dummy is less prominent for the imports from South Africa, with only significant coefficients for SITC 4 and SITC 7 (less than 10% of total imports)

Bilateral trade in Services

The bilateral trade in services is much less well registered than the trade in goods¹⁶³. These data differ regarding the components of services and the two series are therefore not fully comparable. The trend is visualized in Figure E.6. Exports of services to South Africa grew constantly during the whole period considered here. The data does not give any indication that TF did have an impact on these flows.

Figure E.5 Dutch trade in services goods with South Africa



Source: Netherlands Bureau of Statistics

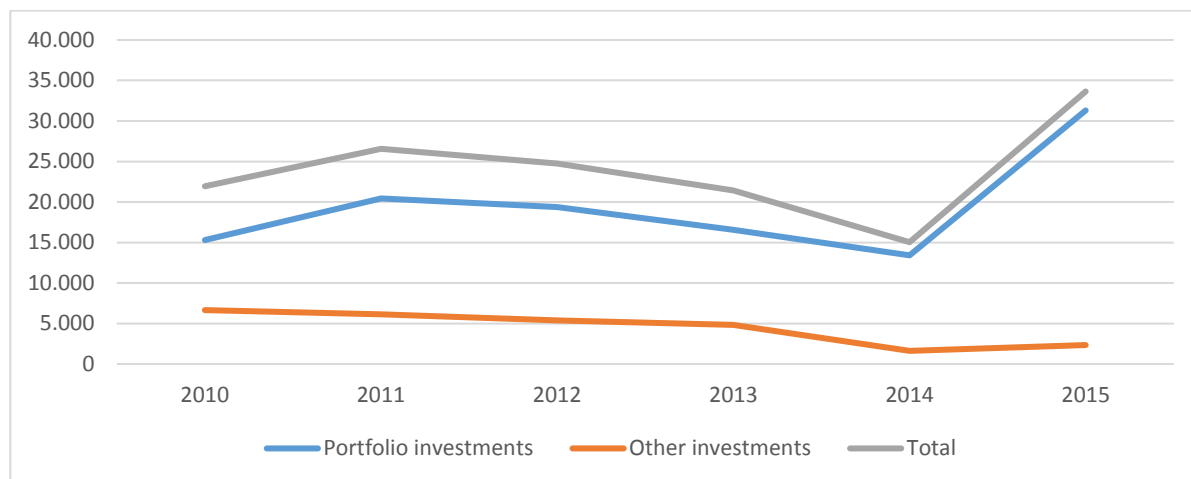
	Exports	Imports	Trade balance
2006	396	342	54
2007	408	355	53
2008	351	321	30
2009	380	366	14
2010	470	314	156
2011	507	358	149
2012	461	297	164
2013	496	303	193
2014	569	285	284
2015	610	259	351
2016 1st quarter	159	46	113
<i>average annual growth rates</i>			
2006-2011	5.1%	0.9%	
2011-2015	4.7%	-7.8%	

¹⁶³ The Netherlands Central Bureau of Statistics provides quarterly data for the period up to 2013 and in a separate publication for the 2014-2016 1st quarter.

Bilateral investments

The availability of information about bilateral direct foreign investment flows is limited. Figure E.6 shows the developments on direct foreign investment *assets* registered at the end of each year (end-of-year stock) rather than on flows.

Figure E.6 Dutch Investments (stocks) in South Africa, Euro x million



Source: De Nederlandsche Bank (DNB)

Table E.8 Dutch investments in South Africa in Euro x billion (end of year stocks)						
	2010	2011	2012	2013	2014	2015
Portfolio investments	15.293	20.437	19.355	16.577	13.416	31.302
Other investments	6.654	6.127	5.394	4.836	1.622	2.340
Total	21.947	26.564	24.748	21.413	15.038	33.642

Source: Netherlands Central Bank

The volume of the Dutch portfolio investment represents only very small part of total Dutch portfolio investment abroad. Yet, South Africa is the first destination of portfolio investments among the Sub-Saharan African countries. Although South Africa plays a modest role in the Netherlands assets abroad, these assets are not negligible to the country. The share of total portfolio investment in total foreign portfolio investments in South Africa increased during the 2008-2013 period and stabilized at close to 5% in 2014 and 2015. The recovery of portfolio investment after the dip in 2014 cannot be explained, but might be a result of the general recovery of the financial sector in 2015.

Conclusions

With two executing agencies (RVO and the local Embassy), two funding channels (ODA and non-ODA) and with two main objectives and an array of implementation modalities (or modules) TF was a rather complex programme. Due to this complexity, the execution of the facility faced a number of challenges at the beginning that resulted in a rather slow start. Together, RVO and the Embassy (and the Consulate General in Cape Town) had to come to a modus of operation that adheres to the facility's requirements. In addition to communication and coordination issues, the Facility had to address procedural and legal difficulties as well, such as the ODA support directly to companies against the background of the European rules regarding State aid. Finally, all these issues had been resolved, resulting in a programme which was implemented smoothly. Evidence is the large number of activities, often rather small, financed from the programme and supervised and monitored by both the Embassy and RVO. This success of the programme raised however another problem, namely

how to initiate, formulate and monitor the activities adequately, given the rather limited human resources available.

Users of the Facility and stakeholders of the reviewed projects showed their satisfaction about the accessibility and flexibility of the programme. They are in general enthusiastic about the programme and its management. They noted that it had helped them to enter the South African market – if needed, with additional support from the programme advisors. From this perspective, it was regretted that the facility was available for such a short period only.

South Africa is the major Dutch trade partner in the Sub-Saharan Africa region, but there remains scope for expansion and intensification, given the country's strategic position (physically and otherwise) at the African continent. South Africa matched well the policy objectives for the Dutch transition from Aid to Trade.

Most TF activities took place in the period 2013-2015. Since the translation of the effects of such a programme into an improved business climate and/or larger trade and investment flows require time, this review was in fact too early to trace measurable effects or macro-economic impact. At the macro level, the statistical analysis on trade flows reveals only limited positive effects on Dutch exports to the South Africa. For imports, some statistically significant effects were found as well. At the level of the reviewed projects, the conclusions are positive in that they were consistent with the objectives of TF and delivered the outputs as planned. At the same time, their impacts in terms of trade and the business climate appear to have been modest, but at this level as well the period since they were executed is rather short to identify significant effects.

In sum, the activities realised were consistent with the objectives of TF, have delivered the outputs as planned and envisaged, but the outcome on their own objectives is either doubtful or cannot be assessed yet. At programme level, the impact in terms of trade and business climate is likely to be small at the best.

Review selected interventions in South Africa

(1) Centre of Expertise for Water

Project title	NL-SA Centre of Expertise for water – project phase
Project number TF	24713 / 25089 / 28234
Budget committed	EUR 1,577,214
Consortium members Netherlands	<ul style="list-style-type: none"> • Vitens • Waternet • Stichting Wateropleidingen
Consortium members elsewhere	<ul style="list-style-type: none"> • Your man on Site • Rand water
Counterparts / beneficiaries (if applicable)	<ul style="list-style-type: none"> • eThekweni Water and Sanitation (EWS)
Intervention period	11/11/2011 to 9/30/2012 11/28/2011 to 2/28/2012 4/01/2014 to 4/30/2014
Intervention modality	Delegated budget

1. Short description

The Centre of Expertise was , initiated by TF and , plays a prominent role in identifying water (-related) activities that are relevant for Dutch business. The Centre started in 012 with two main objectives: strengthening the water sector in South Africa among others through familiarizing it with the innovative approaches applied in the Dutch water sector, and secondly to facilitate the access of Dutch companies to the South African water sector market. With financial support by TF the Centre assists municipalities in South Africa to deal with problems in the sector, applying Dutch expertise and experience. The main purposes of the Centre are (i) to demonstrate that Dutch water expertise could be helpful in addressing the challenges of the drinking water sector in South Africa (“seeing is believing approach”); (ii) to improve access for the Netherlands’ water business community to the South Africa market; (iii) to improve the country’s drinking water supply, sanitation and water management, and last but not least (iv) to strengthen the capacity and skills of the South African water sector through familiarizing its staff with the Dutch approaches in the sector through training courses. These courses were expected to help the South African counterparts with the introduction of new technologies in the operations of South African water and sanitation utilities that improve local performance and increase local capacity and skills.

The TF-funds were considered ‘seed money’ and CoE was expected to prove its viability by being able to run its organizations independently after the TF funded period through revenue generation from participation in the formulation of tender specifications, provide not-for-free training and doing consultancy work.

In addition to the objectives referred to above the project was aimed at generating extra business-to-business (B2B) co-operation. It should therefore not work exclusively for South African water utilities, but broaden its commercial base and viability through also targeting the private sector as its ‘customers’.

The project proposal specifies a number of quantitative targets/goals, such as about the numbers of Netherlands’s companies participating in the demonstration projects, training and dissemination of the generated knowledge during the demonstration projects, and about partnerships between Dutch and South Africa businesses.

Overall the project documentation shows the concept of a very ambitious project that was expected to achieve both, increased capacity and knowledge about most up-to-date technologies in the participating municipalities in South Africa as well as an easy entrance of Dutch companies active in the water sector and related industries to the South African market. After an inception phase financed from TF non-ODA funds (EUR 21,817.32) TF agreed to finance the project for three years using ODA funds, contributing a total amount of EUR 1,627,107 in three stages. The contractor, Vitens contributed EUR 263,518 to the project. The main counterpart of the project was the eThekweni Water and Sanitation (EWS) company in Durban. Later the project also assisted the water companies in respectively Johannesburg and Cape Town. The contributions of these counterparts were mainly in-kind, offering time of the counterpart staff and office space.

2. Realisation verifiable output

The Centre of Expertise addresses simultaneously the ODA and non-ODA objectives of the programme. Capacity building of South African water suppliers through introducing and making them familiar with up-to-date technologies and training can be considered being an important ODA objective. This also included dissemination of the results of the demonstration projects. These activities have among others also resulted in improved terms of references for major water projects, creating a competitive advantage for potential Dutch suppliers. At the same time the Centre has acted as a port of entrance for Dutch companies active in the water sector. In combination, it fitted perfectly well in the objectives of the TF programme and the Dutch Top-sector policy.

While CoE started as a supporting agency to the eThekweni Water and Sanitation company (EWS) in Durban its activities have been rolled out to Johannesburg and Cape Town as well. Although these cities are the largest cities in the country, the initial planning for CoE mentioned relationships with at least 10 utilities. Bureaucratic obstacles and the limited capacity of the project prevented this expansion of activities to more than these 3 cities. It should be mentioned that the initial planning to roll out the activities of the Centre to quite a number of cities was too ambitious considering the financial and human resources inputs to the project.

As one of its main activities the Centre has developed pilot projects to demonstrate Dutch water technology and has submitted these proposals for co-funding from TF. It further assisted Dutch parties in getting a better understanding of the South African tendering and local commercial parties. CoE has further contributed to the formulation of tender specifications for large water projects in such a way that it allowed Dutch technology to fit into those tenders.

The quantitative targets of at least 25 showcases demonstration studies were too ambitious as well. In practice it is virtually impossible to deal with so many demonstration studies, including their preparation, bureaucratically and otherwise, identification and selection of the appropriate partners in the Netherlands and the actual implementation. Despite these time-consuming activities the project succeeded in initiating and implementing quite a number of such studies, without exception partly financed from TF. The participating Dutch companies contributed at least 50% of the costs of these.

CoE organized training sessions in several regions in the country. During these sessions the results of the demonstration studies were shared with staff of the water companies present. Another training component of the project were the visits of the staff of the participating South African water companies to the Netherlands, where they were offered the opportunity to see how in the Netherlands the water sector is organized and what type of technologies were developed and applied.

These activities have indeed contributed to the specification of the terms of reference of large water projects in South Africa, as a result of which Dutch companies had a better competitive position in the tender procedures organized for these projects. It had also created a better understanding of the South African water market and how these procedures are organized, in particular for the companies involved in the showcases.

3. Realisation project objective(s)

As explained by the staff of the participating water companies in South Africa the activities of the Centre have indeed contributed to the capacity of the water companies. Some of the studies that were focused on organizational issues have clearly demonstrated the organizational strengths and weaknesses of the sector and the suggested changes have at least partly be implemented. The demonstration studies have contributed substantially to the introduction of knowledge about the most recent technologies applied in various components in the water supply chain.

The studies initiated by the Centre have further contributed to a better understanding of the water sector in the country. As a result some of the Dutch companies that executed these studies or were involved in demonstration projects have become more active in the country, resulting for some of them in winning projects.

4. Establishment sustained working relations

One of the objectives was to create a viable institution, which should be able to continue its activities after the contribution of TF is phased out. At the moment of writing this report the Centre is facing the end of the TF funding and therefore continuation is being discussed. There are several options. One of these is becoming a regular department of the eThekweni Water and Sanitation company. Discussions with the main counterparts revealed however that this is not feasible. Staff of EWS see the Centre as a representative agency of the Dutch water sector companies, and therefore they consider funding from their not abundantly available financial resources as not feasible and not logical. In their view the Netherlands' government and/or representatives of the Netherlands' water sector would be a more logical partner(s) to finance continuation of the Centre. Another option is that the Centre continues as an independent not-for-profit institution, which provides services (advice and training) to South African water companies as was originally planned. The general opinion is that this option is also not feasible, since it cannot be expected that sufficient revenues will be generated to finance the Centre. Now discussions are taking place to move the Centre to the South African Local Government Association¹⁶⁴ (SALGA). However, quite a number of hurdles has still to be taken, in particular regarding the funding of the Centre. The current local counterparts of the project were not in favour of this option, mainly because they consider SALGA as a bureaucratic institution with little technical knowledge in the water sector and because in their opinion this institution is too much involved in party politics. In conclusion, despite CoE's successes its future is uncertain.

5. Contribution to trade, investment, service delivery

The Centre would not have achieved its successes without the Dutch Transition Facility. Discussions with the Centre's stakeholders indicate that they did not approach other investors, other development funders and/or commercial lenders before approaching the Dutch Transition Facility for the subsidy. It is, however, clear that chances for successful financing from other sources were very small.

¹⁶⁴ SALGA is an autonomous association of municipalities with its mandate derived from the Constitution of the Republic of South Africa. This mandate defines SALGA as the voice and sole representative of local government.

(2) Green Campus

Project title	Green Campus at Tshwane University of Technology (GREEN)
Project number TF	DHK13H05ZA
Budget committed	EUR 79,660
Consortium members Netherlands	<ul style="list-style-type: none"> • IQ Support B.V. • Triodos Facet B.V. • Ewwconsultancy • Entry Technology Support B.V. • Senergy • Hogeschool Utrecht
Consortium members elsewhere	
Counterparts / beneficiaries (if applicable)	<ul style="list-style-type: none"> • Tshwane University of Technology
Intervention period	01/11/2013 to 01/05/2014
Intervention modality	Subsidy – Feasibility study

1. Short description

The purpose of the intervention was to develop a feasibility study with at least the following objectives: (1) develop a business case that convinces TUT management to invest in energy efficient equipment and energy services of Dutch origin, (2) develop two Building Retrofit plans including audit/analysis, technical design and proposal preparation of the best solutions, (3) demonstrate the successful approach used by the consortium in the study to a broader public to initiate or scale up the sales of the consortium members, (4) develop a strategy how to realise a long-term presence in South Africa, and (5) save fossil fuel derived energy.

For almost a decade the Tshwana University of Technology (TUT) in Pretoria is aiming at energy savings in its buildings. Already in 2007 the Electrical Engineering Department of TUT presented a plan to expand power engineering at the university. This included the development of a Centre for Energy and Electrical Power (CEEP), as well as the plan to “go green” in some buildings at the campus. The TF financed project fitted in a series of projects that started in 2007. The Hogeschool Utrecht was then awarded a contract to support these developments. This co-operation started in December 2007 and ended in July 2007. The objective of that project was to develop capacity among staff of TUT and to help develop CEEP, which was ultimately launched in 2010. In 2011, CEEP began exploring options for green campus technology on TUT campuses. At the Witbank campus, the intention was to use the Dam on the property to generate electricity. This electricity would be used on the campus, with the excess sold to the grid. Once again, Hogeschool Utrecht was a main partner (other partners included a hydro company). In December 2011, TUT approached the Dutch Embassy in South Africa for funding of another initiative. The purpose of the project was to conduct a feasibility study on the dam to determine if it could generate the electricity as planned. This was coupled with training and capacity building.

2. Realisation verifiable output

In 2013, Utrecht University together with several partners began a project to conduct a feasibility study to determine if green technology could be used in the buildings in TUT. TUT applied to the Dutch Embassy for funding. The objective was to develop retrofit plans for 2 pilot buildings (Building 6 in the Pretoria Campus, and a residence building in Pretoria). This plan would include an energy audit, technical design and a proposal containing the best solutions on how to implement the proposed changes. This project is named the Green Campus at TUT and draws on TF resources. The

main applicants of the project were: *IQ support* (the applicant), responsible for the analysis and energy audit concerning Heating Ventilation Air Condition; *Senergy*, responsible for project management and the organisation of the visit of TUT management to the Netherlands; *EWVconsultancy*, responsible for the development of the business case for “green” buildings, including the financial requirements; *Entry Technology*, responsible for the analysis and audit of the solar water heaters; *Tridos Facet*, responsible for the exploring of the financing possibilities and access to its network of financing institutions in South Africa; and *Hogeschool Utrecht*, responsible for the formulation of the “Green Building” policy framework and concepts. Other interested partners in the project were: *Philips Lighting* (South African subsidiary), *Verhulst Klimaattechniek*, *Civet Airconditioning Systems*, and *Solest* (water heaters).

3. Realisation project objective(s)

The feasibility study was produced and presented. It included the possible funding of its recommendations and the management suggestions (energy savings policies) were well received by the South African counterparts. As far as the financial resources of the university allowed the recommendations were followed up.

Two buildings at the Pretoria campus of TUT were changed to green energy on the basis of the feasibility report. The changes were financed from University funds. CEEP received R 750,000, which was being used to implement the proposed changes in the residential facility in Pretoria. This was done in 2014. It is not clear yet to what extent these changes have resulted in energy savings since there are no measurable results available yet. It is planned to estimate the benefits, if there are any, this year. These renovations did not result in additional supplies from the Netherlands.

4. Establishment sustained working relations

The study itself was a one-off activity and therefore its financial sustainability is not relevant. Although the recommendations were well received their implementation faces serious financial constraints. The creation of a ‘green’ campus is therefore a rather long-term exercise and the establishment of sustained working relations far from evident.

5. Contribution to trade, investment, service delivery

In potential only, not materialised yet.

6. Contribution to improvement business climate in target country

Not relevant.

7. Specific comments on assessment of process and/or results

The project fitted rather well in the objectives of TF for South Africa with its focus on energy savings. Given its character, namely the development of a plan for “green” buildings of TUT, it was promising regarding the prospects for supplies in the field of energy efficient air conditioning systems and water heating to be supplied from the Netherlands. It therefore contributed potentially to additional supplies from the Netherlands. The study would not have been executed without the funding made available from TF. The university was not able to finance the study itself, and according to the spokesman of TUT there were no alternatives available.

(3) Project Solaris (I and II)

Project title	Project Solaris
Project number TF	TF14ZAOS03
Budget committed	EUR 450,000
Consortium members Netherlands	Skynrg B.V.
Consortium members elsewhere	<ul style="list-style-type: none"> • Solidaridad Network SA Trust • Loskop Kunsmis (Emds) BPK T/A/ Afrifert • Sunchem Biofuel Development South Africa
Counterparts / beneficiaries (if applicable)	<p>Counterparts:</p> <ul style="list-style-type: none"> • Wageningen University <p>Beneficiaries during the ODA project:</p> <ul style="list-style-type: none"> • 3 commercial farmers • 60 community farmers • Community Marble Hall Loskop, Limpopo SA - Clients: KLM; South African Airways
Intervention period	01/05/2014 to 01/09/2015
Intervention modality	Subsidy – ODA subsidy

Project title	Project Solaris II
Project number TF	TF15ZAOS02
Budget committed	EUR 243,879
Consortium members Netherlands	<ul style="list-style-type: none"> • Skynrg B.V. • Seed Processing Holland B.V.
Consortium members elsewhere	<ul style="list-style-type: none"> • Sunchem Biofuel Development South Africa
Counterparts / beneficiaries (if applicable)	<p>Partners:</p> <ul style="list-style-type: none"> • South African Airways • Boeing • Round Table on Sustainable Bio-materials • Sunchem Italy (Holding) <p>Beneficiaries during project:</p> <ul style="list-style-type: none"> • 3 commercial farmers • 60 community farmers • Community Marble Hall Loskop, Limpopo SA • Energy sector • Pulp and paper sector
Intervention period	01/10/2015 to 30/09/2016
Intervention modality	Subsidy – ODA subsidy

1. Short description

The project goal of Solaris 1 was to have ±100 hectares under cultivation with a mixed farmer set up and have 50+ people trained and employed in 2015. Some of components were: (1) setting up a project organisation, which coordinates and control the diverse project activities and which develops a plan for up scaling and (2) having 66 Ha under cultivation by commercial farmers and 30 Ha by smallholder farmers. The project focused on two main activities: (1) agro operations: seedling production, planting, fertilizing, harvesting, cleaning and crushing, processing, transport, and (2) Competence and Training Centre (C&T): focus on capacity building and organizational development of the farmers in the Marble Hall area.

The goal of the follow-up project (Solaris 2) was to enable a roll-out of the Solaris crop production system by developing better and scalable processing equipment of high and durable quality. This would be achieved by establishing and developing the market for by-products through pelletizing and/or other methods that adds value. Sub-objectives were to design a viable and working system for the downstream processing, and to validate the different markets for the Solaris by-products. The project would focus on 2 main activities: agro operations (including optimisation of scale seed processing) and training with a focus on capacity building and organizational development of the farmers in the Marble Hall area.

“Solaris” is a variety of nicotine-free tobacco developed by Sunchem Holdings, which can be used for biofuel. It is characterised as having excessive seed, able to grow sustainably under various conditions (dry land and irrigation), and it can be harvested up to three times per year. The by-products are the cake for animal feed and substantial amounts of leafy biomass, which can be used in the production of paper products.¹⁶⁵ Following the successful pilots in 2013¹⁶⁶ Sunchem wanted to scale up the planting of Solaris to 100 Ha in the Marble Hall region of the Limpopo Province. In addition to the production of biomass and bio-energy resources, this initiative creates employment and addresses poverty in Limpopo. The long-term objective is to cultivate 25,000 Ha with Solaris by 2020. Other partners in the project are: SkyNRG, its Dutch partner, Afrifert, a cooperative of seventeen farmers in the Marble Hall region, and Solidaridad. The latter was replaced by another NGO, Ecosasa. The first phase of the project ran from June 2014 to August 2015. The two planned core activities were: (1) agro-operations and (2) the establishment and operation of a Competence and Training Centre (C&T centre). This centre was planned to drive capacity building and organisational development within Marble Hall through workshops, meetings and site visits. The set-up of this centre was the responsibility of Solidaridad, and later Ecosasa.

The total budget for Project Solaris was EUR 1,281,637. The TF subsidy amounted to EUR 450,000, with the remaining EUR 831,837 to be supplied by the project partners.

2. Realisation verifiable output

Whereas Project Solaris has not achieved all its intended results, it was considered invaluable in terms of the learning in the agro-operations. In addition to continuing the cultivation of the Solaris crop, the downstream agro-processing activities needed to be developed further and/or industrialised. For this reason, the project’s management team approached TF for further support. The total project cost for Phase 2 was EUR 521,982, 48% of which was to be funded by the TF-subsidy. Phase 2, which run from August 2015 to July 2016, had two objectives: (i) to design a viable and working system for downstream processing, and (ii) validate the markets for the by-products of Solaris. Seed Processing Holland was introduced as a fourth partner due to its capacity to supply high quality and safe seed processing equipment.

While the seedlings were produced in the nurseries as planned, the transplanting of the seedlings onto the farmland was delayed with only 50 Ha of the planned 100 Ha crop planted distributed across 4 sites. In contrast to the planning, Project Solaris yielded 2 harvests¹⁶⁷, with the first harvest completed in December 2014, and the second in March 2015. The second crop encountered several challenges, such as the occurrence of viruses and fungi, irrigation problems, and infestation of nematodes (a microscopic worm) which affected the root-system of the plants. For this reason, the yield from the second harvest was significantly lower than the first. The project was confronted with

¹⁶⁵ Project Solaris, 2014, pp 3

¹⁶⁶ Discussions with Jacques Venter on 24 August 2016.

¹⁶⁷ This was a decision taken by the management of Project Solaris following the challenges experienced during the second harvest.

treatment problems of the product as well, such as with drying of the crop and with the threshing and cleaning of the biomass.

While potential sites had been identified for the C&T Centre, the physical establishment was put on hold due to the limited size of production, uncertainty about future sites for cultivation, and the high costs of refurbishing a building.

In the 2015/16 season, only 12 Ha of Solaris crop was planted and cultivated and the focus was shifted away from the growing and harvesting of the crop to the downstream processes of drying, threshing, seed-separation, seed pressing and refining. Two crops were harvested, the first in December 2015, and the second in March 2016. The dried biomass from Phase 1 and phase 2 were moved to the central location in order to separate the seed from the pod. A new machine was developed specifically for the threshing and cleaning process.

In March 2016, the separated seed was transported to Exclusive Oils in Bronkhorstspuit where the oil was extracted. While this process was adequate, it was not effective. Given the small size of the Solaris seed, a different press is needed in order to extract all the oil. Nevertheless, the oil extracted from the single press amounted to 9-10 tons of crude oil which was shipped to the United States of America in order to be refined. The biofuel was then brought back to South Africa and used in the first bio-fuelled commercial flight of SAA between Johannesburg and Cape Town on 15 July 2016. The composition of the fuel for this flight was 30% biofuel, and 70% normal jet fuel. After testing Royal De Heus, a Dutch animal feed manufacturer has indicated its willingness to purchase the biomass and press cake.

3. Realisation project objective(s)

Despite the problems that occurred during the first years of the project, it managed to achieve its objective to produce biofuel which is used in a pilot commercial flight. It proved to be suitable for commercial airplanes.

The project did not succeed in setting-up of a Communication and Training Centre. The physical establishment of this Centre was put on hold and therefore no staff have been hired, and no field officers have been appointed yet.

The next aspect which must be considered is the financial sustainability of the project – would it continue without the external support provided by TF? While this phase of the project met the objective of determining if the Solaris crop could be grown under South African conditions, the project is yet to determine if the crop can be efficiently processed into the final biofuel product (downstream processes of drying, seed processing, seed press, and refining the oil). Developing these downstream processes requires a substantial amount of investment, and it is unlikely that this development will occur without significant external support. However, a very interesting aspect of the Solaris crop that increases its commercial viability is the off take and by-products it produces, such that even if the Solaris crop does not yield the intended results in biofuels, farming the crop could still be profitable and financially sustainable as the biomass can be used for feed (the seeds actually contain a high levels of protein), while the stems can be used in the paper and pulp industries.

4. Establishment sustained working relations

Various contacts between Dutch and SA entities and businesses have been established in this complex 'chain' activity. Whether these will be sustained over time cannot be indicated yet.

5. Contribution to trade, investment, service delivery

In terms of trade and investment with Dutch companies, three Dutch companies have been involved in Project Solaris. SkyNRG, Seed Processing Holland and Royal De Heus, all of whom have benefitted or will benefit from the project, with their products used as inputs into the project, or as users of the final product. The size of this trade and investment cannot however be determined at this stage in the project.

6. Contribution to improvement business climate in target country

Project Solaris was expected to help improve the business climate and increase trade and/or investment relations with the Netherlands. Improving the business climate included the creation of direct and indirect employment, the up-skilling of the farmers, and the sharing of knowledge and information. Through the establishment of the project management office, and the training of smallholder farmers to grow the Solaris crop, the project has achieved some success in this area. The project has however fallen well short of its employment targets both within the farming operations, the downstream processes, and the C&T centre, as well as its training targets within the C&T Centre.

7. Specific comments on assessment of process and/or results

Solaris fits perfectly well in TF. It addresses the business climate in an agricultural region, which struggles with low growth and high unemployment. Potentially, Solaris offers additional income for the local farmers, both small and large, and employment. The project is linked to the Netherlands, both regarding inputs and capital equipment as well as regarding the main final product: jet fuel. It was the intention that the oil from the tobacco would be refined in the Netherlands. The first shipment, however was refined in the United States. The concept of Solaris also fits well with the Netherlands' objectives in the field of environmental sustainability. Project Solaris could have sourced funding from commercial funders or investors but instead chose to access the Transition Facility subsidy as it was easier, non-repayable, required less upfront commitment, and had less onerous reporting. An indicator of additionality is whether applicants have actually attempted to finance their new businesses through other avenues. Discussions with Project Solaris stakeholders indicate that they did not approach other investors, other development funders and/or commercial lenders before approaching the Dutch Transition Facility for the subsidy. With several funding windows available from the South African Government, the additionality of the Dutch Transition facility cannot be defined.

(4) Innovative Skills Development Programme Health Care Sector South Africa

Project title	Innovative Skills development
Project number TF	25557
Budget committed	EUR 356,308
Consortium members Netherlands	
Consortium members elsewhere	Professional Emergency Care (PEC)
Counterparts / beneficiaries (if applicable)	Groote Schuur Hospital PAT Learning Solutions
Intervention period	1/1/2011 to 2/21/2011
Intervention modality	Delegated budget – ODA

1. Short description

In 2012, Dutch students working in Groote Schuur Hospital South Africa (GSH), conducted a needs assessment for a new and innovative learning platform for nurses. The outcome of this study showed that the standard of knowledge and training in state and private healthcare facilities in South Africa was sub-optimal. This was confirmed in a survey among South African doctors in 2015 which also highlighted the standard of nursing skills as a problem within the sector. In 2005, PAT Learning Solutions¹⁶⁸, a Dutch technology provider, developed a tool for blended learning¹⁶⁹. This tool was trialled in the Netherlands and, following its success, is now used by more than 30 Dutch health care facilities. In addition to the three consortium partners, seven Dutch companies also indicated their interest in helping the project achieve its objectives, as this e-learning platform was seen as a means to introduce their products in South Africa, teaching users about the product in a manner that should facilitate the future adoption of products.

Based on the report by the Dutch students, PAT identified that its tool could both address skills development shortages and the inadequate training of workers in the South African healthcare sector, while simultaneously expanding its business in South Africa. PAT thus began working with the University of Cape Town and Professional Emergency Care (PEC) in 2013 to refine the online tool, and to develop modules relevant to Groote Schuur Hospital. During this development phase, in October 2013, the Embassy of the Netherlands identified its priority sectors for development within South Africa, one of which was skills development. The Embassy issued a call for proposals, and PEC, together with PAT Learning Solutions and Cape Orange, a Dutch project management company, submitted a proposal for funding in December 2013. The focus was to develop a blended learning platform, using both e-learning and on-the-job assessments, and to pilot the platform in order to up-skill professional nursing staff within the work environment under a project named Prof Portal Africa (PPA). PPA ran from 1 May 2014 to 30 April 2016 during which time the platform was to be piloted in a public (GSH) and a private (Netcare N1 City) hospital. This was later revised to 4 hospitals; 2 public and 2 private.

The total project cost for the Prof Portal Africa Project (PPA) was R 7,172,207, of which 65% is funded through TF, and the remaining 35% by the project partners. While this was the initial budget in 2013, it was later increased to R7,842,828, with the same split between subsidy and partner contribution. This increase was to allow the pilot to expand to four hospitals instead of the original two.¹⁷⁰

2. Realisation verifiable output

During the two-year long project implementation, the number of participants in each hospital, the number of modules developed and the number of participant hospitals increased beyond what was originally planned. The platform is now available in two languages – English and Afrikaans - and can be accessed via desktop and tablet computer. While the planned goals of the project included the roll out of the e-learning platform in four hospitals in South Africa (two public and two private), the platform has been rolled out to a total of 11 healthcare facilities during the pilot phase. This expansion was achieved by increasing the project budget, and by channelling funds away from aspects such as developing customised software, improving the design of the platform, establishing SA Server Infrastructure, and general office and travel. In addition to the facilities at which the platform has been rolled out, the concept has also been introduced in organisations such as nursing

¹⁶⁸ In 2015, PAT was bought by Noordhoff Uitgevers, one of the largest educational content and services provider in the Netherlands

¹⁶⁹ Blended learning is defined as “a formal education program in which a portion of the traditional face-to-face instruction is replaced by web-based online learning”

¹⁷⁰ Discussion with Cape Orange and PEC.

agencies, Occupational Care South Africa (OCSA), the Council for Health Service Accreditation of Southern Africa (COHSASA), and GetHealth.

3. Realisation project objective(s)

On the improvement of the knowledge and skills of healthcare professionals, the pilot of the PPA project has revealed several positive impacts. First, it provided healthcare facilities and participants' access to a central repository containing a wide range of information and knowledge, all of which are evidence-based, and in line with international standards and South African protocols. Second, it has improved the efficiency of learning, as it allows nurses to study at their own pace and in a manner which does not take them away from their nursing duties. Third, it allowed training to be adapted to the individual needs of nurses, allowing participants to request a variety of topics pertinent to their level or interests. Fourth, as the participant is able to schedule his or her assessment via the system, this minimises delays as the assessor is able to see and schedule all assessments on a central platform without needing to physically interact with participant until the actual assessment.

The roll-out of the platform has however also encountered a few challenges; healthcare facilities do not have sufficient tablets and/or desktop computers for nurses to use. Those which are available at the nurses' station are used for nursing duties, and while they may be used during quiet periods, they are located in the middle of the ward. Access to the internet is also a key challenge, as many hospitals block access to outside sites. In the test stage, the suitability of building the system into a facilities' intranet will be investigated.

Given the successes which the project has achieved by signing up 11 healthcare facilities instead of the planned four, the project is well placed to succeed. The intention is that all the facilities participating in the pilot will take up contracts with the PPA project. Netcare N1 City will use their experiences and successes as a case study for the remaining six Netcare hospitals in the Western Cape, while Life Healthcare will do the same with their network. Should the PPA project meet its goals of signing up healthcare facilities on long-term contracts, the project will be financially sustainable.

4. Establishment sustained working relations

The PPA Project has had an impact on trade with Dutch organisations in two ways. First, the platform used for the e-learning was developed by PAT Learning Solutions (now Noordhoff). Following the pilot phase of the project, the intention is that clients will pay a yearly license fee for the use of the system. Discussions with Groote Schuur and Netcare N1 City reveal that while they recognise the benefits of the system and would like to roll it out facility-wide, they are faced with budget-constraints. Negotiations are currently underway with hospital management in both facilities to fund the roll-out of the system, and they are hopeful that the positive results obtained to date will help fast-track this process with a positive outcome. Second, the e-learning platform also provides Dutch companies with a platform on which to introduce their products to the South African healthcare market with the intention that it will facilitate the use of these Dutch products in South Africa. To date, no evidence is available that the platform has been used for this purpose.

5. Contribution to trade, investment, service delivery

In terms of trade and investment with Dutch companies, PAT Learning Solutions (now Noordhoff) has provided the platform and will continue to provide its services in terms of maintenance and updating. The size of this trade and investment can however not be determined at this stage in the project.

6. Contribution to improvement business climate in target country

While it is too early to determine the impact of the project on the business climate of South Africa, the PPA project has improved the knowledge and skills of nursing staff. The figures show average improvements per module, with the most improvement in skills seen in Aseptic Techniques, Intravenous Therapy, and Basic Life Support.

7. Specific comments on assessment of process and/or results

The projects fits well within the TF objectives. It intended to improve the business climate in the health sector and equally important it involved learning techniques developed in the Netherlands and prepared the ground for access of Dutch companies into the South African Health sector. In addition it was in line with the priorities defined by the Embassy, among which skills development (lack of skills is identified as a major constraint in the South African labour market), and the health sector.

The PPA Project would not have achieved its successes without the Dutch Transition Facility. Discussions with the PPA Project stakeholders indicate that they did not approach other investors, other development funders and/or commercial lenders before approaching the Dutch Transition Facility for the subsidy. It is, however, clear that changes for successful financing from other sources were very small.

(5) Sustainable Port Development Durban (G2G)

Project title	SPD Durban
Project number TF	TF15ZAP10
Budget committed	EUR 150,000
Consortium members Netherlands	• DCMR Milieudienst Rijnmond
Consortium members elsewhere	
Counterparts / beneficiaries (if applicable)	
Intervention period	01/01/2016 to 30/06/2017
Intervention modality	Assignment – Government to Government

1. Short description

Durban is a main port for South Africa. It is planning to extend its activities, but face local resistance to the envisaged expansion. Main reasons being that local population fears environmental damage as is also reported for some of the current port activities, resulting in health problems. Discussions about pollution from the companies active in the port of Durban are going on for quite some time already. In reaction to these discussions VOPAK Durban has installed an innovative Dutch solution in order to monitor its own contribution to polluting, namely electronic noses (e-noses). This monitoring allows VOPAK to react to unwished emissions and adapt its operations accordingly. However, VOPAK is at the moment the only company which monitors its contribution to environmental damaging emissions. In order to create a level playing field in the port it has approached RVO with the request to support the port authorities to collect evidence based on the environmental regulations. As a result a project was formulated which supports these authorities, in casu the eThekweni Health Unit, (eHU) which is responsible for the enforcement of the environmental regulations in the port of Durban. However, the environmental issues in a port go beyond air quality and its monitoring only. It includes a full environmental management programme, from monitoring the activities of the companies active in this area up to enforcement of the

regulations. This government-to-government project started in August 2015 and is at the moment of writing this report half way. DCMR is the main contracted party to support eHU with the introduction of the environmental management system. The total TF contribution to this (ODA) project amounts to €150,000.

2. Realisation verifiable output

At the moment of formulation of the project eHU was not able to fully play its role as unit which safeguards the environmental quality of the port and its environment. This is the case for the current port location as well as for the planned expansion of the port. With Rotterdam port as an example, DCMR¹⁷¹ was requested to support eHU with the introduction of the techniques and management regarding the concept of Sustainable Port Development. This institution should learn how to monitor the environmental performances, interpret the data generated from the monitoring system, among them the data generated by the e-noses, learn to distinguish between dangerous emissions and how it should react if such emissions are detected

The project is well on track. The Dutch team cooperates well with the staff of eHU. Plans for sustainable management of the port have been drafted and are in a process of being accepted. Staff is being trained in interpretation of the data generated through the environmental monitoring system.

3. Realisation project objective(s)

The expected impact of the project will be a cleaner port and its environment. As a result of the enhanced capabilities of eHU a level playing field will be created for the companies active in the port of Durban, which will as well be beneficial for the Dutch owned companies, such as VOPAK. It is also expected that it will contribute to a cleaner environment for the population neighbouring the port, and as such reduce resistance against the expansion of the port.

4. Establishment sustained working relations

The environmental management in the port of Durban is set up in cooperation with the port of Rotterdam and with Rotterdam as an example. It is therefore expected that the current cooperation with DCMR will continue in the future. This was confirmed during discussions with local counterpart staff

5. Contribution to trade, investment, service delivery

It is expected that this government to government programme will continue to make use of services provided by DCMR also in relation to the planned expansion of the port of Durban.

6. Contribution to improvement business climate in target country

The project is beneficial for the local environment for two reasons. It creates a level playing field regarding the emissions of local industries and it makes it possible to cope with complaints of the local population about environmental damages. For example the current focus of complaints about emissions is no longer on Vopak, but will also include the other companies in the port. This is not only important for the present port activities but as well for the planned extension of the port in the near future.

7. Specific comments on assessment of process and/or results

The project fits excellently in TF's policies to support the improvement of the business climate in South Africa on the one hand and to promote the Dutch approach, including Dutch goods, on the other hand. DCMR currently supports the local port authority, in particularly the eThekweni Health

¹⁷¹ DCMR is the joint environmental protection agency of the province of South Holland and 16 municipalities.

Unit, to formulate a full Sustainable Port Development programme for the current port location, which can serve as a blueprint for the planned expansion of the Durban Port. The greater capabilities of eHU should allow it to better monitor the origin of pollution and therefore to define more adequate measures to reduce pollution and enforce the related regulations. This creates a level playing field for the companies in the Port, among them VOKAP the initiator of this project. As a side effect of the project the Dutch company Comon Invent will be able to sell more of its e-noses since the monitoring of eHU will be largely based on the data generated with the equipment. For the future it is expected that DCMR the current advisor to eHU will be involved in the setup of the Sustainable Port Development programme for the planned port as well.

(6) Creative industry in Cape Town

Programme	Creative Industry in Cape Town
Project titles	What design can do in South Africa / Cape Town World Design Capital / Follow up Exploratory mission Cape Town World Design Capital 2014 / Project Coordination WDC 2014
Project number TF	TF13SAP7 / TF13ZAP12 / TF13ZAP21 / TF13ZAP22
Budget committed	Total of projects € 648,683
Consortium members Netherlands	<ul style="list-style-type: none"> • Stichting Droog Design • NL architects • DCMR Milieudienst Rijnmond
Consortium members elsewhere	<ul style="list-style-type: none"> • International New Town Institute
Counterparts / beneficiaries (if applicable)	Farzanah Badhsa – Creative Cape Town Programme Manager
Intervention period	01/05/2013 to 01/07/2013 22/04/2013 to 31/08/2013 29/09-2013 to 05/10/2013 01/09/2013 to 31/12/2014 2015
Intervention modality	Fact finding, match making, assignments ODA and non-ODA

1. Short description (objective and activities)

Design and innovative industry form the core elements of the TF programme in Cape Town. It concerns a series of projects during the period 2013-2015, all related to and inspired by the creative industry, including industrial design and architecture. The purpose of the intervention is to identify co-operation possibilities and opportunities for a Dutch input to the Cape Town World Design Capital 2014 (CTWDC 2014) and the following years and to give advice regarding financing possibilities for these activities. The activities would be a fact finding mission to map the input the Dutch government, the Dutch business sector (design sector) and education institutes in the design area can provide for CTWDC 2014 and following years.

2. Realisation verifiable output

The events organised in the context of Cape Town World Design Capital offered a great opportunity to show what the Netherlands can offer in this sector. Partly funded from TF several exploratory fact finding missions were undertaken to investigate how the Netherlands could perform best during these events. As a result the Netherlands was with its own pavilion represented well, offering the visitors a chance to become acquainted with Dutch design products. The concept of the Dutch exhibition was in particular based on recycling of all sorts of materials and on collaboration with local

designers and artists. In general the Dutch contribution to the World Design Capital was considered very successful, both by participants and visitors. As follow-ups other activities were identified such as 'Department of Design' and 'Density Syndicate'. A substantial number of members of a trade mission from the Netherlands to South Africa participated in the 'Department of Design'. A large number of activities were organised all focused on co-operation between Dutch and South African knowledge institutions and companies.

In addition to the pavilion 'new style' designed by the Dutch firm Droog Design and realised in co-operation with local people a number of studies and books were published in which the Netherlands and its knowledge and expertise were prominently exposed. The activities further accommodated a trade mission with a large number of representatives of the Dutch business community. In general this mission was considered a success because it was offered a well-prepared podium for marketing the Dutch approach and products.

3. Realisation project objective(s)

The creative industry received a boost with the selection of Cape Town as World Design Capital, which was intensively exploited to promote Dutch interests. With a view to provide all sectors a platform for marketing the Netherlands as an innovative and sustainable brand as a continuation of the Department of Design the so-called House of the Future was organised in Johannesburg for a period of 2 weeks. Prime Minister Rutte opened the exhibition and an opportunity was given to the different sectors to present what they can do for South Africa.

The activities contributed much to the knowledge about the Netherlands and what various Dutch companies could mean for South Africa. The impact in terms of additional trade and investment from the Netherlands in South Africa or in the region of Cape Town is however rather difficult to measure. The impression from discussions with stakeholders is that South African business society and officials have at least a better understanding about what the Dutch could mean for them.

4. Establishment sustained working relations

Although the activities in the context of Cape Town World Design Capital were a one-time exercise, it stimulated to initiate other TF-financed activities.

5. Contribution to trade, investment, service delivery

It is expected that the TF funded activities will result in further trade and investment relations between Dutch and South African firms, although it is too early to judge to what extent.

6. Contribution to improvement business climate in target country

Cape Town World Design Capital is considered a stimulus for design related activities. TF contributed significantly to this event.

7. Specific comments on assessment of process and/or results

Creative industry is one of the top sectors in the Netherlands. The promotion of innovative approaches in a variety of sectors fits therefore extremely well in the objectives of TF. It shows how the Netherlands can contribute to problems facing South Africa. The approach followed was innovative in itself and well embedded in the agenda of promotion of Dutch knowledge and products. It also offered new and sometimes revolutionary ideas about how Cape Town as a fast urbanizing city can cope with the challenges it faces

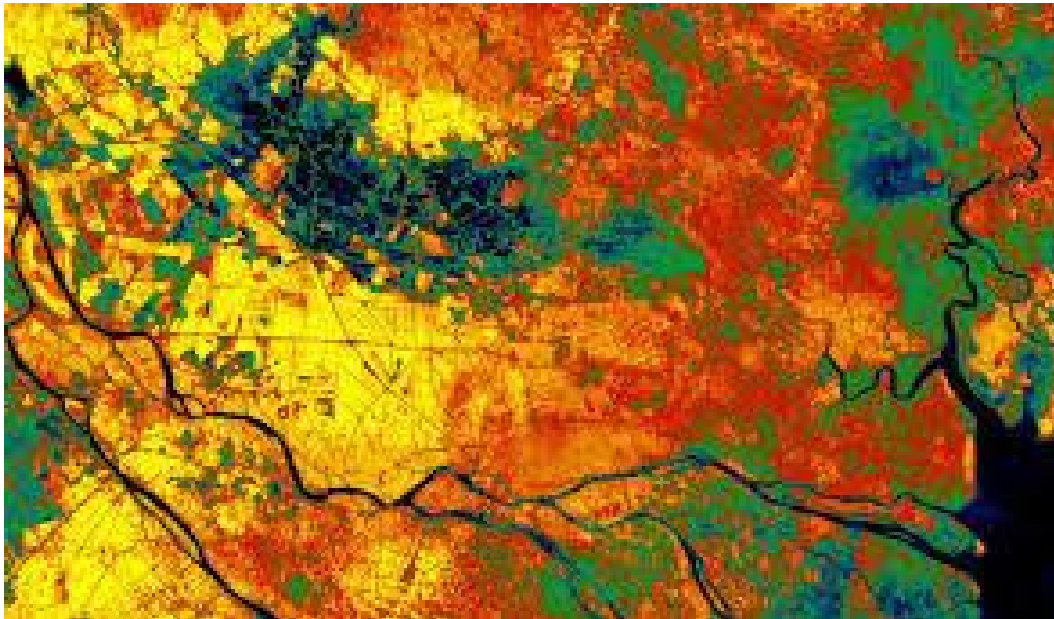
Being Holland promotion activities, these would not have been taken place in absence of financing from the TF budget.

The continuation of this type of Holland promotion has been terminated with the closure of the TF window by the end of 2015. This is regrettable since promotion and marketing in general only delivers tangible outputs, in this case increased trade and investment relations with the Netherlands, if it continues for a longer period.

Table E.9 Scorecard by project, South Africa

Indicators	Solaris	Health	Green Campus	CoE	Durban Port	Cape Town
Appraisal and Monitoring of the project (the activity funded by TF)						
1. Quality of the appraisal of the project/activity in terms of improvement of the local business climate in the recipient country	A	B	B	B	A	B
2. Quality of the appraisal of the project/activity in terms of creating (additional) business or institutional relations with the recipient country	B	B	B	A	A	A
3. Quality of the monitoring and evaluation of the project/activity	B	C	D	B	B	B
(ERQ1): To what extent have the TF-project achieved the objectives that are defined in the project plan and fiche?						
4. Extent to which the verifiable outputs were realized	C	A	A	B	A	A
5. Extent to which the objectives of the project/activity has been achieved	C	A	C	B	A	A
6. Extent to which the outcome of the project/activity has been achieved	C	A	D	B	B	B
(ERQ2): What is the value added of involving foreign parties (not being the Dutch embassy) from the start onwards for the effects of a good TF-intervention?						
7. Extent to which local partners contributed to the achievement of the objectives of the TF funded project/activity	A	A	B	A	A	A
8. Extent to which the involvement of local partners contributed to the transaction costs of the TF funded project/activity	C	C	C	C	X	C
9. To what extent has the project/activity contributed to stable working relations over time	A	B	D	B	A	B
(ERQ3): To what extent have the approved / initiated TF project contributed to the achievement of the (policy) objectives of TF on the output level?						
10. To what extent have the TF funded project/activity achieved the (policy) objectives of TF on the output level?	A	A	C	A	A	A
(ERQ4): increase in the size of (sustainable) trade, investments, and services by the Dutch company(ies) and improving the business climate of the Transition country?						
11. To what extent has the project/activity contributed to the increase in the size of (sustainable) trade, investments, and services by the Dutch companies involved	B	B	D	A	B	C
12. To what extent has the project/activity contributed to an improvement of the business climate of the target country?	A	C	D	C	B	B
(ERQ5): To what extent is there already a transition from an OS relation to an economic relation? To what extent will the transition continue? To what extent is this to be expected during further course of the programme?						
13. To what extent has the project/activity a demonstration effect and if so is there any spin-off?	D	C	D	B	D	X
14. To what extent has the project/activity contributed to innovations in the sector in the TF country?	A	B	B	B	A	X
15. To what extent do Dutch companies experience difficulties in obtaining finance for follow-up projects/investments in the target country?	B	C	D	C	C	X
(ERQ6): Which country-specific context has either contributed to or inhibited the effects of TF?						
16. To what extent was the country-specific environment positive or negative for the effects of the activity	B	C	C	B	B	A
(ERQ7): To what extent are the achieved results sustainable?						
17. To what extent are the achieved results sustainable?	A	C	D	D	A	A
18. To what extent does the company have access to an alternative financing window at the moment?	B	C	D	D	D	X
19. What are the company's / institution's investment / trade plans in this country at the short and medium term?	A	X	X	D	A	X
(ERQ8): To what extent are the achieved effects attributable to TF						
20. To what extent has the position of the company changed as a result of the TF support?	A	A	D	B	A	B
(ERQ9): Are the outputs achieved with the planned inputs and has that been cost efficient?						
21. Are the outputs achieved with the planned inputs and has that been cost efficient?	C	B	D	C	B	B

Annex F Vietnam



Satellite image Mekong Delta

1 Obstacles for doing business

At the start of the century, economic diplomacy and trade promotion between the Netherlands and Vietnam was intensified when Vietnam liberalised part of its market and started a more aggressive export policy. In 2004, Vietnam opened three economic offices in Europe: Spain, Switzerland and the Netherlands, revealing the importance of the Netherlands to Vietnam. Vietnam has free trade agreements with China, India, Philippines, Australia, Japan and South Korea. China is Vietnam's main strategic trade partner. The Netherlands imports sizeable volumes of products from Vietnam,¹⁷² but most of it is for transfer to other European countries. The Netherlands exports about half a billion Euro to Vietnam (2015), including services for the water sector and defence.¹⁷³

In 2011, Vietnam ranked 78 out of 183 countries listed in the Doing Business Index of the World Bank. Reports by the Embassy of the Kingdom of the Netherlands in Vietnam (2011 and 2012), the EU Commercial Counsellor's Report 2011, as well as those by the Top-sector Horticulture and Starting Materials refer to different obstacles for doing business. Obstacles mentioned are (1) the dominant role of the public sector (and the corresponding red tape) in the Vietnamese economy, as well as protectionist measures; (2) the endemic level of corruption; (3) a weak financial and banking system; (4) downward pressures on the exchange rate affecting exports; (5) insufficient intellectual property rights protection; (6) weak higher education, making the recruitment of higher management and

¹⁷² Manufactured goods, tapioca (starch).

¹⁷³ In 2015, the export to Vietnam summed EUR 540 million. The Netherlands is the third European trade partner to Vietnam. Dutch companies export food, means of transport, medicines and high technology equipment for defence.

professional staff difficult; and (7) 'the physical and cultural remoteness' (Annual Plan 2012). The MTR's assessment is that the latter is frequently under-estimated by companies entering Vietnam for the first time.¹⁷⁴ Business in Vietnam is based on mutual trust and reciprocity and is less dependent on legally fine-tuned contracts. For potential assignments with the public sector (for example for infrastructure works or supplies), it is indispensable to have a Vietnamese subsidiary and/or a Vietnamese representation. And at the Vietnamese side there is insufficient understanding of the Dutch relations between public and private sector.¹⁷⁵

Over the period of existence of TF (2011-2015), Vietnam was active about opening up its markets and improving its business climate. Various obstacles were either totally or partially removed: it has become easier to start a business in Vietnam since a one-stop shop facility for obtaining a business license and tax license was established (2012). It is now also easier to obtain construction permits, while the credit information system has improved and creditors have now the right to control the correctness of the credit registration. Finance, however, remains a problem to Vietnamese traders. For that reason, a part of the export of Vietnamese goods is done by Chinese traders, who do have access to capital.

In 2012, the Dutch diplomatic missions in Vietnam concluded in the Annual Plan that 'gains outplay the constraints' and that large Dutch investors develop sizeable activities in Vietnam. To mention some: Unilever, Shell, Damen Shipyards (with EUR 100 million annual turnover in Vietnam; all Vietnamese police patrol boats are built by Damen), Vopak, Philips, De Heus (serves now as regional hub to Myanmar and Cambodia with EUR 300 million turnover per year), Heineken (serves 30% of the beer market in Vietnam), AkzoNobel, ING, TNT and Friesland-Campina (serves 27% of the dairy market in Vietnam). Vietnam exports products made by Dutch companies in Vietnam to Australia. In 2010 and 2011, the Netherlands was the single largest EU investor in Vietnam.¹⁷⁶

Yet, for smaller Dutch companies, it may be more difficult to overcome the above-mentioned obstacles for doing trade with Vietnam.

2 Priority sectors for Dutch business and trade

TF came at a time when trade between the countries stepped up. In 2011, the economic relationships between the Netherlands and Vietnam were already relatively well-developed. The Vietnamese market was not new to Dutch companies. With almost 100 million inhabitants and a steady economic growth (6-7% annual growth in GDP over a prolonged period), a growing middle- and high class and political stability, the market is challenging. To some Dutch companies, the Chinese market is 'too big or too complicated', and Vietnam serves as an alternative for presence in South-East Asia. This presence in Vietnam was supported by 'an estimated 20 PSD Instruments,'¹⁷⁷ summing the efforts by various Dutch ministries involved. The embassy stated that 'improved coordination is required,' also in relation to the Vietnam Relay Facility, a TF predecessor programme. In 2011, it was envisaged to discontinue new commitments from the Relay Facility from the moment the Transition Facility would become operational.

¹⁷⁴ The Economic Section of the Embassy of Vietnam mentioned the difference in business culture 'the sole hurdle that is difficult to take; all other problems can be solved'.

¹⁷⁵ As example, a lot of time has been invested by various parties to promote The Port of Rotterdam in Vietnam, but similar structures are hard to realise in Vietnam.

¹⁷⁶ Source: Embassy of the Kingdom of the Netherlands. Integrated Economic Work Plan 2011 for Vietnam.

¹⁷⁷ Source: Annual Plan 2012, Dutch diplomatic missions in Vietnam.

The Relay Facility made that the embassy had gained experience in promoting Dutch economic interests through strategically planned economic diplomacy and private sector involvement (EKN 2013). To avoid confusion with the Vietnam Relay Facility and as a demonstration of the embassy's concern with the fragmented PSD instruments, the embassy requested to abstain from administration of the delegated component of TF. It was agreed that RVO would administer these resources on behalf of the embassy. The embassy kept some distance from the Transition Facility and was the first one to stop making new commitments in 2014.

In its Integrated Economic Work Plan 2011, the embassy defined the main strategic lines for Vietnam. The first priority identified was the (broad) water sector, based on the Strategic Partnership Arrangement (SPA) signed by the Prime Ministers Dung and Balkenende in 2011. A second priority was the maritime sector (port development, [military] shipbuilding, maritime supplies). The third priority was agriculture (horticulture and livestock industry). Next to these three, other identified sectors were the financial sector, transport and logistics, clean technology (including renewable energy and energy efficiency), oil and gas and garment and textile industry. The integrated work plan explicitly states that fisheries is no longer considered a priority subsector.

In subsequent years, the priority sectors evolved modestly, also in the context of the three strategic partnerships and trading agreements (sustainable agriculture; water and climate; and defence). In 2014, the embassy referred to four top-sectors: (i) agro-, and food; (ii) horticulture and starting materials; (iii) water and maritime industry; and (iv) energy.¹⁷⁸

The Annual Plan 2014 stated to focus on the above-mentioned four top-sectors, also through Holland Branding activities. In 2014, the embassy did not see the finalisation of the Transition Facility as problematic, but as a step towards mature economic relations. In 2016, the embassy indicated that TF had been very useful to establish new contacts and that it was discontinued too early.

3 Transition Facility

In Vietnam, the Transition Facility was not new, as it was for Colombia or South Africa. The Vietnam Relay Facility had enabled a more strategic thinking about support to the private sector in business development. Since the administration of delegated resources for TF was not taken up by the embassy, the embassy's role was one of coordination, of generating ideas, of conducting market studies. The embassy was involved in the decision making and monitoring, but considered itself as client of TF as well.¹⁷⁹

The relatively slow start of TF and its early discontinuation contributed to the fact that the number of TF interventions was smaller than in Colombia or South Africa. Another reason of the relatively low number is the composition of the interventions, being predominantly assignments for government to government and knowledge to knowledge activities. In part, these assignments are functional to the realisation of the strategic partnerships on water and climate, and on horticulture. Table F.1 presents the number and commitments of TF per year in Vietnam.

¹⁷⁸ Embassy of the Netherlands. Vietnam- Hanoi and Ho Chi Minhstad: Jaarplan 2014.

¹⁷⁹ With TF funds, the Embassy also hired support staff.

Table F.1 Number and commitments in EUR of TF subsidies and assignments

	Number Non ODA	EUR ('000) non ODA	Number ODA	EUR ('000) Non ODA	Number total	EUR ('000) Total
2011						
2012	4	47.2	6	273.4	10	320.6
2013	11	705.1	10	2,819.3	21	3,524.5
2014	18	1,576.8	11	2,657.4	29	4,234.3
2015						
Total Vietnam	33	2,329.1	27	5,750.1	60	8,079.4
Total TF		1,1279.4		27,582.6	348	38,862.0
Vietnam as % total TF		20.7		20.8	17.2	20.8

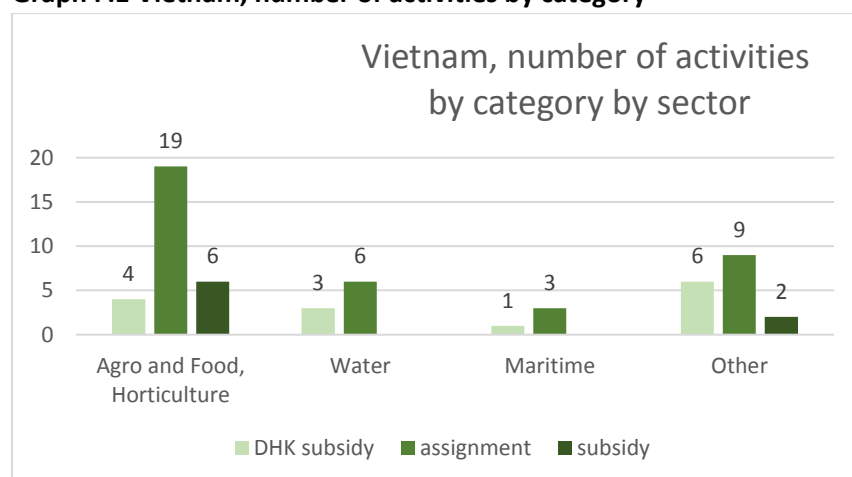
Almost 80% of total commitments concerned the selected priority sectors. Interestingly, only 15% concerned the first priority ('water'), while the second priority ('maritime') represented only approximately 5% of the total. Of all commitments, 58% was made to horticulture and starting materials in combination with agro & food, see table F.2.

Table F.2 Percentage distribution of commitments per sector

Commitments	EUR ('000)	Percentage of total commitment in Vietnam	Vietnam as percentage of all TF commitments by sector
Agro	4,684.0	58%	43%
Energy	0		0%
Transport & Logistics (incl. maritime)	404.8	5%	11%
Water	1,185.0	15%	10%
Other	1,805.6	22%	17%
Total commitments Vietnam	8,079.4	100%	
Total TF	39,023.1		20.7%

In Vietnam, about 57% of the activities (in number) is in the form of assignments, in particular government-to-government and knowledge centre to knowledge centre. Only 13% are direct subsidies to Dutch TF companies (8 in number); other subsidies are DHKs. See graph F.1:

Graph F.1 Vietnam, number of activities by category



Source: Based on RVO data base, September 2016.

4 Selected projects

The selection of projects for further review was based on the relative share (weights) of committed resources. Three projects were selected in the agricultural / horticultural sector, two in the water sector and one from the category 'other projects'. Since one project in the water sector had a clear spin-off, this project was included as well. The draft selection was presented to RVO and subsequently amended based on RVO's recommendations. The selection was presented in the Inception Report. Table F.3 presents the selected projects.

Table F.3 Selected projects Vietnam

Table AGRO					
HortiViN: Partnership on Horticulture between Vietnam and the Netherlands	TF14VNOS01	HortiViN aims at stimulating a sustainable and profitable horticultural sector through: 1. capacity building; 2. upgrading of production of sustainable, safe, higher quality food and ornamentals; 3. strengthen the structure of the horticultural sector by connecting private business, science & knowledge institutes and government (private - public co-operation). This would be realised through co-ordination, organising information, initialising K2K, G2G and B2B initiatives.	Greenport Holland, FloraHolland	01-01-2014 to 31-12-2016	€ 208,178 Note: discontinued
Review Study Horticulture Vietnam	TF14VNS05	In order to be able to formulate a strategic agenda for concrete co-operation this proposal aimed at providing a holistic overview of horticultural development projects over the past 10 years (2005-2014) as input to the elaboration of a strategic agenda through explicit choices in focal areas.	Fresh Studio Vietnam, IPSARD	01-10-2014 to 01-04-2015	€ 46,145
PPP Sustainable Pangasius	TF13VNP15	SuPa aims to contribute to sustainable Pangasius production in the Mekong delta by identifying and assessing methods to minimize the production of waste and to valorize the solid waste. It uses adapted Dutch technologies and knowledge for obtaining ASC certification. It was supposed to be the final step of testing the technologies on commercial scale with selected farmers/ producers.	consortium with WUR, DeHeus, Provimi and Queens	01-10-2013 to 01-07-2015	€ 89,559
WATER Selected projects Vietnam					
Joint Water Expertise Development in Vietnam	TF12VNP7	To help define legal requirements and develop a business plan for the Joint Venture, with an aim to: • Make available expertise and knowledge for feasibility studies, and offer smart solutions for Vietnamese organisations & government, engagement with Dutch businesses, and enhance co-operation between VN and NL parties during the implementation phase. • Keep WRU education at a top level for students at Bachelor's, Master's and PhD level • Execute state-of-the-art programmes in fundamental and applied research in the water sector. • Offer technology transfer and professional 'services to society', including services to universities, governments, international organisations and private sector worldwide. • Build a network of Vietnamese experts/alumni who can work for/together with the Dutch organisations.	TUD Valorisation Center, WRU Hanoi	01-12-2012 to 31-12-2015	€ 114,000

Water and Climate Services for Transboundary Water Management and Natural Disaster Risk Management	TF13VNP4	Vietnam has to deal with many impacts that relate to cross border interventions, like hydropower dams, increasing irrigated areas, flood spills, water retention, obstruction of fish migration and reduced sediment load. The G2G programme is to create improved access to the Vietnamese market, position NL business to take advantage of new business opportunities in the sector	NSO, MONRE, Consortium of private sector companies	01-10-2013 to 01-10-2015	€ 499,465
Spin-off NSO G2G on Water and Climate Services Vietnam	TF14VNP06	One of the three focus areas of the G2G is the possibility of Remote Sensing and hydrological modelling in the Red River basin. It was supposed that in this way the Dutch business community would be pre-sorted and positioned best, improving the competitive power of the business community. The NSO had been asked to participate in the directing team, and guide in terms of content and act as an interlocutor for NRSD.	NSO, PvW	01-01-2015 to 31-12-20015	€ 61,537
Other selected projects Vietnam					
Evides Industrial Waste water treatment	DHK13D16VN	Demonstration project aimed at 1) Introduction of new technologies in the petrochemical industry by means of extended pilot plant trials prior to the operation of the full-scale plant. 2) to convince PetroVietnam and BSR to enter into a long-term contract of outsourcing water business to EIW and the consortium. Binh Son Refinery (BSR) in Dung Quat.	EIW, Hatenber water		€ 200,000 committed € 179,338 spent

Process characteristics

Contrary to Colombia and South Africa, the embassy in Hanoi had decided not to manage TF projects directly, but to leave that to RVO. There were intensive contacts between RVO and the embassy, in first instance about the selection of sectors. These sectors had been defined already (water, maritime, horticulture) and there was no reason to deviate from that. The sector choice was also presented to the Netherlands-Vietnamese Chamber of Commerce.

In consequence, all TF interventions were managed by RVO, although the embassy did contribute in monitoring and was active in all kind of liaisons.

Considering the priorities identified, most stakeholders in Vietnam are public entities and or state-run enterprises. Direct business-to-business relations do exist, but less in the sectors chosen (water management, maritime sector). There were more opportunities for business-to-business contacts in the agricultural / horticultural sector. To develop opportunities and to attract private sector actors, RVO entered into a sizeable number of assignments to explore opportunities or to develop contacts.

Since the number of business-to-business interventions was relatively small, there was less to appraise by RVO. The programme got more the characteristic of supply-driven activities within the frame of the strategic agreements.

At a more general level of 'promotion of Dutch qualities' various activities were organised. In Vietnam, the 'Holland Village' (TF paid the largest share, but with financial support from Dutch businesses) was a successful event.¹⁸⁰ Dutch companies took their clients to the Village, organised seminars and the like.

¹⁸⁰ However, when the Consulate in Ho Chi Minh City wanted to organise it for a second year, the Dutch companies were reluctant to pay for it. Finally, it was not organised anymore.

In general, it is observed that intervention fiches were useful and relatively well elaborated, with more attention to the primary target group – i.e. the Dutch business community – than to improving the business climate. A few flaws can be observed: a study of past experiences in the horticultural sector was contracted, but without making resources available for the dissemination of the results. In consequence, the study was of no use to the formulation / appraisal of various projects in the sector. The process in the programme for remote sensing was largely open ended, explorative and without a view or perspective about the commercial aspects; the research on Pangasius fish production was approved, while the embassy had explicitly excluded fisheries from its list of priorities.

Effect review

In Vietnam, Dutch private sector development programmes have been successful. Several Dutch companies that are currently present and active in Vietnam made their first entrance with support from the public sector (be it ORET, PSI or other programmes). Examples are Damen Shipyards (ORET), FreshStudio, De Heus, Dobra (PSI), Netspice (PSI), Friesland Campina, Unilever and BeJo.

In all TF supported projects in the sample, the envisaged output was realised, with some variation, but the outcome and/or the realisation of the objectives was less paramount. In a few cases this is due to definitions, in others due to unrealistic objectives.

For example, in the case of Vinwater, the output is clearly achieved, while the outcome (a joint venture in operation) is achieved as well, but nothing can be observed yet about the objective (serving the Dutch construction and engineering industry in the water sector to become more competitive).

The evaluation question about the value added of involving foreign companies from the start onwards cannot be answered in a generic manner. In some cases the ‘foreign company’ was a subsidiary of a Dutch company in Vietnam (or of Dutch origin). In other cases, the projects were of a G2G nature.

In the interventions studied, some contribution to TF’s overarching objectives was observed, but to a limited extent only. This is logical, since the selection of the cases are in majority RVO assignments and G2G or K2K activities. In 5 out of 7 cases, there was some contribution to trade and investment and some effect on the business climate (although rather indirect). TF did lead to the introduction of innovations and generated spin-off, although not always in the same type of activities (as a result of broader networks).

Financing of products or services is a major problem in Vietnam. The Government of Vietnam is familiar with foreign partners offering financing instruments (blended instruments). The Netherlands options are scarce in that respect.

In those cases where follow-up projects resulted from the TF activities, these were continued with other sources of (mainly public) funding by the Dutch public sector.

From a B2B perspective interesting, is the case of the construction of a wastewater treatment plant. The supplier Evides (EIW) came with a model including financing (i.e. a kind of build and lease model). When the treatment plant happened to be successful and the client PetroVietnam wanted to place a large order, EIW had to withdraw, since the (pre-) financing risks were too high.

Table F.4 Summary of scores, Vietnam

Indicators					
Appraisal and Monitoring of the project (the activity funded by TF)					
	A	B	C	D	X
1. Quality of the appraisal of the project/activity in terms of improvement of the local business climate in the recipient country		2	3	1	1
2. Quality of the appraisal of the project/activity in terms of creating (additional) business or institutional relations with the recipient country	4	2	1		
3. Quality of the monitoring and evaluation of the project/activity		4	1		2
(ERQ1): To what extent have the TF-project achieved the objectives that are defined in the project plan and fiche?					
4. Extent to which the verifiable outputs were realized	2	2	2		1
5. Extent to which the objectives of the project/activity has been achieved		1		6	
6. Extent to which the outcome of the project/activity has been achieved	1		2	3	1
(ERQ2): What is the value added of involving foreign parties (not being the Dutch embassy) from the start onwards for the effects of a good TF-intervention?					
7. Extent to which local partners contributed to the achievement of the objectives of the TF funded project/activity	2		2	2	1
8. Extent to which the involvement of local partners contributed to the transaction costs of the TF funded project/activity	1		1	1	4
9. To what extent has the project/activity contributed to stable working relations over time	1	2	1	2	1
(ERQ3): To what extent have the approved / initiated TF project contributed to the achievement of the (policy) objectives of TF on the output level?					
10. To what extent have the TF funded project/activity achieved the (policy) objectives of TF on the output level?	1	1	3	2	
(ERQ4): increase in the size of (sustainable) trade, investments, and services by the Dutch company(ies) and improving the business climate of the Transition country?					
11. To what extent has the project/activity contributed to the increase in the size of (sustainable) trade, investments, and services by the Dutch companies involved	1	1	2	3	
12. To what extent has the project/activity contributed to an improvement of the business climate of the target country?	1	1	3	2	
(ERQ5): To what extent is there already a transition from an OS relation to an economic relation? To what extent will the transition continue? To what extent is this to be expected during further course of the programme?					
13. To what extent has the project/activity a demonstration effect and if so is there any spin-off?	3			1	3
14. To what extent has the project/activity contributed to innovations in the sector in the TF country?	5			1	1
15. To what extent do Dutch companies experience difficulties in obtaining finance for follow-up projects/investments in the target country?		1	2	3	1
(ERQ6): Which country-specific context has either contributed to or inhibited the effects of TF?					
16. To what extent was the country-specific environment positive or negative for the effects of the activity		2	1	2	2
(ERQ7): To what extent are the achieved results sustainable?					
17. To what extent are the achieved results sustainable?	1		2	1	3
18. To what extent does the company have access to an alternative financing window at the moment?	2		1		4
19. What are the company's / institution's investment / trade plans in this country at the short and medium term?	1		1	1	4
(ERQ8): To what extent are the achieved effects attributable to TF					
20. To what extent has the position of the company changed as a result of the TF support?		1		3	3
(ERQ9): Are the outputs achieved with the planned inputs and has that been cost efficient?					
21. Are the outputs achieved with the planned inputs and has that been cost efficient?		4	1		2

Macro effects

See main report

TF was launched when exports stepped up resulting from modifications in the Vietnamese trade policies.

Conclusions

Although economic relations between the Netherlands and Vietnam are gradually expanding and some large Dutch firms have been well established in the country, doing business with Vietnam is still strongly regulated by the state (for example, restrictions on the import of fruit and vegetables in Vietnam), restricted by limitations in the access to working capital for traders (reason why part of the exports from Vietnam is done by Chinese traders) and differences in business culture.

While TF could do very little on the access to capital / finance and cannot change the business culture (although over time mutual understanding will increase), TF did have the improvement of the business climate as one of its objectives. And in 5 of the 7 case studies there was some (potential) effect on the business climate.

In the effort to establish contacts among Dutch and Vietnamese companies, an array of trade missions has been organised over time. As indicated by survey results, these missions yielded results in the sense of mutual representations of companies. Direct business and trade was not always the effect (but may take place at a later moment in time).

A substantial part of TF interventions are assignments for providing contents to the strategic partnerships and having a certain explorative character (HortiVin, Remote sensing, Vinwater) and stable relationships can be expected in a longer period only.

Follow-up activities of the cases studied were exclusively with public funds. The single activity with commercial funding (wastewater treatment) could not be sustained by the Dutch Evides.

Review selected interventions in Vietnam

In this section, the 7 selected interventions are reviewed. A scorecard for the 7 interventions is presented at the end of this section.

(1) HortiViN: Partnership on Horticulture between Vietnam and the Netherlands

Project title	HortiViN: Partnership on Horticulture between Vietnam and the Netherlands
Project number TF	TF14VNOS01
Budget committed	EUR 208,178
Consortium members Netherlands	<ul style="list-style-type: none"> • Greenport Holland • FloraHolland
Consortium members elsewhere	
Counterparts / beneficiaries (if applicable)	<ul style="list-style-type: none"> • Ministry of Agriculture and Rural Development (MARD) • Vietnamese business community • Vietnamese knowledge institutes
Intervention period	01/01/2014 to 31/12/2016 (discontinued mid-2016)
Intervention modality	Subsidy – ODA subsidy

1. Short description

On March 28 2013, the Vietnamese Government and the Dutch Top-sector Horticulture and Starting Materials (*Tuinbouw en Uitgangsmaterialen*) agreed upon a Vietnamese-Netherlands Horticulture Partnership. Greenport Holland / Dutch Horticultural Trade Board (DHTB)¹⁸¹ (that took over from Greenport Holland International) coordinated the partnership. Greenport Holland International had coordinated various projects that were incorporated into the new initiative. Also FloraHolland was stakeholder in the new partnership. The ambition of HortiViN is to stimulate a sustainable and profitable horticultural sector in Vietnam, with the following goals: (1) capacity building, (2) upgrading of production of sustainable, safe, higher quality food and ornamentals, and (3) strengthening the structure of the horticultural sector in Vietnam by connecting private business, science & knowledge institutes and government (private - public co-operation). This would be realised through co-ordination, organising information, initialising K2K, G2G and B2B initiatives in the sector and organising missions to and from Vietnam. One of the instruments thereto was the establishment of a coordination platform (in fact two platforms: one in the Netherlands and one in Vietnam).

The Partnership leaders were supposed to meet at least once a year, co-chaired by the chairman of Greenport Holland and the Director General of the Crop Production Department of the Ministry of Agriculture and Rural Development of Vietnam.

¹⁸¹ Note: The staff member who acted as secretary for the Partnership on behalf of Greenport Holland refused to be interviewed. Other Greenport Holland and FloraHolland involved staff just referred to that person.

2. Realisation verifiable output

The first objective (capacity building) was mainly translated into support to the elaboration of project proposals (either for finance or subsidy, approximately 15 projects), internal organisation and support to Vietnamese companies in technical innovation (improved software for controlled production systems).

The second objective (upgrading) was made operational through individual business to business contacts (in most cases in co-operation with universities like Can Tho). Projects were developed in the area of seed improvement, greenhouse construction, automated controlled production and fresh production (i.e. Lang Don, DaLat). Some of these projects obtained separate TF support (DaLat).

The third objective implies 'connecting people' and output was realised in that respect: annual coordination missions (2014, 2015) took place; match-making missions (in- and outgoing, 2014; an incoming mission on seed improvement; on flower market development; on retail of flowers and vegetables; a meeting-seminar among interested Dutch enterprises; an outgoing mission for floriculture (all in 2015). An important partner in these missions has been SATRA, one of the biggest holdings in Vietnam with over 70 different companies in its structure. SATRA is owned by the People's Committee of Ho Chi Minh City and is one of the main wholesalers in the country.

3. Realisation project objective(s)

Although the programme did produce output, the expected outcome of establishing a sustained partnership through an appropriate structure, was not achieved. HortiVin started as high level expression of good intentions, but lacked financial means for its implementation. Hence for implementation it depended on programmes like TF, on other subsidies and on contributions from interested companies. The vision was to develop platforms of contacts where Dutch businesses and knowledge institutes could meet Vietnamese interested parties and their financiers (being it either government or private [incl. credit] facilities). Although various meetings were held to create such a structured organisation, it never took off.

Activities remained at the level of incoming and outgoing missions. The Progress Report 2015 indicated that inputs were lacking, that partners did not respect the planning by the coordinator DHTB and that activities planned by DHTB were not realised. The consecutive RVO programme advisors made strong efforts to revitalise the programme at various stages and even assumed roles that supposedly pertained to Greenport Holland: the RVO advisors connected and promoted. When the Embassy in Hanoi did not agree on the envisaged priorities for 2017¹⁸², the embassy, DHTB and RVO agreed to change the role to a more passive facilitating one to support ad-hoc activities in collaboration with the embassy. This was no remedy: in 2016 RVO decided to discontinue the activity and to claim back part of the disbursements made.

4. Establishment sustained working relations

The third objective of HortiVin was to come to a sustained strategic partnership between the Dutch horticultural sector, the Vietnamese Government and Vietnamese producers and financiers. Prior to HortiVin a similar platform approach had been established in South Africa and that one was successful. Although the Vietnamese authorities supported the concept of establishing a platform in the country, it never took off in Vietnam.

¹⁸² Tussenrapportage Transitiefaculteit HortiVin year 2, 2015. p.8

At the Dutch side, Greenport Holland developed insufficient initiatives to shape a partnership at strategic level. This was aggravated by the fact that the Top-sectors Agro& Food and Horticulture amended the list of priority countries and Vietnam did not pertain anymore to the highest priority category. Vietnam was downscaled from a 'highest' priority to an 'interesting' country.

At the Vietnamese side, there was institutional misunderstanding and miscommunication within the Ministry of Agriculture and Rural Development. The Department for International Co-operation was charged with organising such a platform, but it did not do so, since it was never invited to the meetings chaired by the Department for Crop Production.

In Vietnam, the sector is organised in locally based product organisations and not in branch organisations like in the Netherlands. This difference in structure caused feelings of discomfort among Vietnamese partners: the well-organised horticultural sector in the Netherlands was hard to match to the small groups of Vietnamese producers. The horticultural producers felt overwhelmed and the MARD even intimidated¹⁸³ by the Dutch organisations. In consequence, the Vietnamese were reluctant to build a structured collaboration and businessmen and government alike preferred to focus at a project-by-project approach.

In consequence, sustained working relations were established, but at a project level only. For example, RijkZwaan established its own agency in Vietnam as a result of HortiVin; it has been looking for the best location in East Asia and HortiVin was the facilitator that made the company choose for Vietnam. Also companies like Bas van Buren (substrate soils) and Koppert (biological disease control) found their way to Vietnam and established sustained business relations. At the hardware side, it is more difficult: for example, greenhouses from Spain are cheaper.

5. Contribution to improvement business climate in target country

The programme has contributed to the improvement of the business climate, be it mostly indirectly. While in the past there was a lack of regulation on phytosanitary services, the introduction of different seed varieties (RijkZwaan), as well as biological pest control (Koppert) urged for amendments to the regulations and the establishment of a phytosanitary services department. This can be directly attributed to the Dutch presence in Vietnam.

Another contribution is the awareness that the triangle business-knowledge-public sector is important, also in Vietnamese context, where the public sector plays a dominant role. The Dutch model impacted, as expressed by spin-off projects like the Horti DaLat, where universities, private sector and the public sector work together.

A third contribution is the enhancement of access to finance. Activities in the area of greenhouse construction opened up some credit options to local producers.

A fourth contribution is the wholesale marketing of agricultural produce, mainly through the Vietnamese SATRA chain.

6. Specific comments on assessment of process and/or results

The Agreement on Horticulture had a politically symbolic function, in which both public and private sectors in two countries agree upon a few principals for co-operation. Although formally signed at a later moment in time (June 2014) the Strategic Partnership Agreement on Horticulture (signed by PM Rutte) can be considered as the formalisation of that earlier Agreement. However, from the onset, it was unlikely that the private sector would assume all costs of such an agreement. In consequence,

¹⁸³ Source: interview MARD, DIC.

public funding had to be secured. Apart from TF, there were no funds that could quickly enable multi-actor ambition. But with TF as source of funding, the private companies stepped backwards, assuming that the burden for the collective ambitions would be carried by public funds. The companies saved their resources for their individual projects. ‘Frequent subsidy users’ like Greenport Holland, RijkZwaan, East-west Seeds, Incotec, FloraHolland, they all aimed at individual subsidized projects, but these do not necessarily pertain to a strategy aimed at promoting Dutch services to the Vietnamese horticultural sector.

RVO was very active in this project, but the Dutch Horticultural Trade Board did not follow up adequately, while Greenport Holland simply lacked the enthusiasm and capacity required. The Top-sector did not elaborate any strategic view with a realistic assessment of opportunities. In contrast, there was a kind competition to submit projects among individual companies.

(2) Review Study Horticulture Vietnam

Project title	Review Study Horticulture Vietnam
Project number TF	TF14VNS05
Budget committed	EUR 46,145
Consortium members Netherlands	
Consortium members elsewhere	<ul style="list-style-type: none"> • Fresh Studio Vietnam • IPSARD
Counterparts / beneficiaries (if applicable)	<ul style="list-style-type: none"> • Ministry of Agriculture and Rural Development Vietnam (MARD)
Intervention period	01/10/2014 to 01/04/2015
Intervention modality	Subsidy – assignment (ODA)

1. Short description

The intervention is directly related to HortiVin. It is a baseline exercise for HortiVin aimed at producing a clear view of past support programmes and projects over the decade 2005-2014. Greenport Holland, as implementing agency of HortiVin co-elaborated the Terms of Reference. Based on what has been successful and what not, a new strategy would be developed and important insights could be gained for new initiatives. These insights would: (1) enable the development of a distinct and value added strategic platform proposition to both business communities, and (2) enable the development of a strategic needs and services agenda as basis of the establishment of new relations and partnerships. The project objectives are: (1) desk research, (2) field research, (3) analysis and reporting, and (4) knowledge dissemination and strategy formulation workshop. The study was assigned by RVO to FreshStudio (a Vietnamese company with Dutch roots) in association with the Institute for Policy and Strategy for Agriculture and Rural Development (IPSARD), a public research and statistical institute under the Ministry of Agriculture.

2. Realisation verifiable output

The envisaged output (a written study and a powerpoint presentation) were delivered. The report is based on material of 168 projects, and is -according to the MTR- well elaborated and leads to clear recommendations.

3. Realisation project objective(s)

The final objective was to develop a successful strategy of supporting activities to enhance Vietnamese horticulture (Intervention fiche) by HortiVin, based on the ‘lessons learnt’ of experiences over the last decade. The study was ‘to provide useful insights for government, knowledge institutes and private sector’.

Since the budget for the study did not encompass provisions for printing or other forms of dissemination, the report remained available in digital form only. Once finalised, Greenport Holland (secretary of HortiVin) indicated to the participating stakeholders that the report was available (HortiVin Progress report 2014) and could be obtained. It is unknown how many stakeholders actually downloaded the report, let alone how many actually read it. During interviews in the Netherlands and field visit in Vietnam (2016), none of the institutional stakeholders interviewed knew the report, not even at IPSARD (apart from the author). Interviews with both authors indicate that they have digitally distributed the report to who-ever was thought to have interest, but there were no signals of its use by either institutions or companies other than FreshStudio itself. The report was never cited in policy documents, studies, or official documents. MARD indicated that IPSARD conducted the study ‘in the margin of its mandate’ and hence the study was not an official IPSARD product.

4. Establishment sustained working relations

FreshStudio is the single Dutch company in Vietnam in the advisory to the agricultural sector. It is an initiative of the Wageningen expert Siebe van Wijk. Although largely staffed with Vietnamese experts, its Dutch heritage has advantages (contacts with Dutch top companies) but also disadvantages (Dutch companies and ministries assuming that FreshStudio’s services in Vietnam are free of charge). For conducting the study, it was not FreshStudio that needed RVO, but RVO and HortiVin that needed FreshStudio. FreshStudio keeps sound relations with most parties involved in HortiVin; Greenport Holland needed FreshStudio to establish contacts in Vietnam. For example, FreshStudio was hired to establish contacts for RijkZwaan, to elaborate a market study for them, to make inventories of varieties in Vietnam.

The contract for the study was important for developing other TF funded activities, such as the Fresh Academy, in which HAS Den Bosch has the lead and in which FreshStudio participates next to 9 other partners, among them DaLat university. DaLat University in turn is key in another TF project in the horticultural sector, being the ‘Accelerating modern greenhouse vegetable production in Vietnam HortiDalat’.¹⁸⁴ TF is important here: the costs for farmer training are fully carried by the TF project. 50% of the funding came from the companies and they will continue to do so as a result of the training. So, the training is an anchor for future funding by the companies themselves.

One of the contacts that has found its way through HortiVin is Koppert, specialist in biological disease and pest control. When HortiVin came to its end, FreshStudio has continued with Koppert, even to the extent that Koppert may become a state service supplier.

5. Contribution to trade, investment, service delivery

As far as known, HortiVin did not make use of the study. That does not imply that it remained fully unused, since FreshStudio made use of part of its findings in its formulation of new projects, such as for HortiDalat (also supported by TF).

¹⁸⁴ Although not selected for field visit, this project was contacted by the MTR.

6. Contribution to improvement business climate in target country

As far as known, neither private companies nor public sector entities made use of the study.

7. Specific comments on assessment of process and/or results

It is not clear why a small additional amount could not be added for (printed) dissemination of the report and/or getting it 'endorsed' by MARD.

(3) PPP Sustainable Pangasius

Project title	PPP Sustainable Pangasius
Project number TF	TF13VNP15
Budget committed	EUR 89,559
Consortium members Netherlands	<ul style="list-style-type: none"> • Wageningen University & Research (WUR) • De Heus Cattle feed • Provimi • Queens
Consortium members elsewhere	
Counterparts / beneficiaries (if applicable)	<ul style="list-style-type: none"> • Research Institute for Aquaculture No2 (RIA2) • Can Tho University (CTU) • Ghent University • Vinh Hoan (company) • Marine Harvest (company)
Intervention period	01/10/2013 to 01/07/2015 (extended to late 2016)
Intervention modality	Assignment other

1. Short description

The PPP Sustainable Pangasius was a follow up of previously WSSD funded research in the context of the Sustainable Pangasius project by the Vietnam Relay Facility (VRF10WSSD01), approved in 2010. The PPP aims at contributing to sustainable Pangasius production in the Mekong delta by identifying and assessing methods to minimize the production of waste and pollution and through that to stem environmental degradation.

The Pangasius fish is produced in fishing ponds. The excrements of the fish pollute the water and causes a relatively short life-time of a pond. New ponds have to be excavated. Abandoned ponds contribute to erosion along the riverbed. The project aims at using adapted Dutch technologies and knowledge in fish feeding systems. During appraisal (2013) the project was considered to be at a final step in testing technologies for commercial scale production with selected fish farmers and fish product producers. The project built on experience gained in previous research by Wageningen University in collaboration with the Can Tho University and the state Research Institute for Aquaculture no.2 (RIA2). The long-term objective is to obtain an environmental certificate (ASC) for producers that is required for continued exports of (frozen) Pangasius to Europe. It also encompasses the control over the use of anti-biotics in the production process (only a minor component in this research).

2. Realisation verifiable output

The envisaged output was defined in five result groups (improved feed; reduction of waste and improvement of water quality; economic feasibility; result dissemination and management). Experiments with different fish feed would result in thicker excrements that can be filtered out of the water of the ponds. TF promoted the link with the private sector, both in the Netherlands and in Vietnam. Next to the lead, the Wageningen University, two cattle feed companies (both with Dutch roots, but with presence in Vietnam), a Belgian fish importer and a Vietnamese Pangasius producer were involved. The University of Ghent became involved at a later moment in time. The partners contributed in various ways: making ponds available for research (the Vietnamese partner), co-financing of PhD students (Dutch company), delivery of equipment, delivery of fish feed. Tasks were distributed by result group. In practice however, the attention to the different result groups was not equal. The starting point was getting the right feed (result 1), next getting the water clean (result 2) as consequence of result 1. The economic feasibility (result 3) is related to results 1 and 2. Wageningen University focused at step 1, the feeding problem and the research progress was slow. Various technical hurdles had to be taken, such as raising the fish in smaller tanks (where they died), or experiments with fish feed that produced the envisaged result, but made the fish unsuitable for consumption. For group 1 the results are expected by late 2017. All experiments are still at small scale; no larger scale experiments have taken place yet.

In sum, the roles of the PPP partners were minor only: Vihn Hoan made ponds available, Provimi and De Heus supplied some feed (but all imported from the Netherlands; the scale was too small to produce fish feed in Vietnam) and contributed to the payment of PhD students; and there was no role yet for the end-of-line partner Queens. De Heus and Provimi (both of Dutch origin) knew each other and although competitors, they are also collaborators in Vietnam.

There were no results on the economic component; the project did devoted attention to dissemination (result 4) through a newsletter.

3. Realisation project objective(s)

The short-term results were insufficient to achieve the objectives. Not all research produced useful results and was by no means 'a final step' towards commercialisation.

4. Establishment sustained working relations

The collaboration among Wageningen University and Dutch, Belgian and Vietnamese private firms was a construct resulting from TF ambitions. In fact, at the start Wageningen was aware that the research was far from its 'last step'. Wageningen University's first interest was to continue research it had started years before and its second interest was to secure external funding for PhD students. Wageningen was successful in that respect: it secured funding from NFP (one); Flemish Co-operation (one), MARD + Wageningen shared (one); Provimi + project (shared): one.

The private companies had their own interests: Provimi, in Vietnam since 2009, wanted to become involved in the research component (but it was never allowed to do so by Wageningen). For that reason, Provimi invested in the cost-sharing of one PhD. When the PhD student could not complete the PhD within the time envisaged (due to the delays in the research), Provimi agreed to finance the remaining period for a lump sum of USD 15,000 for the period 2016/17.

De Heus just wanted to be involved from the perspective if the remote option to invest in fish feed in Vietnam. In the case it would do so, it needed to know what the best ingredients would be in Vietnam. The research never reached the stage that the economic questions (result 3) became

relevant. The Belgian fish import firm, interested in the certification, was never really involved, since there was nothing to import.

The communication between Wageningen and the partners showed flaws: the PPP partners attended annual meetings in which WUR presented results, but there was no real involvement or participation. The project was a Wageningen University research project; the relations with the Vietnamese company was to have a 'real life' experimental environment; all other companies involved had no real function in the project, other than (co-) financing PhD students.

There were long standing contacts between WUR and the Aqua Research RIA-2, but with tensions and different perspectives, since RIA was mainly interested in large-scale solutions within a public sector perspective of regulations. And WUR did not provide the guidelines that could have been 'translated' into such regulations.

As a PPP, the programme was not successful; after the finalisation of the TF intervention, the partners will go their own way and not continue their collaboration. The WUR will continue its research once new funding has been secured, with or without private companies involved.

5. Contribution to trade, investment, service delivery

The private sector was an 'add on' to a research project. There were benefits to be expected in the future, but not at the time of appraisal. The PPP was not instrumental to the objectives of the TF project. The local company Vinh Hoan is fish producer and exporter, owner of the ponds. The company sells to the Philippines. To the company, USA and Europe are niche markets for frozen fillet; these niches are not really needed to the company, since the increasing income levels in Vietnam generate sufficient demand for frozen fish at the national market. The Vietnamese – Dutch companies Provimi (now owned by Cargill) and De Heus are cattle feed suppliers and to them fish feed is niche market at the best, not a core business. None of these companies received any order that they would not have had in absence of the project.

6. Contribution to improvement business climate in target country

In the long term, there is a clear contribution to the business climate: once the Pangasius is certified as environmentally friendly produced, international exports markets will remain open that otherwise might be closed. WUR did not pay attention to the business economics. At the moment of MTR assessment (2016) there was no contribution to the business climate yet.

7. Specific comments on assessment of process and/or results

The positive assessment and approval of this intervention is hard to match with the explicit statement in the Economic Workplan of the embassy that fisheries is not a priority sector. The project was mainly a research project, managed by Wageningen University. At the finalisation of the TF funding Wageningen University is looking for new finance to continue the research and a follow-up project has been developed with WOTRO, with other fish feed partners.

WUR did the research in the past in absence of TF and will continue doing so. To this research TF was just one financier in a series of external financiers. Hence, it was not a new project, but a new funding.

The inclusion of private companies was not seen as an asset (apart from the benefit of financing PhD students). The role of the private companies, such as Provimi or Vinh Hoan was small. They invested in the project, but did not receive anything in return. DeHeus was not involved in developing new feed, but did invest about EUR 20,000 in special production unit that was never used by WUR.

According to WUR it were the companies who have to be blamed: “the industry partners were not interested”.

(4) Joint Water Expertise Development in Vietnam

Project title	Joint Water Expertise Development in Vietnam
Project number TF	TF12VNP7
Budget committed	EUR 114,000
Consortium members Netherlands	<ul style="list-style-type: none"> • TU Delft
Consortium members elsewhere	<ul style="list-style-type: none"> • Water Resources University Hanoi (WRU)
Counterparts / beneficiaries (if applicable)	<ul style="list-style-type: none"> • Dutch private sector and knowledge institutes
Intervention period	01/12/2012 to 31/12/2015
Intervention modality	Subsidy (ODA), K2K

1. Short description

This project between the Delft University of Technology (TU Delft) and the Water Resources University HaNoi (WRU) helped to define the legal requirements and to develop a business plan for a Joint Venture, aimed at: (1) providing expertise and knowledge for feasibility studies, and offer smart solutions for Vietnamese organisations & government, engagement with Dutch businesses, and enhance co-operation between VN and NL parties during the implementation phase, (2) keeping WRU education at a top level for students at all university levels, (3) executing state-of-the-art programmes in fundamental and applied research in the water sector, (4) offering technology transfer and professional ‘services to society’, including services to universities, governments, and private sector worldwide, and (5) building a network of Vietnamese experts/alumni who can work for/together with Dutch organisations.

The intervention proposal describes the joint venture as the culmination of a long co-operation, based on a Memorandum of Understanding in 1998. For well over a decade TU Delft has assisted WRU in the coastal protection engineering. WRU received funding from NUFFIC and later from NUFFIC-NICHE; various WRU students received scholarships for studies at TU Delft. TU Delft staff teaches at WRU. The joint venture was aimed at converting a largely ODA-supported relationship into a new commercial and self-financed one, through a newly established Vietnamese-Dutch entity (VINWATER).

The justification for a joint venture was found in the fact that for the implementation of assignments (almost all tenders by the public sector) the Netherlands are (too) expensive and loose opportunities on price. In the case the Dutch industry makes use of a local knowledge institute like VINWATER ‘it gets Dutch knowledge against a Vietnamese price’. VINWATER will support the Dutch water sector in playing a role in the water developments in Vietnam and would implement externally funded projects and assignments. It also would be actively involved in the identification of project opportunities, project acquisition and project proposal preparation.

2. Realisation verifiable output

The intervention fiche describes the envisaged output as a complex process leading to the establishment of the Joint Venture, including the legal and administrative procedure, the preparation

of a business plan, a market study, networking with Netherlands companies involved in the water sector in Vietnam. And subsequently putting the Joint Venture into operation by capacity building of staff, by PR and marketing, and by conducting pilot studies. VINWATER is designed to do whatever is done by a Dutch 'engineering company'; VINWATER will become involved in physical engineering and construction works.

During the field visit in 2016, the Joint Venture was fully established, legally registered, with a marketing plan, with two fixed professional staff members (a director and an engineer) and 1 support staff, and with some pilot studies ongoing.

3. Realisation project objective(s)

The short-term project objective has been realised. VINWATER is operative and conducts small projects with own staff. For some larger projects with NL parties (and also Australian companies) additional staff is hired on a temporary base. VINWATER does not conduct feasibility studies only, but has elaborated a flood protection plan also.

The current stage of development of the joint venture is to be considered a step towards the overarching objective, being the delivery of services that may enable Dutch companies to improve their competitiveness in the Vietnamese market for infrastructure. That objective has not been achieved yet (2016).

4. Establishment sustained working relations

Contacts between TU Delft and WRU have existed since 1998 and encompassed academic interchange of students, BSc programme development, and recently MSc programme development. Hence the Joint Venture has not established, but deepened the working relations between the two knowledge centres.

Contacts with the private sector (i.e. Royal Haskoning, Deltares and others) were also not new.

5. Contribution to trade, investment, service delivery

VINWATER is a K2K activity that has to prove its contribution to trade and commercial delivery in the near future. A first positive indication is that VINWATER received an order from a Belgian company that would not have been obtained in absence of the relations with TU Delft. This matches well the concept of the JV.

Assignments with Dutch companies are not precisely new, but based on existing contacts with TU Delft and Deltares, such as the submission with Boskalis of three projects proposals to the Asian Development Bank for flood forecasting and the development of a ship-docking design with Haskoning.

6. Contribution to improvement business climate in target country

The project did contribute to the improvement of the business climate in Vietnam by the strengthening of the ties between knowledge institutes and the commercial market. One of the problems in Vietnam is that universities (all are public institutions) are not allowed to earn money. But they can form part of a joint venture. Setting up a joint venture between universities was a novelty in Vietnam and it took the Dutch bureau Korthals and Kneppelhout two years to get the joint venture officially registered in Vietnam. It is the first company in which a university is co-owner and is hence a step towards 'more entrepreneurial universities'. Interesting detail is that this is new to TU Delft also: TU Delft's EUR 50,000 own capital represents 61% of the capital injection and

represents half of the shares. It is Delft's intention is to reduce the share below 50% by inserting venture capital form a third party.

7. Specific comments on assessment of process and/or results

There was strong support by the RVO programme advisor. It was not 'one time approval', but a clear process approach in which RVO accompanied the development of ideas and translated these into financing opportunities. To a certain extent the project is related to the SPA on water and climate (activities in flood protection, river management and the like), although the SPA is more focused at G2G activities and less at K2K co-operation.

In 2016, the company was small and the portfolio modest. The validation services department of the TU Delft is convinced of the (future) demand for services from Dutch companies and refers to first assignments on behalf of these companies. The merit of contracting VINWATER would be a better understanding of the local need and demand: the JV offers Dutch technical expertise combined with local 'knowledge and flavour'. In contrast, Dutch private sector stakeholders expressed doubts and indicated that the main client for water infrastructure is the public sector, and the public sector depends on either concessional or commercial lending, and opts for 'the best knowledge the world can offer'. In consequence, the JV could face problems in terms of acquisition under Vietnamese lead. In consequence that could offer opportunities only efforts in consortium with a Dutch company in the lead. In sum, it will take time to VINWATER to conquer a recognised place in the market.

(5) Water and Climate Services for Transboundary Water Management and Natural Disaster Risk Management

Project title	Water and Climate Services for Transboundary Water Management and Natural Disaster Risk Management
Project number TF	TF13VNP4
Budget committed	EUR 499,465
Consortium members Netherlands	<ul style="list-style-type: none"> Netherlands Space Office (NSO) The Dutch Consortium members (knowledge institutes and private sector) are still to be defined.
Consortium members elsewhere	<ul style="list-style-type: none"> National Remote Sensing Center (NRSC) Water Resources University Hanoi (WRU) Hanoi University for Natural Resources and Environment Many other institutes active in this field (WB, ADB, JICA)
Counterparts / beneficiaries (if applicable)	<ul style="list-style-type: none"> Ministry of Natural Resources and Environment (MONRE) Vietnam National Remote Sensing Center (VNRSC)
Intervention period	01/10/2013 to 31/12/2015
Intervention modality	Assignment – Government to Government (ODA)

1. Short description

Since 2010, the Netherlands and Vietnam signed a strategic agreement on the implementation of a sustainable long-term climate adaptation approach for the Mekong delta and Ho Chi Minh City. In 2011, the Vietnamese and Dutch governments followed up with a Memorandum of Understanding on a Strategic Water and Climate Partnership Agreement, in which both governments agree to support each other in developing new services, innovative products and capacity building for increasing the knowledge base on water and climate. Leading partner at the Dutch side is the Ministry of Infrastructure and Environment. The funding however, was not defined (in 2015

resources were secured under the Partners for Water programme). The Embassy of the Netherlands in Hanoi was strengthened by a specialist to shape and implement the Strategic Partnership.

TF opened the opportunity to come to a G2G programme that aims at improving the access to the Vietnamese market and to position NL business to take advantage of new business opportunities in the remote sensing and satellite imagery (sub-) sector. The co-operation aims at boosting the Dutch entrepreneurship by developing new bankable products, find new partnerships and create opportunities for the private sector to connect in an early stage to future larger projects developed by the international financing institutes (World Bank, the Japanese co-operation (JICA) and AsDB).

The Netherlands Space Office was identified as coordinator at Dutch side and as intermediary to a Dutch consortium still to be defined. Satellite information is at the edge of innovation and very important to water management. However, NSO has no own budget for activities related to support in 3rd countries and hence depends fully on specific funding for these activities

At the Vietnamese side, the National Remote Sensing Centre (NRSC) was identified as 'leading partner' on behalf of still un-identified 'many other institutes active in the field'.

2. Realisation verifiable output

The Memorandum of Understanding of 2011 identified seven outputs, of which the definition of a Government to Government programme was the first one. In consequence, the G2G funded by TF is an envisaged output of the MoU. The other six output of the MoU have been incorporated into the G2G: (1) the development of strategic plan for interventions (roadmap 2030) including the financing of (first) projects; (2) capacity building the organisation of a scientific seminar; (3) the standardization of models and data; (4) the identification of – and co-operation with- preferred partners; (5) the sharing of Dutch experience, technology and knowledge (including the development of projects in that area) and (6) the transfer of knowledge, capacity building and education through exchange visits.

In the G2G this broad output/outcome of the MoU was narrowed down to the component of remote sensing and use of satellite imagery, expressed in following expected output:

- (1) The establishment of an active network of Vietnamese and Dutch stakeholder related to remote sensing, GIS, water modelling, natural resources, environment management and disaster risk mitigation.
- (2) Establishment of a roadmap regarding the use of space-born information;
- (3) Definition of a regional approach for trans-boundary water management in the Red River Basin and Mekong River basin;
- (4) Establishment of an active network among (international) co-operation entities and other national space programmes.

This all had to be realised through 25 specified output activities. Many activities did take place: meetings were held, workshops organised, satellite surveys made of the Red River Basin. Models developed, and Vietnamese organisations invited to the Netherlands. Probably all envisaged capacity building did take place, and all coordination efforts were made with a broad array of stakeholders. On top some financing was secured for specific activities (including in the form of TF and PvW follow-up project). The envisaged output of the development of a strategic roadmap was not achieved, while at the Vietnamese side it remained unclear which organisations or entities would actually be interested in more commercial service delivery and/or cost recovery activities. The establishment of an active network among international co-operation entities was not achieved neither, although part

of these partners did coordinate in the formulation of a new programme, the Geodata for Agriculture and Water (G4AW). The Red River Management was tendered with NRSD, but that was not successful. Data were stored at the semi-public NAWAPI.

3. Realisation project objective(s)

The project objective of coming to a more streamlined input by Dutch enterprises to the Vietnamese problems of water and climate management, was not accomplished. The instruments, such as the elaboration of a roadmap and a kind of structure (platform) of contacts between NRSD-led Vietnamese interested (public) entities were not realised.

4. Establishment sustained working relations

The SPA on Water and Climate is the political expression to come to sustained working relations. The structure to come to sustained relations has not matured yet. The rather traditional public sector NRSD was not able to coordinate on behalf of the Vietnamese government and semi-public entities. On top, some political interference took place. The service provider NAWAPI happened to be a more flexible agency, but lacks solid (political) presence in the public sector.

5. Contribution to trade, investment, service delivery

The G2G itself did not get the exposure it possibly merits to be appealing to Dutch businesses. Underneath existed the implicit assumption that concrete orders from the Vietnamese authorities would come at short notice. That assumption overlooked the fact that the budget process requires 2-3 years before public resources are available; it also overlooked that Vietnam still counts with sizeable ODA flows and is hence accustomed that donors pay (part of) the price for products that origin from the donor country.

The G2G did open up the opportunity to smaller Dutch companies to present themselves as potential suppliers of knowledge and specific products. Some of these smaller companies are now involved in follow-up activities in Vietnam.

The most important feature is that networks have been developed, including Dutch first time entry companies.

6. Contribution to improvement business climate in target country

The G2G did not really contribute to the improvement of the business climate. It did open the way to the G4AW project (also with subsidies from the Netherlands).

There is however some kind of contribution, in the sense of the value added of the awareness about new technology that can be obtained from specialised Dutch companies. It has not (yet) translated in specific procurement by Vietnamese data users.

7. Specific comments on assessment of process and/or results

The G2G programme lacked focus from the start onwards, as shown by 25 different expected output listed in the Intervention fiche.

The counterpart NRSD had limited capacities to organise and/or represent Vietnamese public partners. It was also hard to NRSD to understand that the Dutch approach had changed from a development co-operation support to an economic support. At the Dutch side, it was assumed that Vietnam would have budget available to procure Dutch products (like software), overlooking the

regular public budget processes. While larger companies can wait for some time, small companies do not have the financial reserves ('deep pockets') and need quick results.

Since TU Delft was already involved in various other activities in Vietnam, including activities related to the same SPA, some issues of institutional interest played a (negative) role as well. To the Vietnamese public entities there was no difference between NSO and TU Delft and hence it was difficult to understand why NSO and TU Delft recommended different software for the same purpose. In the TF project software had been demonstrated and was endorsed by the authorities for its use. In a follow-up project, funded by Partners for Water, a tender launched was awarded to TU-Delft. TU Delft promoted its own (different) software and techniques. In the end, the Vietnamese partners decided not to choose at all and bought a French alternative.

The identification of 'partners' formed part of the G2G output. Although this can be seen as consistent with the process approach applied by TF, it is a risky adventure. Companies exploring opportunities and public entities exploring 'what the market can offer' are always 'interested'. Such an interest does not imply a willingness to invest (Dutch company), neither an interest to pay (the willingness to buy products, Vietnamese client). This risk of working with rather undefined partners in a broad array of activities could have been appraised more cautiously.

(6) Spin-off NSO G2G on Water and Climate Services Vietnam

Project title	Spin-off NSO G2G on Water and Climate Services Vietnam
Project number TF	TF14VNP06
Budget committed	EUR 61,537
Consortium members Netherlands	<ul style="list-style-type: none"> • Netherlands Space Office (NSO) • Partners voor Water (PvW)
Consortium members elsewhere	
Counterparts / beneficiaries (if applicable)	<ul style="list-style-type: none"> • National Remote Sensing Department (NRSD)
Intervention period	01/01/2015 to 31/12/2015
Intervention modality	Assignment – Government to Government (ODA)

1. Short description

One of the components of the broad G2G project Water and Climate Services for Transboundary Water Management and Natural Disaster Risk Management was the development of a regional approach for trans-boundary water management in the Red River Basin (northern part of Vietnam). This effort was supported by the project 'Demonstration of remote sensing information for integrated water management in the Red River Basin in North Vietnam' funded by the Partners for Water programme. The 'Spin-off NSO G2G on Water and Climate Services Vietnam' is in fact mainly an add-on to the PvW project in the Red River Basin.

This spin-off aimed at enabling NSO to participate in the directing team for collective programming for the Remote Sensing and hydrological modelling in the Red River basin. To NSO of importance, since it implied establishing working relations with other stakeholders and programmes, both within and outside the RVO. The concept was that by taking part in the directing team, the Dutch business community would be pre-sorted and positioned at its best, improving the competitive power of the business community for spin-off and follow-up activities and thus offering opportunities for Dutch businesses. NSO acts as an interlocutor for NRSD.

2. Realisation verifiable output

The envisaged output was defined in terms of ‘rated reports on substantive progress’; ‘substantive knowledge retention in PvW’ and ‘tactical alignment with NRSD’ and training of NRSD in the use of information platform and model instruments.

NSO did participate in the directing team, and training / demonstration was delivered, but due to the formulation of the output, verification of the realisation is restricted to perceptions by the stakeholders interviewed. During field visit it could not be clarified whether the problems between TU Delft and NRSD about the use of remote sensing data and the choice of TU Delft for a different partner (NAWAPI) has had its influence on the programming for remote sensing and hydrological modelling in the Red River basin.

3. Realisation project objective(s)

The objective was to contribute to ‘increased access to the Vietnamese market (private and government), development of products that are unique and can be sold to any other country in the world’. Based on the interviews there was exposure by Dutch enterprises on the software they develop and awareness was raised among Vietnamese partners (mainly public sector) about the opportunities. The NRSD obtained official endorsement by various ministries (MARD, MONRE, Defense) to use (part of) the software. The Vietnamese did not buy any Dutch software.

4. Establishment sustained working relations

The main G2G programme and the current spin-off were the start of the development of a network of contacts. While the NSO-NRSD relation was not very successful on realising the main objective of the G2G, NSO’s participation in the directing team for the use of remote sensing information led to several spin-offs.

Some of these spin-offs were with Dutch subvention funds, others not. One spin-off is the Geodata for Agriculture and Water Programme (G4AW) with NSO, ITC, Swiss Re and the Netherlands Ministry of Foreign Affairs. This G4AW programme comprises sub-programmes in different countries (i.e. Ethiopia, Rwanda); for Vietnam it is the Sat4Rice in the Mekong delta. Participants in that programme are the Can Tho University, the Luc Troi Group (private), the Department of Agriculture of MARD, the Dutch companies Nelen & Schuurmans; SarVision (since 2016 Satelligence) and VinaNed.

Another new co-operation programme launched is between NSO and the National Satellite Centre of Vietnam (VNSC) for the development of satellites, smaller than 50 kgs. A MoU was signed in December 2015 (also here the main question is the financing).¹⁸⁵ VNSC will open a satellite monitoring programme on rice (satellites enable to do so during the night and through the clouds) and this could add to Sat4Rice.

5. Contribution to trade, investment, service delivery

In the Netherlands, there is a lot of knowledge in small enterprises (scientists from TU Delft and TU Twente) in remote sensing and satellite imagery. NSO and these small companies work jointly in market development. Several of the smaller companies have been involved. These small enterprises need the global level for getting a sufficient turn-over to survive.

¹⁸⁵ It is a research project, so part of the budget comes from the Vietnam Academy of Science and Technology. This budget is too small for procurement of small satellites.

6. Contribution to improvement business climate in target country

None. Government can be seen as an innovative ‘buyer’ of knowledge and by doing so it enables the development for knowledge markets. But it did not materialize yet.

7. Specific comments on assessment of process and/or results

The results of the project (including the G2G) can best be judged in terms of new activities generated. NSO was new in the world of international activities and is now key player in various initiatives: G4AW, Satellite programme with VNSC. NSO took the initiative for these programmes. Due to lack of financing mechanisms, the procurement of Dutch sophisticated and advanced services and software by public sector entities is not automatic, even not if interest was raised and even not when the application has been officially endorsed.

(7) Demonstration project for reuse of (waste) water at BSR

Project title	Demonstration project for reuse of (waste) water at BSR
Project number TF	DHK13D16VN
Budget committed	EUR 200,000
Consortium members Netherlands	<ul style="list-style-type: none"> • Evides industriewater BV (EIW) • Hatenboer-water
Consortium members elsewhere	
Counterparts / beneficiaries (if applicable)	<ul style="list-style-type: none"> • Binh Son Refinery • PetroVietnam
Intervention period	01/11/2013 to 30/04/2015
Intervention modality	DHK Subsidy – Demonstration Study (non-ODA)

1. Short description

On behalf of Evides Industrial Water (EIW), the consultancy firm Vietnam Consult & Trading placed an application to the *Subsidieregeling Internationaal Excelleren* for a demonstration project. The appraisal and monitoring of the project was done by the TF desk. The demonstration project aims at pioneering large-scale effluent reuse (treated waste water) for the production of industrial, high-value process water (demineralized or ultra-pure water), which is used for steam production. The goals were: (1) the introduction of new technologies (so-called AiRO technique developed in the Netherlands) in the petrochemical industry by means of extended pilot plant trials, and (2) to show Evides’ (EIW) capacity in to apply the Design-Build-Finance-Operate model (turn-key with finance) to convince Binh Son Refinery (and PetroVietnam)¹⁸⁶ to enter into a long-term contract of outsourcing wastewater business to EIW and its consortium partners. In addition, as stated in the Intervention Fiche ‘the DBFO model will give other Dutch water technology companies opportunities to sell their solutions into these projects’.

¹⁸⁶ Note: Due to its remoteness, the MTR did not visit Binh Son refinery physically, but had a skype interview. The contacted technician could inform about the plant’s current operations only. In the Netherlands, the main applicant (Evides Industrial Water) is not active in the sub-sector of waste water treatment in Asia anymore. The consortium partner (Hatenboer Water) was interviewed and is the principle source of information. The consultancy firm Vietnam Consult & Trading that acted as intermediary, was interviewed as well.

2. Realisation verifiable output

The project comprised two phases: a demonstration phase (2013, 2014) and a full-scale phase (2014-2015). The TF DHK subsidy was for the demonstration phase only. The assessment of the verifiable output is however based on full-scale operation.

The envisaged output of the demonstration phase were (1) the establishment of a partnership with a local partner; (2) the design, engineering, construction and installation, test-programme and put into operation (3) provision of training, including on safety (4) pilot operation. Thus output was realised, although the training component could not be verified.

3. Realisation project objective(s)

In 2016, the wastewater treatment plant was still operative and functions without any Dutch presence. Apart from the first envisaged output (establishing a sustained relation with a Vietnamese partner) the output has been realised.

4. Establishment sustained working relations

The project was not the first presence of EIW in Vietnam. At the moment of appraisal, it had already over a decade experience through its daughter company Vitens Evides International BV in the reduction of water losses in the potable water supply of Ho Chi Minh City. The wastewater project assessed here did not lead to sustained working relations. The DBFO model implies that earnings to EIW have to be generated by the delivery of treatment services over a period of 10 year of operations.

After the successful trials and first period of full operation PetroVietnam showed interest in a large-scale application. Evides presented a proposal, also based on the DBFO model. Since this would require a very high pre-financing by Evides, the business risks to EIW were substantial. When a new CEO at EIW came in, he considered the financial risks too high. After financial problems with a project in China, the CEO decided to stop all activities in South East Asia. The operational period at Binh Son (the payback period) was shortened and has subsequently been discontinued.

The project did not generate any additional employment in the Netherlands, and 3 new posts in Vietnam. No new relations were established with either the embassy or with business partners in Vietnam.

5. Contribution to trade, investment, service delivery

Apart from the single demonstration project itself, no contribution to trade, investment or service delivery were made. EIW has discontinued its activities in South East Asia; Hatlenboer delivers supplies and services from Singapore, in case of demand also to Vietnam (but these was no demand so far)

6. Contribution to improvement business climate in target country

The technique for filtering chemically polluted wastewater into pure water for the industrial process was new and was successfully applied. The re-use of the water, that otherwise would have ended in the environment is a substantial contribution to the awareness for an environmentally conscious production process in the petrochemical industry.

7. Specific comments on assessment of process and/or results

Dutch companies 'demonstrate' wastewater treatment plants for well over two decades in Vietnam making use of subsidy programmes (the first ones under ORET). Very few of these pilots (be it for urban wastewater treatment or for the garment industry) have led to commercially financed follow-up orders. The single justification for another 'demonstration' was the novelty of its technical process. The problem (chemically polluted rainwater effluent) and hence the solution was different (also different from the techniques used in the petrochemical industry in the Botlek) from i.e. the garment industry. New techniques had to be developed, also for testing (including the development of internet-based control systems that can be managed from the Netherlands). But still it remains questionable if any value was to be expected from a DHK to a company that in 2013 made 50-60 million profit after tax and that just had entered into multi-million investments abroad using commercial capital.

Table F.5 Scores by Indicator - 7 Selected Projects Vietnam

Indicators	Score	TF14VNS05	TF14VNOS01	TF13VNP15	TF12VNP7	TF13VNP4	TF14VNP06	DHK13D16VN
		Appraisal and Monitoring of the project (the activity funded by TF)						
1. Quality of the appraisal of the project/activity in terms of improvement of the local business climate in the recipient country	A B C D X	X	X	X	X	X	X	X
2. Quality of the appraisal of the project/activity in terms of creating (additional) business or institutional relations with the recipient country	A B C D X	X	X	X	X	X	X	X
3. Quality of the monitoring and evaluation of the project/activity	A B C D X	X	X	X	X	X	X	X
(ERQ1): To what extent have the TF-project achieved the objectives that are defined in the project plan and fiche?								
4. Extent to which the verifiable outputs were realized	A B C D X	X	X	X	X	X	X	X
5. Extent to which the objectives of the project/activity has been achieved	A B C D X	X	X	X	X	X	X	X
6. Extent to which the outcome of the project/activity has been achieved	A B C D X	X	X	X	X	X	X	X
(ERQ2): What is the value added of involving foreign parties (not being the Dutch embassy) from the start onwards for the effects of a good TF-intervention?								
7. Extent to which local partners contributed to the achievement of the objectives of the TF funded project/activity	A B C D X	X	X	X	X	X	X	X
8. Extent to which the involvement of local partners contributed to the transaction costs of the TF funded project/activity	A B C D X	X	X	X	X	X	X	X
9. To what extent has the project/activity contributed to stable working relations over time	A B C D X	X	X	X	X	X	X	X
(ERQ3): To what extent have the approved / initiated TF project contributed to the achievement of the (policy) objectives of TF on the output level?								
10. To what extent have the TF funded project/activity achieved the (policy) objectives of TF on the output level?	A B C D X	X	X	X	X	X	X	X
(ERQ4): increase in the size of (sustainable) trade, investments, and services by the Dutch company(ies) and improving the business climate of the Transition country?								
11. To what extent has the project/activity contributed to the increase in the size of (sustainable) trade, investments, and services by the Dutch companies involved	A B C D X	X	X	X	X	X	X	X

Indicators	Score	TF14VNS05	TF14VNS01	TF13VNP15	TF12VNP7	TF13VNP4	TF14VNP06	DHK13D16VN
12. To what extent has the project/activity contributed to an improvement of the business climate of the target country?	A B C D X	X	X	X	X	X	X	X
(ERQ5): To what extent is there already a transition from an OS relation to an economic relation? To what extent will the transition continue? To what extent is this to be expected during further course of the programme?								
13. To what extent has the project/activity a demonstration effect and if so is there any spin-off?	A B C D X	X	X	X	X	X	X	X
14. To what extent has the project/activity contributed to innovations in the sector in the TF country?	A B C D X	X	X	X	X	X	X	X
15. To what extent do Dutch companies experience difficulties in obtaining finance for follow-up projects/investments in the target country?	A B C D X	X	X	X	X	X	X	X
(ERQ6): Which country-specific context has either contributed to or inhibited the effects of TF?								
16. To what extent was the country-specific environment positive or negative for the effects of the activity	A B C D X	X	X	X	X	X	X	X
(ERQ7): To what extent are the achieved results sustainable?								
17. To what extent are the achieved results sustainable?	A B C D X	X	X	X	X	X	X	X
18. To what extent does the company have access to an alternative financing window at the moment?	A B C D X	X	X	X	X	X	X	X
19. What are the company's / institution's investment / trade plans in this country at the short and medium term?	A B C D X	X	X	X	X	X	X	X
(ERQ8): To what extent are the achieved effects attributable to TF?								
20. To what extent has the position of the company changed as a result of the TF support?	A B C D X	X	X	X	X	X	X	X
(ERQ9): Are the outputs achieved with the planned inputs and has that been cost efficient?								
21. Are the outputs achieved with the planned inputs and has that been cost efficient?	A B C D X	X	X	X	X	X	X	X

Annex G Tables Impact analysis

Table G.1 Economic performance indicators					
	1980-90	1990-00	2000-10	2010-15	2015-2021 IMF projection
GDP Growth, annual averages					
Colombia	3.4%	2.9%	4.1%	4.6%	3.5%
South Africa	1.5%	1.8%	3.5%	2.1%	1.5%
Vietnam	5.9%	7.6%	6.8%	5.9%	6.2%
Inflation, annual average growth					
Colombia	23.4%	22.2%	6.3%	3.1%	4.0%
South Africa	14.7%	9.9%	6.1%	5.2%	5.7%
Vietnam	168.0%	21.1%	6.7%	8.0%	3.6%
Investment as % of GDP, annual average					
Colombia	21.0%	21.3%	19.8%	24.7%	25.5%
South Africa	25.0%	17.8%	18.7%	20.3%	19.5%
Vietnam	14.2%	21.2%	34.4%	28.9%	29.3%
Savings as % of GDP, annual average					
Colombia	15.5%	16.8%	18.4%	20.7%	21.8%
South Africa	25.8%	17.8%	16.4%	16.2%	15.9%
Vietnam	10.3%	18.2%	31.2%	31.0%	29.6%
Unemployment as % of labour force, annual average					
Colombia	7.4%	7.3%	13.0%	10.1%	9.1%
South Africa	13.9%	21.3%	24.7%	25.0%	27.4%
Vietnam	n.a.	8.6%	5.4%	3.1%	2.4%
Current Account as % of GDP, annual average					
Colombia	-2.1%	-1.6%	-1.4%	-4.0%	-3.9%
South Africa	0.9%	0.0%	-2.4%	-4.1%	-3.5%
Vietnam	-4.2%	-5.5%	-3.2%	2.1%	0.4%
Government structural balance as % of GDP, annual average					
Colombia	n.a.	-3.7%	-1.5%	-2.5%	-0.8%
South Africa	n.a.	-1.4%	-0.8%	-3.4%	-2.9%
Vietnam	n.a.	-0.4%	-0.3%	-4.5%	-5.7%
Government gross debt as % of GDP, annual average					
Colombia	n.a.	32.0%	39.2%	39.8%	44.2%
South Africa	n.a.	n.a.	33.8%	42.4%	54.5%
Vietnam	n.a.	n.a.	37.5%	51.2%	65.8%

International Monetary Fund, World Economic Outlook Database, October 2016

Table G.2 Trade in goods between the Netherlands and Colombia, South Africa and Vietnam

Trade in goods between the Netherlands and Colombia, South Africa and Vietnam									
	Total imports, Euro x mln			Total Exports, Euro x mln			Trade Balance, Euro x mln		
	Colombia	South Africa	Vietnam	Colombia	South Africa	Vietnam	Colombia	South Africa	Vietnam
2008	762	1,629	740	264	1,423	366	-498	-207	-374
2009	687	1,210	746	227	1,446	422	-460	236	-324
2010	786	1,260	900	303	1,372	467	-483	111	-433
2011	1,146	1,262	1,139	305	1,828	522	-840	566	-617
2012	1,370	1,245	1,602	328	2,175	573	-1,042	930	-1,029
2013	1,319	1,460	1,891	461	1,961	567	-858	501	-1,325
2014	1,099	1,471	2,006	454	1,770	541	-644	300	-1,464
2015	937	1,212	4,249	549	2,112	806	-388	900	-3,443
2016 Jan-June	443	603	2,328	183	960	414	-260	357	-1,914
average growth p.a.									
2008-2011	14.5%	-8.2%	15.5%	4.9%	8.7%	12.6%			
2011-2015	-4.9%	-1.0%	39.0%	15.8%	3.7%	11.5%			

Source: Netherlands Central Bureau of Statistics

Table G.3 Exports of the Netherlands to Colombia

LOG(Netherlands exports to Colombia / Netherlands exports to Latin America) = c(1) + c(2) * TREND + c(3) * DUMTF + c(i) * DUMMONTH

	Total	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
Constant	0.94 (6,82)	1.31 (17,57)	0.78 (5,28)	1.95 (30,37)	-2.63 (8,85)	-1.55 (2,75)	1.68 (26,81)	0.72 (6,64)	1.74 (7,66)	1.65 (32,02)	-1.57 (10,48)
Trend	0.00 (1,46)	-0.01 (3,68)	0.01 (2,43)	0.00 (1,65)	-	0.02 (3,03)	0.00 (1,24)	0.00 (2,53)	0.00 (2,55)	0.00 (1,80)	-
DUMTF	-	0.46 (2,48)	0.38 (1,65)	-	-	-	-	-	-	0.35 (3,83)	-
LOG(Netherlands exports to Colombia / Netherlands exports to Latin America(-1))	0.31 (3,21)	-	-	-	-	-	-	0.28 (3,07)	0.15 (1,46)	-	-
DUM-January										-0.16 (1,75)	
DUM-February											-0.95 (1,69)
DUM-March											
DUM-April	-0.23 (2,42)			-0.16 (1,67)							
DUM-May											
DUM-June			-0.62 (2,87)								
DUM-July					-2.32 (2,39)			-0.39 (3,21)	-0.40 (2,03)		
DUM-August											
DUM-September											
DUM-October											
DUM-November		-0.31 (2,38)									
DUM-December											
R2	0.16	0.25	0.35	0.06	0.10	0.15	0.02	0.28	0.13	0.49	0.04
Durbin Watson	2.15	1.66	1.82	2.33	2.25	2.35	1.84	2.06	2.05	1.87	2.04
N	101	76	86	88	53	54	101	101	101	101	70

Between brackets T-Statistics

Table G.4 Exports of the Netherlands to South Africa

LOG(Netherlands exports to South Africa / Netherlands exports to Africa) = c(1) + c(2) * TREND + c(3) * DUMTF + c(i) * DUMMONTH											
	Total	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
Constant	2.04 (8,28)	0.66 (5,06)	0.38 (2,71)	1.49 (6,97)	0.66 (1,92)	2.84 (8,72)	2.54 (7,42)	2.61 (126,3)	2.82 (8,36)	3.73 (90,66)	2.30 (7,23)
Trend	-	0.00 (2,74)	-	-	0.01 (1,96)	-	0.00 (3,27)	-	0.00 (2,36)	-0.01 (6,64)	0.00 (2,67)
DUMTF	-	0.24 (3,32)	-	0.19 (2,26)	-	-	0.12 (2,01)	-	0.12 (1,73)	0.27 (4,77)	-
LOG(Netherlands exports to South Africa / Netherlands exports to Africa(-1))	0.22 (2,41)	0.35 (3,89)	0.84 (16,23)	0.29 (3,06)	-	-	0.25 (2,55)	-	0.16 (1,60)	-	0.19 (1,85)
DUM-January		0.32 (3,86)				-1.81 (3,06)	0.12 (1,97)				
DUM-February		0.30 (3,90)						-0.16 (2,52)			
DUM-March	0.14 (2,52)	0.29 (3,87)								0.15 (3,07)	
DUM-April		0.34 (4,45)				-1.33 (2,29)					
DUM-May		0.37 (4,80)									
DUM-June		0.30 (3,81)				-1.28 (2,18)		-0.12 (1,84)		0.18 (3,53)	
DUM-July		0.41 (5,16)									
DUM-August		0.31 (3,81)								0.14 (2,61)	0.50 (2,77)
DUM-September	0.16 (2,56)	0.36 (4,49)								0.10 (1,94)	0.45 (2,47)
DUM-October	0.13 (2,13)	0.29 (3,63)	0.33 (2,59)								
DUM-November								-0.14 (2,09)	-0.13 (1,93)		
DUM-December											
R2	0.19	0.81	0.73	0.17	0.06	0.15	0.27	0.11	0.13	0.50	0.28
Durbin Watson	1.71	2.18	2.28	2.05	1.99	1.94	2.05	1.70	2.05	2.13	2.01
N	101	101	101	101	63	101	101	101	101	76	88

Between brackets T-Statistics

Table G.5 Exports of the Netherlands to Vietnam

LOG(Netherlands exports to vietnam / Netherlands exports to Asia) = c(1) + c(2) * TREND + c(3) * DUMTF + c(i) * DUMMONTH

	Total	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9	
Constant	0.21 (5,46)	0.49 (5,17)	0.73 (5,95)	0.16 (1,59)	-3.78 (7,16)		0.33 (6,64)	0.23 (4,99)	0.12 (2,29)	-0.54 (4,75)	0.96 (3,55)	
Trend							0.01 (11,19)				-0.05 (11,01)	
DUMTF	-	-	0.14 (1,68)	0.16 (1,41)	-		-	-	0.08 (1,52)	0.16 (1,64)	-	
LOG(Netherlands exports to Vietnam / Netherlands exports to Asia(-1))	0.46 (5,14)	0.55 (6,59)	0.51 (6,49)	0.46 (5,44)	0.19 (1,74)			0.32 (3,36)	0.47 (5,39)	0.31 (3,03)	-	
DUM-January			-0.36 (2,69)				-0.24 (2,67)					
DUM-February									0.21 (2,34)			
DUM-March						Too small number of observations						
DUM-April												
DUM-May												
DUM-June												
DUM-July								0.18 (2,08)				
DUM-August				0.64 (3,17)								
DUM-September												
DUM-October												
DUM-November												
DUM-December												
R2	0.21	0.31	0.39	0.31	0.04			0.58	0.10	0.30	0.14	0.59
Durbin Watson	2.12	2.30	2.04	2.22	1.91			1.86	2.17	2.08	1.89	1.94
N	101	101	101	101	67		101	101	101	89	88	

Between brackets T-Statistics

Table G.6 Imports of the Netherlands from Colombia

LOG(Netherlands imports from Colombia) = c(1) + c(2) * Dutch Imports of goods + c(3) * DUMTF + c(4) * LOG(Netherlands imports from Colombia(-1)) + c(i) * DUMMONTH

	Total	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
Constant	-0.42 0.06 (4,35)	-2.19 (9,05)	-7.23 (4,78)	-2.46 (0,32)	-0.62 (8,94)	-6.28 (5,50)	-5.96 (4,06)	-2.31 (5,94)	-4.86 (10,08)	-9.49 (2,55)	-8.61
Dutch Imports Total	0.67 (1,79)	0.35 (4,71)	0.89 (9,40)	0.39 (4,77)	0.75 (6,19)	0.92 (9,43)	0.57 (5,57)	0.32 (4,13)	0.52 (5,98)	0.98 (10,22)	0.98 (3,37)
DUMTF	0.31 (3,24)	0.09 (2,00)	0.72 (2,64)	0.10 (1,68)	-	2.30 (6,00)	-	-	-	0.60 (4,79)	-
LOG(Netherlands imports from Colombia(-1))		0.65 (-)	0.11 (-)	0.61 (-)		0.08 (-)	0.43 (-)	0.68 (-)		0.02 (-)	-
DUM-January	-0.45 (5,23)										
DUM-February	-0.17 (2,18)									-0.5 (2,65)	
DUM-March											
DUM-April	-0.29 (3,61)										
DUM-May	-0.16 (2,06)									-0.43 (2,32)	
DUM-June	-0.18 (1,78)	0.18 (2,29)			-0.34 (2,72)						-1.51 (2,57)
DUM-July		0.21 (2,59)			-0.27 (2,03)	1.00 (1,83)					
DUM-August	-0.27 (3,39)										
DUM-September											
DUM-October				0.39 (3,92)							
DUM-November		-0.17 (2,00)		-0.19 (1,82)							
DUM-December											
R2	0.39	0.76	0.15	0.49	0.33	0.5	0.15	0.47	0.24	0.38	0.36
Durbin Watson	2.15	2.5	1.88	2.39	2.26	1.97	2.12	2.46	1.96	2.07	2.84
N	101	101	95	101	101	99	79	88	101	101	30

Between brackets T-Statistics

Table G.7 Imports of The Netherlands from South Africa

LOG(Netherlands imports from South Africa) = c(1) + c(2) * Dutch Imports of goods + c(3) * DUMTF + c(4) * LOG(Netherlands imports from South Africa(-1)) + c(5) * Trend + c(i) * DUMMONTH											
	Total	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
Constant	-4.228 (10,35)	-3.967 (17,76)	-4.312 (1,65)	-4.714 (10,04)	-0.872 (1,79)	-6.142 (6,88)	-5.554 (9,54)	-3.997 (7,39)	5.287 (8,29)	-4.838 (6,59)	-2.869 (4,35)
LOG(Imports SA)	0.792 (10,47)	0.955 (18,48)	1.021 (4,86)	0.987 (10,20)	0.176 (2,08)	0.746 (7,25)	0.949 (9,54)	0.711 (7,40)	0.809 (8,37)	0.599 (6,66)	0.397 (4,80)
DUMTF	-	-	-	-	-	1.758 (3,13)	0.130 (0,96)	-	0.511 (4,33)	-	-
LOG(Imports of NL from to SA(-1))	0.208 (-)	0.045 (-)	-	0.013 (-)	0.824 (-)	0.254 (-)	0.051 (-)	0.289 (-)	0.191 (-)	0.401 (-)	0.603 (-)
Trend	-0.003 (4,52)	-	-0.005 (5,24)	-	-0.015 (6,46)	-0.149 (1,83)	-0.015 (5,51)	-	-0.011 (5,46)	-	-
DUM-January		0.378 (3,95)		-0.382 (2,27)							
DUM-February		0.460 (4,87)									
DUM-March		0.277 (2,93)									
DUM-April											
DUM-May					-0.755 (3,32)						
DUM-June		0.172 (1,88)	0.154 (2,25)								
DUM-July		0.326 (3,37)									
DUM-August		0.296 (2,98)									
DUM-September			-0.177 (2,43)							-0.28 (2,17)	
DUM-October	-0.201 (3,03)										
DUM-November	-0.472 (7,04)	-1.361 (14,21)									
DUM-December											
R2	0.436	0.786	0.349	0.221	0.116	0.401	0.527	0.215	0.382	0.167	0.328
Durbin Watson	1.863	2.153	2.142	2.036	1.904	1.923	2.050	2.110	1.934	2.036	2.013
N	101	101	90	101	101	88	101	101	101	101	91

Between brackets T-Statistics

Table G.8 Imports of the Netherlands from Vietnam

$$\text{LOG(Netherlands imports from Vietnam)} = c(1) + c(2) * \text{Dutch Imports of goods} + c(3) * \text{DUMTF} + c(4) * \text{LOG(Netherlands imports from Vietnam(-1))} + c(i) * \text{DUMMONTH}$$

	Total	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
Constant	-0.39 (1,78)	-1.86 (5,66)	-7.23 (9,05)	-2.61 (4,69)			-8.09 (7,46)	-3.00 (5,62)	13.93 (2,38)	9.35 (6,07)	
Total Dutch imports	0.07 (1,96)	0.39 (5,66)	0.89 (9,40)	0.34 (4,71)			0.87 (7,50)	0.46 (5,61)	0.96 (2,57)	0.95 (6,95)	
Trend											
DUMTF	0.07 (1,71)	0.06 (1,87)	0.72 (2,64)	-			0.22 (2,18)	0.12 (2,90)	0.20 (1,66)	-	
LOG(Netherlands imports from Vietnam(-1))	0.93 (-)	0.61 (-)	0.11 (-)	0.66 (-)			0.13 (-)	0.54 (-)	0.04 (-)	0.05 (-)	
DUM-January				0.37 (1,98)				0.25 (3,71)		0.19 (5,22)	
DUM-February		-0.17 (3,52)									
DUM-March		-0.15 (2,95)			Too small number of observations	Too small number of observations				-0.20 (5,59)	Too small number of observations
DUM-April	-0.18 (3,53)									-0.21 (5,57)	
DUM-May		0.14 (2,83)									
DUM-June											
DUM-July		0.14 (2,76)									
DUM-August											
DUM-September										-0.32 (8,57)	
DUM-October	-0.14 (2,51)			-0.35 (1,86)				-0.15 (2,17)		-0.13 (3,33)	
DUM-November											
DUM-December											
R2	0.95	0.80	0.15	0.54			0.14	0.64	0.93	0.92	
Durbin Watson	2.64	2.29	1.88	1.83			1.96	2.30	2.45	2.10	
N	101	101	95	101			75	101	101	101	

Between brackets T-Statistics

	2008	2009	2010	2011	2012	2013	2014	2015
Colombia		6,157	6,007	6,643	9,500	8,981	6,675	
South Africa		24,111	29,106	34,368	32,622	30,054	18,803	
Vietnam		1,588	1,935	1,334	2,134	3,952	4,042	
Total		31,856	37,049	42,345	44,257	42,987	29,520	0
Total of the Netherlands		3,937,669	4,031,576	4,383,468	4,708,961	5,219,747	4,833,186	

Source: Coordinated Direct Investment Survey (CDIS), Table 3: Inward Direct Investment Positions as Reported by Recipient Country.

	2008	2009	2010	2011	2012	2013	2014
Colombia		21.4%	20.0%	20.3%	25.6%	20.9%	15.4%
South Africa		17.4%	16.2%	21.6%	20.0%	19.8%	13.5%
Vietnam		9.5%	10.5%	6.0%	8.0%	13.2%	12.5%

	2008	2009	2010	2011	2012	2013	2014	2015
Colombia	745	909	953	1,287	1,761	1,887	2,531	2,517
South Africa	2,313	3,754	5,648	5,657	7,183	7,744	8,250	6,361
Vietnam	61	32	47	50	45	112	95	126
Total	3,119	4,695	6,648	6,995	8,989	9,742	10,876	9,005
Total of the Netherlands	1,232,036	1,503,586	1,490,641	1,437,498	1,666,638	1,838,835	1,853,676	1,710,229

Source: IMF: Coordinated Portfolio Investment Survey: Table 11: Geographical Breakdown of Total Portfolio Investment Assets

	2008	2009	2010	2011	2012	2013	2014	2015
Colombia	535	631	713	995	1.335	1.368	2.085	2.312
South Africa	1.662	2.606	4.227	4.372	5.444	5.615	6.795	5.843
Vietnam	44	22	35	39	34	81	78	116
Netherlands	885.275	1.043.722	1.115.582	1.110.981	1.263.179	1.333.359	1.526.790	1.570.891
Share 3 countries in total	0,25%	0,31%	0,45%	0,49%	0,54%	0,53%	0,59%	0,53%

Source: DNB and IMF, own calculations

Table G.11 shows the development of the portfolio assets during the 2008-2015 period. South Africa is by far the most popular country to invest, with a value of over USD 8 billion in 2014 and an average growth rate of over 20% per annum. A comparable growth can be observed in Colombia, but not in Vietnam (in part this is due to definitions in the statistics). The growth in investments in the three countries is high compared to the total Dutch investment portfolio abroad (on average 7.5% growth per annum over the same period). Although the investments in the three countries play a modest role in the total Netherlands assets abroad, at national level these assets are of importance: the share of the Dutch portfolio in Colombia and South Africa was 4.9% and 4.1% respectively. In Vietnam, it was 1.2% only (Figure G.1).

Figure G.1 Portfolio investments in the 3 transition countries

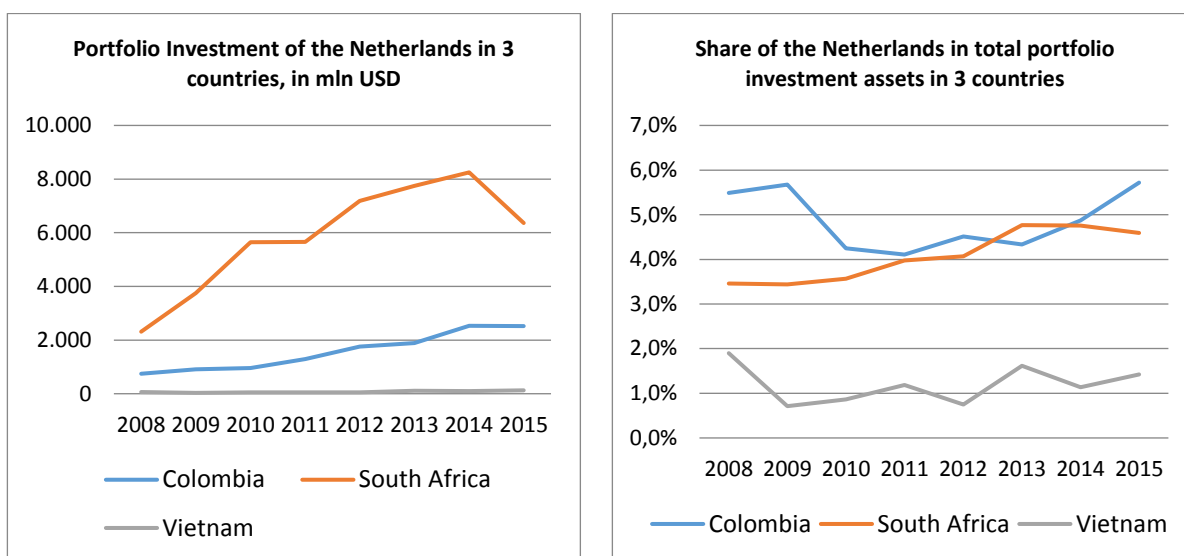


Table G.13 Total foreign securities, annual changes

	2008	2009	2010	2011	2012	2013	2014	2015
Colombia		17,9%	13,0%	39,6%	34,2%	2,5%	52,4%	10,9%
South Africa		56,8%	62,2%	3,4%	24,5%	3,1%	21,0%	-14,0%
Vietnam		-50,0%	59,1%	11,4%	-12,8%	138,2%	-3,7%	48,7%
Netherlands		17,9%	6,9%	-0,4%	13,7%	5,6%	14,5%	2,9%

Source: DNB and IMF, own calculations

Table G.14 Total foreign securities, annual average growth

	Foreign Equity and shares in Investment funds		Foreign Debt Securities		Total foreign securities	
	2008-2011	2011-2014	2008-2011	2011-2014	2008-2011	2011-2015
Colombia	42%	26%	13,8%	28,3%	23%	23%
South Africa	26%	14%	29,4%	18,1%	38%	8%
Vietnam	n.d.	n.d.	15,4%	26,0%	-4%	31%
Netherlands	11%	15%	2,5%	8,3%	8%	9%

Source: DNB and IMF, own calculations

Table G.15 Foreign Equity and shares in Investment funds (stocks), Euro x million

	2008	2009	2010	2011	2012	2013	2014
Colombia	41	41	119	167	358	283	337
South Africa	1.085	1.593	2.966	2.753	3.319	3.407	4.128
Vietnam	22	0	0	0	0	0	0
Netherlands	308.198	408.224	485.498	474.498	546.611	623.397	719.291

Source: DNB and IMF

Table G.16 Direct Foreign Investment Position of the Netherlands in 3 countries

	2009	2010	2011	2012	2013	2014	2015
Colombia	4.274	4.543	5.138	7.206	6.432	5.379	6.568
South Africa	16.737	21.947	26.564	24.748	21.413	15.038	33.642
Vietnam	1.102	1.454	1.031	1.624	2.873	3.304	3.505
Netherlands (total)	2.733.353	3.008.978	3.371.990	3.576.825	3.878.649	4.040.614	4.299.559

Source: De Nederlandsche Bank en IMF

Table G.17 Competitiveness scores World Economic Forum

Competitiveness scores for Colombia, South Africa, Vietnam and the Netherlands			
Basic Requirements			
	2009-2010	2012-2013	2015-2016
Colombia	4.12	4.4	4.46
South Africa	4.26	4.28	4.54
Vietnam	4.02	4.22	4.32
Netherlands	5.71	5.92	6.05
Efficiency Enhancers			
	2009-2010	2012-2013	2015-2016
Colombia	4.07	4.13	4.46
South Africa	4.47	4.53	4.54
Vietnam	4.08	4.02	4.32
Netherlands	5.26	5.25	6.05
Innovation and Sophistication Factors			
	2009-2010	2012-2013	2015-2016
Colombia	3.67	3.58	3.65
South Africa	4.05	3.94	4.06
Vietnam	3.72	3.32	3.44
Netherlands	5.17	5.47	5.46

Source: World Economic Forum, various reports. Scores in a range from 0 (poor) to 7 (excellent).

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Annex I List of persons interviewed

Family name	First name	Function	Organisation
General			
van den Brink	Jeroen	TF Coordinator; Team Programmatic Co-operation	RVO
Keijzer	Irma	Evaluation Officer	Min. Foreign Affairs
Kemper	Richard		RVO
Kempers	Anne	Regional Coordinator Asia&Eastern Europe	Centre for the Promotion of Imports from developing countries
Kerkmans	Corina	Programme manager (TF Colombia)	RVO
Kwint	Ard	Coordinator DHI, SIB, 2g@there	RVO
Ligthelm	Anne	Project advisor. TF Colombia and SA	RVO
van der Linden	Marc	First Secretary Economic & Commercial Affairs	Embassy of the Kingdom of the Netherlands
Meijer	Taco	Senior policy	Min. Foreign Affairs
Muselaers	Neeltje	PSI	RVO
Ocon	Kristine	M&E Official; Team Programmatic Co-operation	
Passamani	Micaela	Programme advisor. TF Vietnam	RVO
Schutte	Claudia	Senior Project Advisor, Department of International Development	RVO
Smit	Sjoerd	Deputy Head Business Climate and Markets Division	Min. Foreign Affairs
Smits	Maarten	Managing Director	Deltares
Staffhorst	Joost	Centre for the Promotion of Imports from Developing Countries	RVO
Swart	Barbara	Senior Policy Advisor	Ministry of Infrastructure and the Environment
Weringa	Hanny		RVO

Family name	First name	Function	Organisation
Colombia			
Arellana Ochoa	Julián	Assistant Professor	Department of Civil and Environmental Engineering, Universidad del Norte, Barranquilla
Arévalo	Martha	Senior Policy Officer, International Co-operation and Economic Affairs	Royal Netherlands Embassy Bogotá
Blom	Pauline		Royal Netherlands Embassy Bogotá
van Bokhoven	Jan-Willem	Executive Director	Holland House
Bodmer	Kathy		Professional Emergency Care
Díaz Montenegro	Alexandra	Senior Policy Officer, Economic Affairs, Water	Royal Netherlands Embassy Bogotá
Garay	César	Executive Director	CIRMAG (Centro de Investigación Río Magdalena)
de Groot	Klaas	Former deputy director of project "Room for the River Cali"	Arcadis
Hollander	Laurian	Deputy-Director STC-Group Holding	STC
Jurriëns	Joris	Head Economic Affairs	Royal Netherlands Embassy Bogotá
de Keizer	Otto	Representative in Quito, Ecuador	Deltares

Klooster	Jeroen	Former director of project “Plan Maestro Fluvial”	Arcadis
Krekt	Alice	Business Director, Account Manager Ports, Water & environment	Arcadis
Lozano	Alicia	Senior Policy Officer, Economic Affairs	Royal Netherlands Embassy Bogotá
Márquez	Guillermo	Lecturer	Centro de Excelencia en Puertos, Transporte y Logística, Universidad del Norte, Barranquilla
Martínez	Liliana	Coordinator of Project “Room for the River Cauca”	ASOCARS (Asociación de Corporaciones Autónomas Regionales)
Morales	Carolina	Consultant/Representative of STC in Bogotá	Holland House
Niño	Juliana	Partner	Business Bridge
Opdam	Henry	Director	OMC2
Van Opstal	Hein	Partner and Manager	Yellow Pallet bv
Páez Saavedra	Javier	Dean	College of Engineering, Universidad del Norte, Barranquilla
Pereira Marques	Silvina	Area Manager Latin America	STC
Roelofs	Onno	Partner	Stig Consult
Sandoval	Maria Clemencia	Coordinator of Project “Room for the River Cauca”	CVC (Corporación Autónoma Regional del Valle de Cauca)
Santander Mercado	Alcides	Deputy Director	Centro de Excelencia en Puertos, Transporte y Logística, Universidad del Norte, Barranquilla
Trebes	Laurens	Owner	TCA Consult
Valderrama Ardila	Carlos	Head of the Biological Sciences Department, School of Natural Sciences	Universidad ICESI, Cali

Family name	First name	Function	Organisation
South Africa			
Apelgren	E.	Steering Committee	Skills development health sector
Batchelor	Deirdre		Royal Netherlands Embassy Pretoria
van het Bolscher	Claire		Cape Orange
Bos	Thessa		Consulate General of the Kingdom of the Netherlands, Cape Town
Fataar	Rahiq		Consultant
de Feijter	Hayo		SkyNRG/ Sunchem SA
Fourie	Patrys		Sunchem SA
Gerards	Marisa		Royal Netherlands Embassy Pretoria
Govender	Dhevan		eThekweni Water & Sanitation Services (EWS)
Grobelaar	Andrea		Groote Schuur Hospital
Gxagxisa	N.	Steering Committee	Skills development health sector
Hammond	J.	Steering Committee	Skills development health sector
Hampton	Samantha		Sunchem SA
Horbach	Bonnie		Consulate General of the Kingdom of the Netherlands, Cape Town
van der Kaa	Alexander		Royal Netherlands Embassy Pretoria
van Koppen	Paul		Water Partnership
Larratt	N.	Steering Committee	Skills development health sector
van der Loo	Roel		DCMR milieudienst Rijnmond
Mathews	Michelle		CapaCity

Mayimela	Mixo		SANEC
Mazibuko	S.	Steering Committee	Skills development health sector
Meijer	Leo		Vitens Evides International
Mohamed	Achmat		Groote Schuur Hospital
Moodliar	Speedy		eThekweni Water & Sanitation Services (EWS)
Motlohi	M.	Steering Committee	Skills development health sector
M'Rithaa (Prof.)	Mugendi		Cape Peninsula University
Mulder	Tineke		Royal Netherlands Embassy Pretoria
Munda (prof.)	Josiah		Tshwane University of Technology (TUT)
Ncube	Mthokozisi		Johannesburg Water Company
Neelen	Fons	CEO	Nelen & Schuurmans
Nurse Anna			Netcare N1 City
Nurse Faizel			Netcare N1 City
Nurse Nuki			Netcare N1 City
Nurse Shadeeran			Netcare N1 City
Pillay	Alexis		CapaCity
Schelling	Niek		Royal Netherlands Embassy Pretoria
Schouten	Marco		Vitens Evides International
Simfukwe	Willy		Solidaridad
Sister Alita			Groote Schuur Hospital
Sister Luwabe			Groote Schuur Hospital
Sister Terry			Groote Schuur Hospital
Sithole	N.	Steering Committee	Skills development health sector
Reesberg	Alayne	CEO	World Design City Cape Town 2014
Venter	Jacques		Sunchem SA
van Wijk	Aletthea		CapaCity
van Zandvoort	Hubert		Royal Haskoning

Family name	First name	Function	Organisation
Vietnam			
Bosma	Roel	Senior researcher fisheries	Wageningen UR
Buijs	Willem	CEO	Hatenboer Water
van der Burg	Simon	Consul general	Consulate General of the Kingdom of the Netherlands
Dong Du Bui		Deputy director Water Resources Monitoring Dept	National Centre for Water Resources, Planning and Investigation; NAWAPI, Ministry of Natural Resources and Environment
Gaanderse	Remco	Chief representative ING bank Vietnam	ING and DBAV
Grim	Ruud	Senior Advisor Application	Netherlands Space Office
Hahn Do		Director	Vietnam Consult and Trading
Kompier	Tom	First Secretary Water and Climate	Royal Netherlands Embassy Hanoi Embassy Hanoi
Konijn	Robert	Topsector Landbouw en Food	VNO / NCW
Kreijns	Marjan	Head Dept. Project Management Valorisation Centre	TU Delft
van der Linden	Marc	First Secretary Economic and Commercial Affairs	Royal Netherlands Embassy Hanoi
Mai Van Cong		Director	VINWATER, Vietnam_Netherlands Center for Water and Environment
Nguyen Ha Hue		Head International Agreements	Ministry of Agriculture and Rural development
Nguyen Hai Tinh		Commercial Counsellor	Commercial Section of Vietnam Embassy in the Netherlands

Nguyen Hong Hanh		First Secretary	Trade Office Embassy of Vietnam in the Netherlands
Nguyen Huong Lan		Senior Trade Advisor	Royal Netherlands Embassy Hanoi Embassy Hanoi
Nguyen Thi Hong Thanh		Information Centre for Agriculture and Rural Development (AGROINFO)	Institute of Policy & Strategy for Agriculture and Rural Development
Nguyen Tran Tuan Duc		owner Fusion	
Nguyen Trung Kien		Acting Director Commodity Markets Division	Institute of Policy and Strategy for Agriculture and Rural Development
Nghiem Van Tuan		Head of Division of Science and International Co-operation	National Remote Sensing Department, Ministry of Natural Resources and Environment
Pham Ngoc Mau		Horticulture International and General Affairs Division	Ministry of Agriculture and Rural development
Phan Ngoc Phuong Linh		International Co-operation Officer	Vietnam National Satellite Centre, Vietnam Academy of Science and Technology
van Rensen	René	R&D director Crops	Fresh Studio
Tran Duc Hang		Marketing Manager	De Heus LLC
van Uum	Joost	Senior Advisor Application	Netherlands Space Office
Veldhuizen	Arie	Agricultural Counsellor	Royal Netherlands Embassy Hanoi
Vu Anh Tuan			Vietnam National Satellite Centre
van der Wal	Leo		Evides Industrierwater
Wertheim	Sigrid	Ex director	Fresh Studio

Annex J About ERBS BV

Erasmus Research & Business Support was established in 1995 and is affiliated to the Erasmus School of Economics. It is a subsidiary of the EUR Holding, of which the Erasmus University Rotterdam (EUR) is the single shareholder.

ERBS is active in policy-related economic research and advisory services for both national and international clients – next to three other activity fields. In the field of international co-operation, it offers expertise in areas such as education, the labour market, public finance management and, particularly, monitoring and evaluation of public policy.

It has successfully implemented research and consultancy projects for clients such as the Policy and Operations Evaluation Department of the Dutch Ministry of Foreign Affairs (IOB), the Netherlands Enterprise Agency (RVO), the World Bank and the European Commission. The professional staff of ERBS operates in various languages and has conducted assignments in an array of low- and middle income countries worldwide. In its research activities, ERBS strives for applying the best methods at the highest academic standards.

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- Public infrastructure
- Private sector development
- Governance
- Renewable energy
- Water Management

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On behalf of the Erasmus University Rotterdam, ERBS currently manages two framework agreements for impact evaluations of Dutch development co-operation. These agreements were signed with, respectively, the Ministry of Foreign Affairs of the Netherlands and the Netherlands Enterprise Agency. For these framework agreements, EUR is leading consortia formed with partners in the Netherlands and German universities and research institutes.

Apart from managing and participating in evaluations, ERBS staff have designed and delivered training on public policy evaluation related to international co-operation, as well as on public finance management (both subsidies and taxation).



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