

SNV Strategy Paper 2011-2015



SNV

Connecting People's Capacities

Netherlands

Development

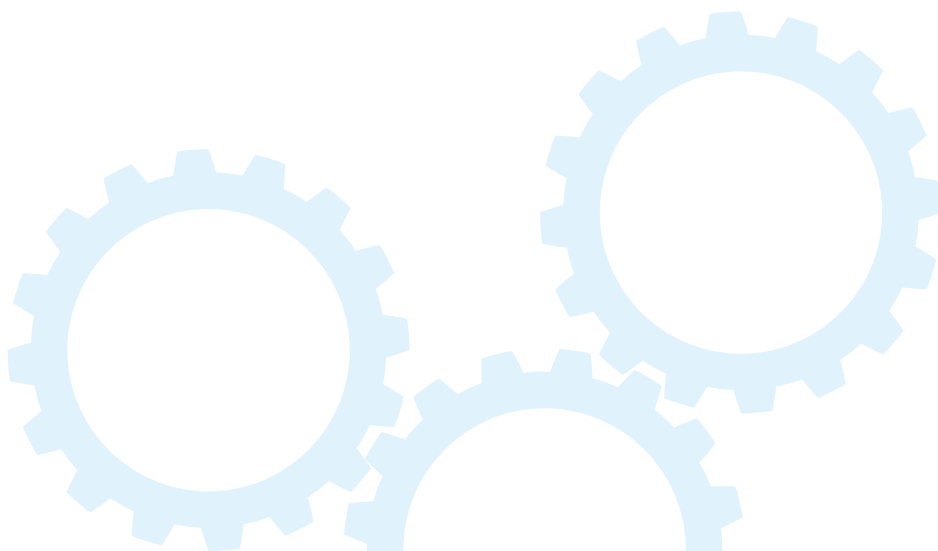
Organisation

Summary

SNV: Effective local solutions related to food, energy and water

SNV recognises the dynamic nature of global economic, social and political realities. In reaction to this, the organisation has been sharpening and reorienting its vision, approaches and mode of operation. Based on 40 years of work and its specific experience with capacity development, SNV has formulated the following key orientations for the period 2012-2015:

- SNV believes in **inclusive growth and development as an essential feature for lasting (development) success**. SNV recognises that sustained poverty reduction requires poor men and women to both contribute to and benefit from growth while having access to quality basic services.
- SNV will concentrate its work on issues **related to food, energy and water**. These three areas pose some of the most urgent development challenges for people living in poverty and are all areas where SNV has a proven track record.
- By focusing on three key roles, in combination with our local presence, we aim to boost the effectiveness, scale and sustainability of our work in the years to come. These three roles are: 1) **Advisory services**, which will create solutions with local impact; 2) **Knowledge networking**, which will expand knowledge bases for sustainable poverty reduction; and 3) **Evidence-based advocacy**, which will improve the enabling environment.
- To achieve impact at scale, SNV has started to move away from individual assignments with clients towards implementing a **programme approach** with our local partners, built around a strategic framework of local and international priorities.
- SNV aims to make a lasting difference in the lives of approximately **40 million people living in poverty** over the period 2011-2015.
- The programme approach is also supportive to SNV's increased focus on **systemic change** and **local ownership** and is instrumental in achieving **contextualised solutions** that work strategically across the public and private sectors. Jointly we will provide alternative options for policies, structures and systems that ensure sustainability, effectiveness and efficiency.
- SNV will leverage **relationships** with local service providers, knowledge institutions and funders, the private sector, and both Dutch and international development organisations. The goal is to accelerate and scale up impact, disseminate knowledge widely, broaden and leverage our expertise, and increase the effectiveness of our advocacy efforts.
- SNV will **remain a non-profit development organisation** mainly funded from public (increasingly diversified beyond the Dutch government) but also private sources. Increasing professionalism and an entrepreneurial way of way of working will characterise the organisational culture.
- Key elements in **reshaping our organisational structure and operations** are decentralising corporate operating functions, accelerating the localisation of our advisory base, rightsizing our head count, increasing the flexibility of labour relations, reducing management layers and introducing sector steering.
- **Funding** will shift from more institutional subsidy to programme-based funding and be based on full cost recovery.



Introduction

The persistence of poverty is an obstacle to the aspirations and dreams of people worldwide. Even after five decades of trade and aid, growth and development, the dimensions and effects of poverty are still staggering. Too often, poverty is exacerbated by inequitable growth, knowledge asymmetry and a development agenda that focuses on quick fixes rather than systemic and sustainable solutions. Over the next decade, we need to ensure that growth will benefit all people, that it is economically, environmentally and socially sustainable, and that it provides access to the basic services that are fundamental to human development.

What follows is SNV's revised strategy, honed through local experience, and building on SNV's proven track record and the lessons learned over four decades working in five regions around the world. This paper focuses on SNV's mission, vision and strategy, highlighting the essential roles SNV wants to play in key sectors, the changing nature of the organisation and the organisational shifts required.

Mission and vision

SNV is dedicated to a society in which all people, irrespective of race, class or gender, enjoy the freedom to pursue their own sustainable development. In a world characterised by persistent poverty, but also by fast developing opportunities and increasing local capacities, a supply driven and 'one-size-fits-all' development strategy increasingly misses the point. Demand-driven approaches, carefully crafted to the local context and inspired and fed by a robust global knowledge base, are needed to realise the required breakthroughs in view of local needs and global challenges.

SNV's goal is to catalyse sustainable development processes. It supports people to access and develop the capabilities, services and opportunities needed to live a healthy, productive and otherwise fulfilling life, while sustainably using the natural resources they depend on. Unlike many other development actors, SNV does not offer funding, but specialises in supporting the resourcefulness of development actors. Together we develop local capacities, strengthen governance systems, and make markets work for the poor. On the basis of its knowledge, experience and extensive local presence, SNV aspires to be a 'partner of reference' in its expertise areas. SNV is result driven and will measurably improve the quality of life of approximately 40 million of the world's poorest people in the period 2011-2015.

Our evidence suggests there are four essential success factors for SNV initiatives:

Inclusive development

In recent years many countries have grown economically, improved infrastructure and communication, expanded health and educational facilities and in general developed favorable conditions for their citizens to flourish. However, evidence also shows that economic growth alone does not reduce inequity. Growth must be sustainable and equitable for the poor to benefit from it. Productivity must mean improved and new employment opportunities created. In practice, the interests of people (particularly women) living in poverty are rarely considered when drafting or implementing policies. As a result, development agendas are largely built around issues that do not tally with the interests or inherent energy of large parts of society. This both "misses the point" and fails to harness considerable local potential.



Inclusive development actively listens to and engages with people living in poverty, be they producers, workers or consumers. Not by creating special niches for them, but by linking them structurally to sustainable development processes that are both fair and just. We believe that better inclusion of the poor in public agendas and markets has the potential to enable change for large numbers of people.

Systemic change

Realising inclusive and sustained development at scale goes beyond strengthening the capacity of individual players to provide better services to people living in poverty. It also requires shaping an enabling environment that addresses the systemic constraints underlying poor performance and inequality.

Improving sector or system performance is therefore more critical than individual client performance, although the latter is often a vital element of the former. SNV will increasingly combine services that address the capacities of local agents to improve their performance (outreach, productivity, quality) with the role of change facilitator. It will connect and expand its outreach from sub-national actors to national and macro-level actors that have a greater influence on changing the system (crowding-in, replication, governance, inclusion of women). This multi-actor approach includes, amongst others, national governments, large companies, investors, industry associations and/or influential civil society organisations.

Systemic Change in Agriculture

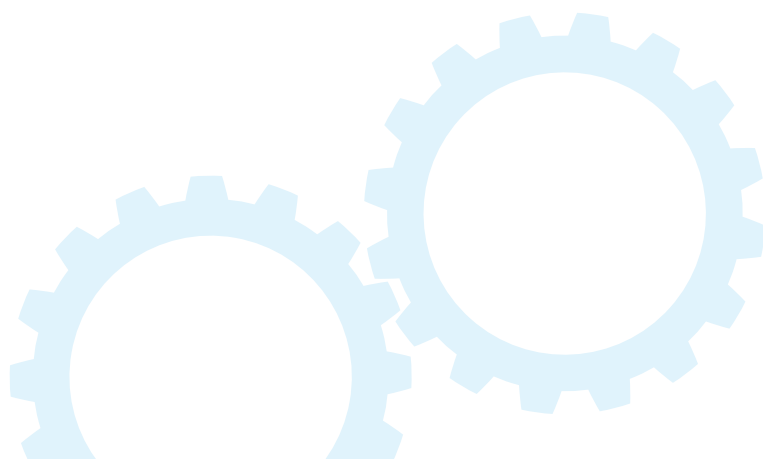
Innovative approaches only work if they are supported by the right policy, infra-structure and markets. To realise agri-culture's full potential as a driver of food security, environmental sustainability and economic opportunity, it requires shifting the way the system operates. For example, the establishment of the Samburu local livestock market in Kenya has increased incomes, decreased stock losses, created new entrepreneurial opportunities and even helped defuse inter-tribal tensions, but this has only been possible with appropriate government policies, strong local governance and effective links to provincial and national markets.

Local ownership

The magnitude and complexity of the challenges we are facing around food, energy and water requires action and innovation at all levels. Effective and sustainable solutions can only be achieved if local actors shape and drive their own agendas. This has consequences for the role external actors can play. In view of this, SNV's role will shift towards a more supportive function, facilitating the resourcefulness of local development partners, rather than leading development processes for and on behalf of the poor.

Contextualised solutions

There are no 'one-size-fits-all' solutions. Effective and lasting solutions need to take context into account - to be tailored to the specific nature of the issues at stake, the political, administrative and financial environment, and the social and cultural conditions. However, solutions do not necessarily have to be invented from scratch. SNV will use its local presence and networks to make tested solutions available globally, enabling approaches to be tailored to local contexts and providing effective yet economical solutions to development problems.



Sectors, roles and practices

Due to the complexity of poverty, developing effective solutions requires a space for interaction, where issues are connected with people with constructive ideas, potentials meet operational realities, action proposals are formed to address systemic constraints, and demand for support is matched with quality supply. Such space - a "market" as it were - does not form spontaneously.

SNV has the expertise to facilitate such "market making", bringing relevant actors together and fostering relationships based on a clear understanding of and respect for their particular interests and shared values. It is SNV's role on the ground to mediate and strengthen their resourcefulness and performance.



3 Sectors

SNV will concentrate its work on issues related to food, energy and water - three huge global challenges that strongly impact the poor and are closely linked to climate change. Therefore, SNV will solely focus on the sectors most relevant to these issues - Agriculture, Renewable Energy, and Water, Sanitation & Hygiene - and to exit, as from mid-2011, from Education, Health, Tourism and Forestry. SNV's local presence and networks, as well as experiences gained, will be used to strengthen our work in these three sectors. SNV will make significant investments to live up to its aspiration to be a 'partner of reference' in these three sectors.

Agriculture:

SNV's work in the agricultural sector is based on a three-pronged approach: enhanced positioning of (smallholder) farmers within value chains, promotion of climate friendly agriculture and facilitating increased access to food. Concretely we:

- a) Offer context-specific support to local small and medium farmers and processors to increase their productivity, improve quality, develop innovative products and link them to (inter)national markets and value chains;
- b) Promote and enhance fair trade, and reduce poverty through increased profitability of the agriculture sector for poor farmers and processors;
- c) Collaborate with others to promote equity for women farmers/processors, increase food security and improve environmentally sustainable agricultural practices.

Renewable Energy:

- a) Provide support in the development of innovative, healthy and environmental sustainable energy and fuel products through knowledge development, market stimulation and appropriate financing mechanisms;
- b) Improve access to affordable, clean and renewable energy and fuels for households and small/medium enterprises through sustainable market-based approaches;
- c) Reduce greenhouse gas emissions.

Water, Sanitation & Hygiene:

- a) Improve functional access of households to potable water in rural, peri-urban and urban settings (through improving functionality of existing but malfunctioning systems);
- b) Improve functional access of households to proper sanitation systems;
- c) Stimulate healthy practices through improved hygiene;
- d) Improve functional access to all services in key public places, especially schools and public buildings.

Agriculture:

Nearly 1 billion people, many of them women and children, go hungry every day; malnutrition severely impedes economic and human development. Agriculture provides 40% of worldwide employment and 70% in the bottom billion. Due to poor integration in markets, the productive capacity of many farmers remains untapped. Climate change is a growing threat to productivity. Food security is under pressure.

Renewable Energy:

Nearly 3 billion people, nearly all of them women and children, lack healthy and efficient cooking solutions. Global energy demand is expected to grow 30 to 50% over the next 20 years, but renewable energy supplies will only cover 20% of global consumption. Greenhouse gas emissions are having an increased impact on livelihoods globally.

Water, Sanitation & Hygiene:

Over 1.1 billion people live without clean drinking water; 2.6 billion people lack adequate sanitation, and water resources are becoming increasingly scarce. Poor hygienic conditions persist, leading to loss of productivity and high mortality rates.

3 Roles

SNV is increasingly recognised by development partners, funders, academia and advocacy agencies for its extensive on-the-ground presence, local networks and ability to combine acting and thinking at field level.

SNV's work in each sector seeks to deliberately combine three specific roles related to **Advice**, **Knowledge** and **Advocacy**.

Advisory Services: creating effective solutions with local impact

Advisory services will remain the core of SNV's work. Our work in this area provides us with an in-depth knowledge of local context and the agendas of local actors and is rooted in a long-standing presence in over 30 countries. The question, though, is: who will do in the future what SNV does now? Over the years local capacity building organisations in many countries have increased the scope and quality of their services, either with or without the support of SNV. In the coming years, design and roll out of tested approaches and offerings – the "market making"- will be done in close cooperation with or under the guidance of local parties. SNV will increasingly assume a specialist support role, facilitating creation of and change in market systems, bringing parties together, promoting innovation in the three above-mentioned sectors and developing capacities in new expertise areas. In those situations where no or little local capacity exists, SNV will continue to play a principal role in delivering capacity building advisory services to individual clients and client groups, and specifically address systemic constraints. With more capable local capacity builders, the volume of direct advisory services supplied by SNV will decrease significantly in the coming years. SNV's advisory work feeds into both knowledge networking and advocacy, while also serving as the area where lessons from knowledge networking and advocacy are applied.

Knowledge networking: developing, sharing and leveraging of knowledge

SNV is not and will not become a dedicated research organisation, but its almost 50-year presence in the field offers a formidable source of knowledge and experience. SNV recognises that it can leverage this richness better. In the coming years, we will shift to a much broader application of the acquired knowledge in the following ways:



Roles

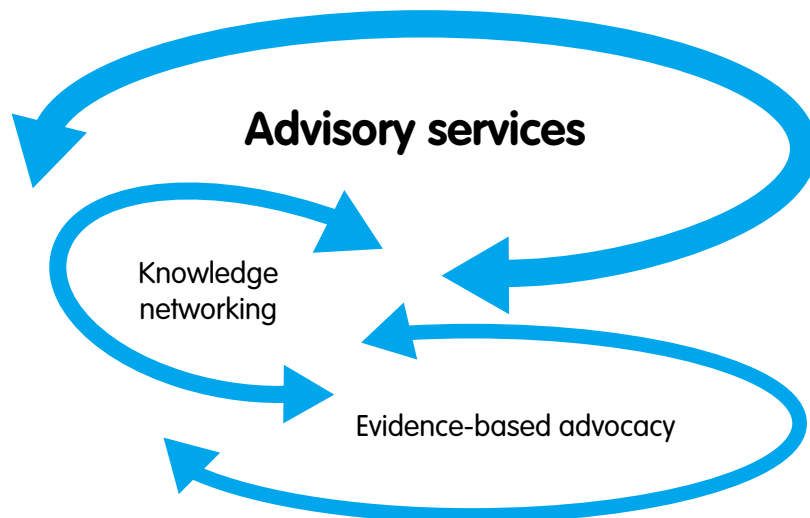
- Advisory services
- Knowledge networking
- Evidence-based advocacy

- Systematically reflect on, capture, structure and document both our explicit and tacit knowledge in our advice role;
- Unlock this knowledge and make it widely available in- and outside SNV with the aim of contribution to a global knowledge base on the relevant topics;
- Consciously leverage the use of knowledge in the development and application of contextualised solutions;
- Ensure the use of knowledge in evidence-based advocacy for systemic change;
- Network with others to learn from each other and seek complementarity between knowledge areas, via (digital) knowledge hubs.

SNV will enhance its ability to guide external researchers and initiate cooperative arrangements with knowledge institutions to complement key SNV findings with solid research. Thus, SNV will make its own body of knowledge more accessible, open itself to professional critique from external experts and contribute to expanding options for scaling up potential solutions.

Evidence-based advocacy: enabling environments for effective solutions with local impact

Sustainable poverty reduction at scale requires changes of structures, institutional arrangements, policies and practices. However, SNV will not be a lobby or a campaigning organisation. On the basis of a sound understanding of markets and its advisory experience in Agriculture, Renewable Energy, and Water, Sanitation & Hygiene, SNV will join forces with governments, the private sector and civil society to enrich (international) policy debates. It will expand its current initiatives to jointly develop innovative policies, strategies, and legal and institutional arrangements, as well as financing mechanisms that sustainably benefit people living in poverty.



Combining the above three roles with our local presence, focus on inclusive development and systemic change, we aim to boost the scale, effectiveness and sustainability of our work in the years to come: 1) Advisory services will create solutions with local impact, 2) Knowledge networking will expand knowledge bases for sustainable poverty reduction and 3) Evidence-based advocacy work will help to make systemic changes and improve the enabling environment. The three roles combined will result in the availability of contextualised solutions that are at lower cost available for application in a variety of settings by different actors.

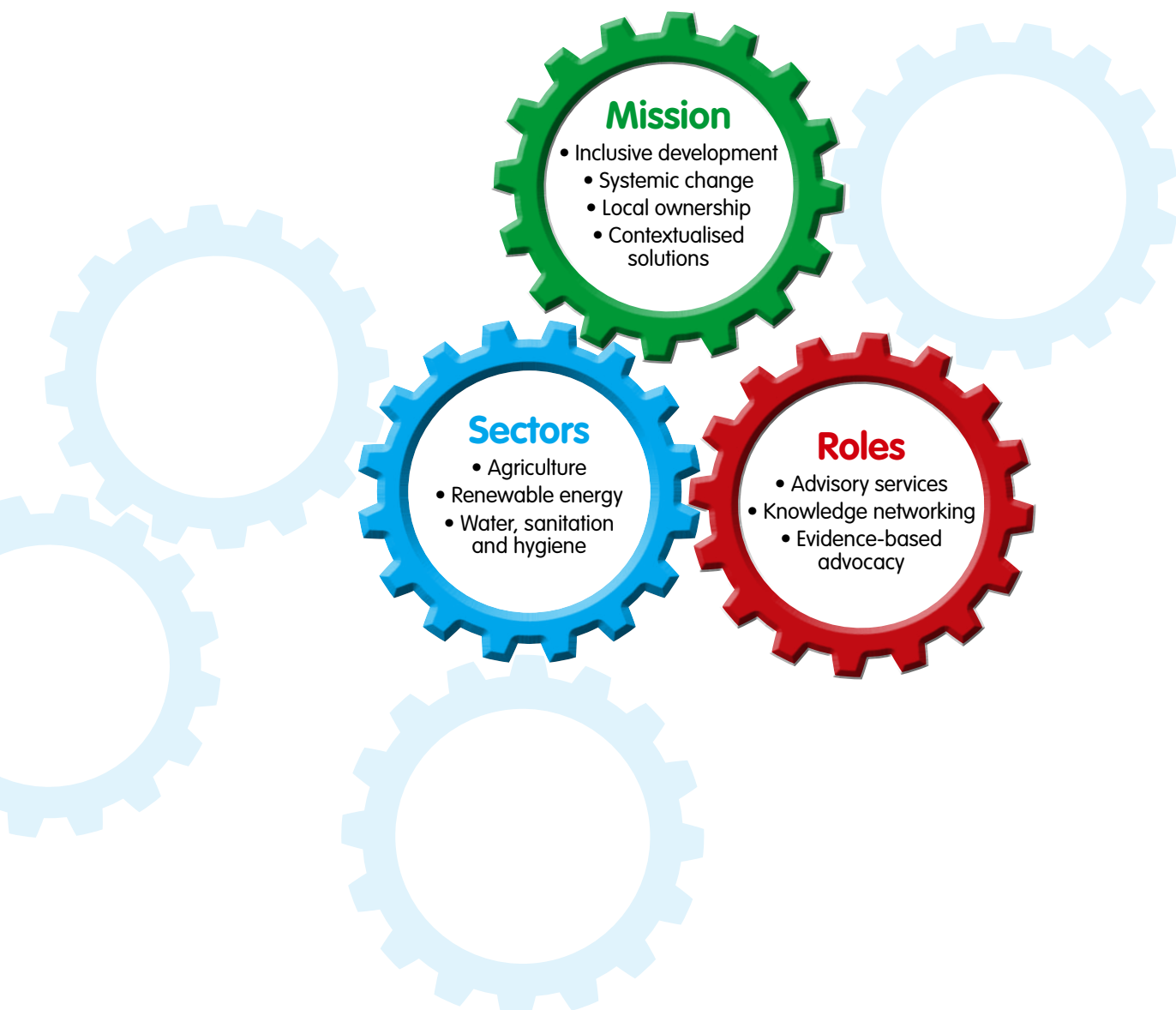
Programme approach

To achieve impact at scale, SNV has started to move away from individual assignments with clients and towards implementing a programme approach with our local partners, built around a strategic framework of local and international priorities. Through open programmes, a shared understanding of the required change is embraced and roles are defined for and with governments, the private sector and civil society. This will have the following advantages:

- Offering an operational framework – a change agenda - allowing programme collaborators to guide their shared objectives towards successful implementation;
- Developing attractive investment opportunities for either complete programmes or programme components;
- Enabling SNV to work efficiently with multiple actors at various levels to achieve systemic change.

Practices

SNV's practices and products are initiated and tested by SNV and its local networks. SNV will continue to develop these based on its three basic roles (advisory services, knowledge networking and advocacy). The following overview captures SNV's core business - its roles, practices and products.



Practices	Short description
1. Advisory services	Creating effective solutions with local impact
1a. Develop organisational and leadership capacities	
Organisational strengthening	Strengthening the ability of organisations to: (1) adapt and self-renew, (2) relate to other (external) stakeholders, (3) achieve coherence, (4) deliver on development results and (5) act and commit
1b. Catalysing market-based solutions	
Value chain development (VCD)	Development of profitable and sustainable practices in the value chain, resulting in increased income and employment for the poor (with emphasis on women); developing appropriate sector financing solutions Working on improved value chain governance (with emphasis on gender, inclusion & accountability)
Inclusive business (IB)	Inclusion of low-income communities within value chains of companies to create shared value
Impact investment advisory services (IIAS)	Advising and connecting social investors to investment opportunities in emerging markets, with a focus on financing the 'missing middle'
Local capacity development facilities (LCDF)	Creation of "market" spaces to enable local demand and supply actors (in capacity development) to connect and do business
1c. Supporting enabling environments	
Multi-actor processes	Involving, connecting and mediating between relevant players/stakeholders to maximise the impact and sustainability of change
Public policy dialogue and pro-poor policy improvement	Supporting the public and other actors to contribute to and/or develop policies that enhance inclusive development Contributing to policy development with innovative solutions
2. Knowledge networking	Development, sharing and leveraging of knowledge
Applied / action research	Diagnosing, developing and disseminating knowledge around key constraints and opportunities and fostering innovation
Knowledge hubs	Where different streams of relevant knowledge on a certain topics/services come together through collaboration with Southern knowledge institutes and insights are used to develop new solutions
Impact measurement	(1) Improving understanding of development programmes in order to enhance their effectiveness, (2) Developing and testing creative and low-cost methods to measure impact
3. Evidence-based advocacy	Improving enabling environments for effective solutions with local impact
Evidence-based policy influencing	Offering facts, data and analysis, based on real life practices, in order to provide options and alternatives to (inter)national policy makers and other actors



The changing nature of SNV

SNV will remain a not-for-profit international development organisation. It will continue developing capacity for demand-driven change processes with a local dimension. Next to its advisory work, SNV will, however, place greater emphasis on knowledge networking and advocacy. We will advance shifting the responsibility and ownership for primary implementation to local partners and independent capacity builders. This implies SNV will become a leaner organisation with fewer core staff and more flexible employment relationships. SNV will strengthen its “contextualized expertise”: linking globally acquired expertise to local contexts and their requirements.

Entrepreneurial culture

While SNV will remain a development organisation with largely public funding, we also have to adopt a more entrepreneurial culture. We recognise that we will have to compete for business, actively scan the market for new opportunities with new partners and funders, operate efficiently and be cost-competitive. On the other hand we realise that next to operating in a competitive environment, effective capacity development and systemic change simultaneously require close cooperation with other parties that can offer complementary assets. In an increasingly demand-driven development sector we have to tailor our ‘supply’ carefully. To be attractive our products and services must be recognised for their excellence, be cost-competitive, market-oriented, and allow for full cost recovery.

Relationships

Changing relationship with local service providers

Due to the expanding and improving capacity development market, local service providers (consultancy firms, training institutes, NGOs) will increasingly assume the prime responsibility for taking action and implementing interventions. SNV will intensify its focus on strengthening their capacities, facilitating the growth of local capacity building markets, providing backstopping and partnering with them in advisory services, knowledge networking and advocacy. This engagement will also facilitate scaling up and strengthening the sustainability of our work.

Building relationships with knowledge institutes

To improve the quality and scale of our work, SNV will actively seek structural partnerships with both Southern and Northern knowledge institutes with the primary aim of jointly cultivating the knowledge and development agenda, exchanging knowledge and linking to academic rigour to improve the quality of SNV’s practices and approaches. SNV’s expanded knowledge base and practical experiences will be actively ploughed back into the public development domain to be enriched and used by colleagues. Specialist outsiders will be linked to strategic development trajectories to strengthen SNV’s strategic planning, monitoring and impact measurement.

Expanding relationship with the private sector

SNV is known for its ability to link to a diverse audience. While acknowledging the importance of the civic and public sectors, SNV, on the basis of current experiences, will expand its relationships with businesses and the organisations that represent their interests. The private sector is key to agriculture, water and energy and can foster inclusion of the poor into broader market systems, facilitate investments and innovation, create employment and support public-private partnerships.

Changing relationship with funders

SNV will continue to be a not-for-profit development organisation. Most of our funding will come from a wider base of private and public sources, including the Dutch government. SNV will partner with foundations to innovate and pilot new approaches. Its funds will be secured both through direct negotiations and competitive procurement processes. We will continue to work with commercial partners in Agriculture, Renewable Energy, and Water, Sanitation & Hygiene on a fee-for-service

basis, where this fits our mandate, as well as through innovative partnerships. The total composition of funds must cover all relevant costs including overheads, infrastructure, and investment in expertise. Thus all programmes will be continuously assessed against the return on investment, both financially and socially. The majority of SNV's funding will be in grants and contracts. It will be critical for SNV to build up sufficient reserves to withstand the uncertainties of programmatic and competitive funding modalities.

Positioning in the international development sector

To fulfil its objectives, SNV cooperates with a wide range of development actors - including local and national governments, the private sector, civil society, and multilateral development organisations. SNV's on-the-ground presence and vast local networks offer huge opportunities for complementarity and reinforcement between various actors. (international) NGOs, financial institutions, the private sector, and embassies amongst others. More systematic collaboration will be sought- investing jointly in knowledge networking and policy advocacy.

Structure and staffing of SNV

To reflect new political and economic realities, increase our legitimacy, tap into the vast pool of available global resources, and reduce costs, a number of organisational changes are required.

Internationalisation

Whereas SNV's mission is global, it is a Dutch foundation with its roots firmly in the Netherlands. Currently, the organisation is still largely funded by the Dutch Ministry of Foreign Affairs and is supervised by a Dutch Supervisory board. Senior management is largely Dutch and all regional and country offices are managed from the corporate headquarters in the Netherlands.

In the coming years, SNV will broaden its constituency by including more knowledgeable and well-respected citizens from around the world in its governance structure – although how exactly is yet to be determined. Typically, corporate/global functions will no longer exclusively be based in The Hague. Rather, these functions will be carried out in the locations which are most effective and efficient – both financially and operationally. This will result in considerable downsizing the head office in The Hague. It will remain responsible for establishing and maintaining relations in the Netherlands, Brussels and wider Europe and be involved in advocacy and resource mobilisation, as well as in carrying out support functions that require proximity to key European funders. The Washington office will function in a similar manner.

In 2013 SNV will stop using its core subsidy for funding its programmes in Vietnam, Peru, Ecuador, Bolivia, Nicaragua and Honduras. The programme in the Balkans will be closed.

Flexible relationships between the SNV entities

From 2016 onwards all SNV programmes will be funded from sources other than an institutional funding from DGIS. This will have implications for the organisational structure of SNV. Where content, knowledge networking, advocacy, risk management and control are concerned there may be an increased role for a corporate approach, whereas flexibility may be significantly increased with respect to administration and systems requirements. SNV will consider various models, including franchising and associate memberships with increased local accountability and space for local partnerships

Staffing

The above implies a significant reduction in and changing composition of SNV's core staffing. Contractual relationships will be more flexible and open - the number of full-time core staff on indefinite contracts will decrease while ensuring however a critical mass of international and local expertise. The number of management layers in the organisation, as well as the number of management staff, will be reduced.

Steering along sector lines

Corporate steering along sector lines will be introduced in 2012 in order to boost coherence and quality in the sectors and strengthen the organisation's external profile while maintaining a strong geographic presence directly or through networks and alliances. Country-level structures will have a small dedicated core staff in the three sectors. These local teams will be supplemented by associate advisors on definite contracts and implement programmes in close cooperation with local partners.

Financial scenario

To realise the above ambitions SNV needs a budget of ca. € 390 million for the period 2012-2015. A significant part of this budget (240 million) will be provided as an institutional subsidy from the Dutch Ministry of Foreign Affairs. Resource mobilisation from other parties will contribute ca. €150 million to this budget.

	2012 €m	2013 €m	2014 €m	2015 €m	Total 2012-2015
Subsidy Ministry of Foreign Affairs the Netherlands	70	60	55	55	240
Expected income from resource mobilisation	29	34	40	47	150
Total operational volume	99	94	95	102	390

Key changes 2011-2015

The table below summarises and highlights the shift in focus at SNV Netherlands Development Organisation over the period 2011-2015. The changes indicated form the basis for the next steps, which will include the development of an operational plan for implementation of these changes.

FROM	TO
Six sectors	Three sectors , linking to global challenges (Food, Energy, Water)
Four delivery channels	Three roles: Advice, knowledge networking and advocacy
SNV implements	SNV supports implementation by local capacity builders
Focus on replication	Focus on innovation
Single client-based assignments	1. Facilitating sustainable market-based solutions 2. Interventions as a part of systemic change 3. Using a (long-term) programme approach
Limited partnerships	Expanded partnerships: local capacity builders, knowledge institutes, private sector, funders
Dutch governance	International governance
Corporate functions concentrated at Head office	Corporate functions where most effective and efficient
Hierarchical organisational model	Flexible relationships between the SNV entities and a lean organisation
Core funding	Core and (increasingly) programme funding