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Evaluation of the partnership and business model in GAIN Nordic Partnerships: Access to safe and affordable dairy

by

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Executive summary

This report evaluates two GAIN Nordic Partnership projects, one in Ethiopia and one in Zambia. The projects were multi-stakeholder projects with Multinational corporation (MNC)participants from Europe and local dairies in Africa. The projects yielded ample learning opportunities and transfer of knowledge. The projects were perceived to be managed very well. The participants benefitted from GAIN's project management experience and its local offices and global outreach. The overwhelmingly positive assessment of the projects by participants are somewhat countered by the fact that the projects did not achieve their overall aim, i.e., to launch nutritious consumer products. Upon evaluation of the projects, it is recommended that future projects focus on downstream issues and barriers; clarify propriety issues related to solutions; focus more on identifying local private project partners; focus on fewer project objectives; undertake projects in countries with local GAIN offices; Reduce dependence on the GAIN project manager; replicate and scale the GAIN Nordic Partnership Model (GNPM) model to provide support and funding for the product launch period; and finally, focus on institutionally stable countries with free-trade policies.

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List of Abbreviations

The following abbreviations are used in this report:

Arla Food Ingredients (AFI)

Charlotte Pedersen (CP)

DanChurchAid (DCA)

Confederation of Danish Industry (DI)

Danida Market Development Partnerships Programme (DMDP)

Ethiopian birr (ETB)

The Foreign, Commonwealth & Development Office (FCDO)

Global Alliance for Improved Nutrition (GAIN)

GAIN Nordic Partnership Model (GNPM)

Multinational corporation (MNC)

Request for proposal (RFP)

Sanne Jensen (SJ)

Small and medium-sized enterprise (SME)

For the sake of good order, we note that BASF and DSM are the companies' actual names.

Introduction

The “GAIN Nordic Partnership Model” (GNPM) is a multi-stakeholder, multi-sector platform that aims to facilitate scalable and inclusive business models that enhance the nutritional value of food in developing countries. The platform brings together private companies, government agencies, civil society organisations and universities to co-develop solutions and share knowledge and expertise to ensure that nutritious, safe, tasty and affordable products reach poor consumers and vulnerable groups.

The background for the evaluation of the GNPM is that GAIN wishes “to understand whether this partnership model and business approach—which relies on funding and expertise from public and private sector actors—has the potential to deliver on the promise as a financially viable approach to delivering safe and nutritious foods to local populations” (from GAIN’s request for proposal).

Methodology

Framing the evaluation

This report is based on the information contained in GAIN’s request for proposal (RFP), the Contract for Services (GAIN project number: GLM4NP35), the written documentation shared by GAIN[1], interviews with GAIN employees, interviews with project participants ; see Appendix A and B; and a survey among the project participants; see Appendix C and E. We held initial meetings with GAIN to frame and focus the evaluation. We conducted a virtual project meeting on May 12, 2021, and we conducted an initial interview with CP and SJ on May 18, 2021, to obtain an overview of the GNPM and the possible data sources. For completeness and ease of reference, we have copied a few relevant sections from our preliminary report dated August 16, 2021, into this final report.

Stakeholder interviews

Based on the written documentation and preliminary meetings with GAIN, we identified the following participating organisations: AFI, BASF, DCA, DI, DSM, GAIN, Promaco, Tetra Pak, and two consultant firms. In addition, in order to gain an overview of the project background, goal setting and activities, we conducted five stakeholder interviews between June 11, 2021, and July 7, 2021; see Table 1. The guide to the questions and subjects

[1] For a detailed overview, we refer to our preliminary report of August 16, 2021.

discussed during the interviews is included in Appendix D.

List of interviews		
Date	Name	Organisation
11/06/2021	Charlotte Sørensen	AFI
21/06/2021	Gitte Dyrhagen Husager	DCA
25/06/2021	Mikkel Klim	Danida
06/07/2021	Abenzer Feleke	GAIN
07/07/2021	Karen Smith	FCDO

Table 1

Also, we had an additional interview with CP on June 17, 2021, and held a meeting with her on September 8, 2021. All interactions (except the last meeting) were conducted virtually.

Questionnaire

The results of the stakeholder interviews formed the basis for the questionnaire sent to the project participants in August 2021; see Appendix E. We received 14 completed responses to our survey. We received eight responses from participants in the 'Access to Better Dairy in Ethiopia' project and three from the 'Nutrition for Zambia' project[2]. Further, we received three responses to the survey from participants which were involved in both projects. Eight of the 14 responses came from project participants located in Africa and six from participants in Europe. For an overview of the respondents, we refer to Table 2.

Overview of Respondents	Access to Better Diary in Ethiopia		Nutrition for Zambia		Both projects		Total
	Africa	Europe	Africa	Europe	Africa	Europe	
A company	2		1	1		2	6
A consultancy				1			1
An industry organisation		1					1
An NGO	5					1	6
Total	7	1	1	2	0	3	14

Table 2

Strengths and limitations of methodology

[2] In other places referred to as, respectively, the Ethiopian or Zambian project.

We are of the opinion that we had adequate and unhindered access to the relevant project information, and we experienced a high level of cooperation from GAIN's staff.
The respondents were all participants in the projects. Unfortunately, neither African diary responded timely to our survey or interview requests. However, after the report was finalised, one interview was conducted and included post scriptum. Furthermore, three of the participating MNCs did not respond to our request for information about the value of their in-kind contributions. Apart from these instances, the involved organisations provided responses to this report. Taken together, the appropriately informed respondents—as well as the interviewees—represent different stakeholders, geographical regions and both projects sufficiently. Furthermore, the questionnaire and interview data were provided under conditions of anonymity, and individual respondents are therefore not identifiable in the report.

The GAIN Nordic partnership model

The advent of the partnership model

GAIN offers solutions for improving diets for consumers, especially women and smaller children, often delivered through the market system. In the mid-2000s, a new model for partnerships for specific solutions to nutrient problems was introduced in The Netherlands, a model that would later evolve into the GNPM. The GNPM originated from a Dutch model partnership—'Amsterdam initiative against Malnutrition'(AIM)—that started in 2009. AIM's ambition was to create systemic change by addressing barriers to market entry for nutritious products. The solutions introduced are market-based and their business models should become financially sustainable in the long term. The projects were implemented through partnerships between businesses, governments, knowledge institutions and civil society organisations—the so-called 'Dutch Diamond'. Initially, the alliance consisted of GAIN, Unilever, DSM, AkzoNobel, ICCO Cooperation, and the Wageningen University but eventually more than 25 partners took part in various projects. The AIM was supported by funding from the Dutch Ministry of Foreign Affairs.

The AIM model later inspired the creation of the Danida Market Development Programme (DMDP), which was initiated after the existing Danida Business Partnership Programme, which channelled funding directly into private companies, was closed down in 2014 after critical evaluations. In the DMDP, the project owner is an NGO, and private companies are self-funded project participants. According to the government funding administrators, the partnership logic is driven by the business case, and there has to be a viable business case at the end of the projects. Through broad partnerships between business, NGOs, research and governments, the DMDP will be able to develop the solutions, improve skills among the project partners, and de-risk the private sector's investments in developing the business model. The business case is fundamental, and Danida is not afraid that the commercial partners eventually will make money as the driver is the commercial partner. However, as it is aid money, documented development impact is essential; originally, the DMDP focussed on SDG 8, which is about decent work and sustainable economic growth.

The two partnership projects

The AIM model inspired two GNPM projects that are the focus of this evaluation, one in Ethiopia and one in Zambia.

The 'Access to Better Dairy in Ethiopia' project

Background and purpose

In the Ethiopia project, the idea is that nutritious dairy products that prevent malnutrition can be brought to consumers (mainly children) through technical support and investments in the local dairy sector in Ethiopia, as well as dedicated efforts to develop supply and distribution channels and by influencing regulations and standards in the sector by interacting with the government. In Figure 1, we have provided a graphical representation of the projects' theory of change. The background to the project is that the dairy market in Ethiopia is weak; there are a limited number of processors and a lack of supply. Therefore, minerals and micronutrients have to be imported, which is a difficult process.

The projects did not only focus on getting products to the market but also on the value chains.

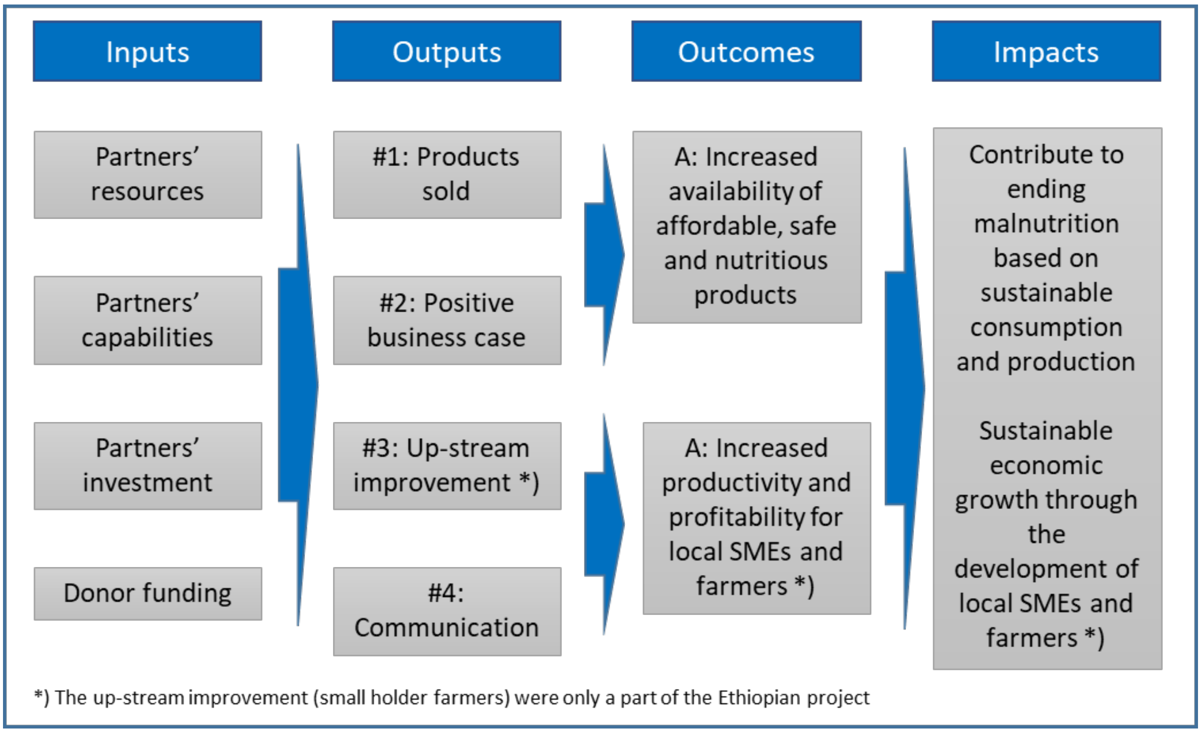

Figure 1

Source: prepared for this report based on available project information

In Ethiopia, the value chain was more or less non-existent and had to be developed from scratch, including a focus on upgrading quality and hygiene at smallholder farmers, working with the production and technical capacity of local dairies, working with distribution and sales, developing the enabling environment and trying to mobilise demand. Although there is a demand for imported yoghurt, fortified yoghurt is the first of its kind in Ethiopia. It would provide a unique value to communities. The project looked for MNC partners that could harness expertise for developing a new prototype, and here AFI could deliver dairy technology, training and knowledge transfer. The project developed a uniform standard for fortifying food products, not only for dairy.

Project partners

The consortium of organisations behind the project was already partly established prior to the Ethiopia project under the auspices of the 2014 defunct Business Partnership Programme. This greatly reduced the costs of establishing trust in the group. Hence a core group of DI, DCA, AFI and Tetra Pak already collaborated. In addition, DCA's Dutch sister organisation had participated in the Dutch partnership. This consortium moved on to seek funding from the upstarting Danida DMDP programme and was in many ways a pilot project for the DMDP programme.

The division of labour is quite clear between the participating organizations from the NGO and advisory sector, the MNCs from the geographical North and the local SMEs. The participating NGOs were involved as advisors and spanned the complete value system, inclusive of the role played by DCA with the smallholder farmers in Ethiopia. The MNCs were involved in the upstream activities around sourcing and providing necessary input to the dairies, whether physical products or advisory services. Further down the value system, the local dairies were involved both as envisaged product manufacturers in the dairies and suppliers and distributors in the distribution system. One dairy, Loni Agro Industry, spanned more activities in the value system as, apart from its dairies, it also owns a chain of coffee shops.

The positions of all the participants in both projects are mapped on the value system in Figure 2.

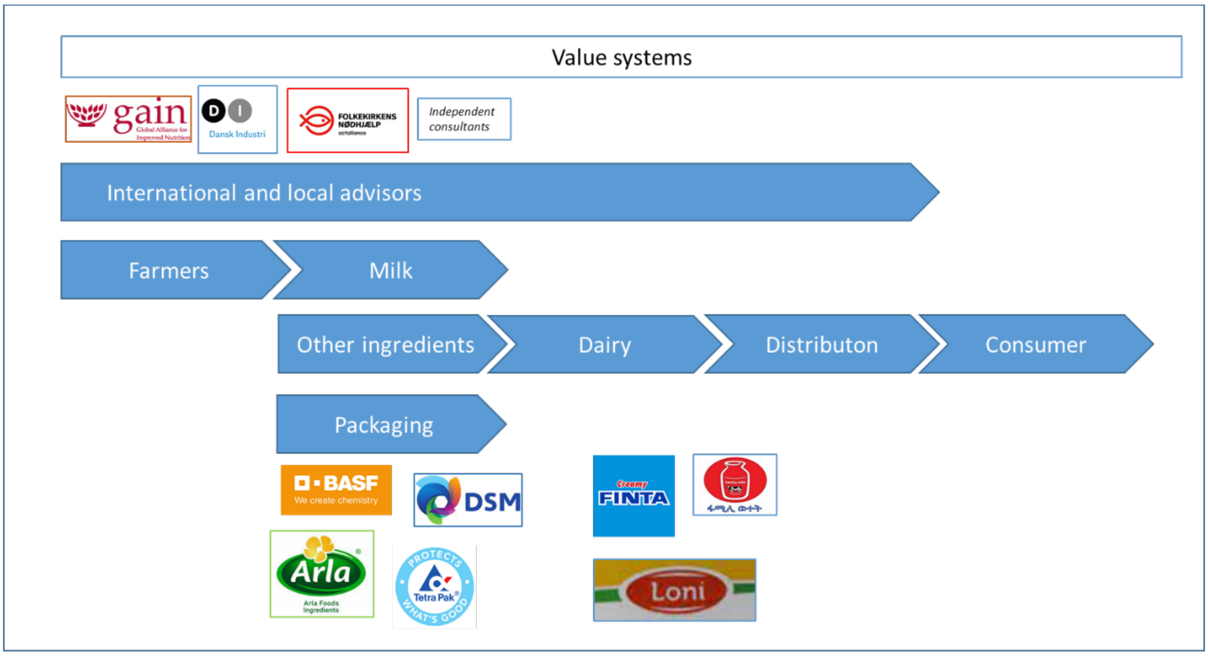

Figure 2

Source: prepared for this report based on available project information

Value proposition

During a visit to Addis Ababa in November 2019, representatives from Loni Agro Industry and DI developed a detailed business case including production cost calculations and probable consumer prices in different distribution channels. The total production cost was estimated at ETB 2,58 and an ex works price ex. VAT at ETB 4,11; see Table 3.

Production price/LONI	80 ml/unit	% of unit	Pr. unit	Unit price ETB
	Milk	0,87	69 ml	0,97
	Whey (incl. 70% Tax)	0,08	7 g	0,71
	Sugar	0,04	4 g	0,07
	Premix, texture, flavors	0,00		0,10
	Skimmed milk powder	0,02	1,5 g	0,09
Total		1,00		1,94
Packaging				0,25
Materials cost				2,19
Direct labors costs (DLC)		0,03		0,07
Overhead costs (OC)		0,15		0,33
Total production costs				2,58
Selling and Contribution costs (S&C)		0,15		0,33
Adm. and General exp. (A&G)		0,17		0,37
Miscellaneous		-		-
Total costs				3,29
LONI profit margin		0,25		0,82
LONI sales price ex. VAT				4,11
VAT		0,15		0,62
LONI selling price incl. VAT				4,72

Table 3

Source: Loni Agro Industry, VitErgo business caseprepared in cooperation with DI, November, 2019

It is noteworthy that the calculation did not include additional costs, e.g., outer packaging or cold storage, nor did it include financial costs related to equipment investment or depreciation. The calculated ex works price yielded room for the necessary re-seller margin whilst achieving the desired price points in the various channels; see Table 4.

(ETB pr. unit)	1. KALDIS	2. Supermarkets	3. Kiosks*	4. Int. Schools	5. Middle-men**	6. Pilot project testing**
LONI selling price	4.11	4.11	4,72	4.11	4.72	4.11
Margin (ETB)	1,00	2,00		2,00	1,50	1,50
Margin (35 %)			1,65		2, 18	
End-user price **excl.** VAT (15%)			**6.37**		**8.40**	
End-user price **incl.** VAT (15%)	**5.87**	**7.02**		**7.02**		**6.45**

*(+ VAT) - informal market cannot deduct VAT + (35% kiosks margin = 1,55 ETB)
**(+ VAT) - informal market cannot deduct VAT + 35% added (from kiosks margin)+ own margin 1,5ETB = 2,07 ETB
** Pilot project (e.g. BOP women in Addis or Suluta) - LONI commission sales (e.g. using the 40 boxes from GAIN)

Table 4

Source: Loni Agro Industry, VitErgo business caseprepared in cooperation with DI, November, 2019

The product was designed to reach the customers at less than ETB 8 per unit corresponding to approximately USD 0,25 in 2019,[3] somewhat higher than an earlier anticipated price around ETB 5 to 6 (USD 0,16).[4] This price was only envisaged on the Kaldi's Coffee shops in Ethiopia as they are also owned by Loni Agro Industry. The above calculation and channel pricing strategy were made as a 'desk exercise' as the product has not been produced nor launched, see later in this report.

[3] Exchange rate on December 31, 2019
[4] GAIN - Danida presentation, Herning, 2018

The ‘Nutrition for Zambia’ project

The project was established in response to Zambia facing significant challenges in terms of chronic malnutrition and micronutrient deficiencies. Dairy products are locally available, but the current dairy-drink options on the market are filled with non-nutritious ingredients. This situation compelled the project participants to develop an ultra-high temperature processing (UHT), dairy-based nutritious drink. The drink was planned to be produced from local milk and to be fortified.[5]

In countries with somewhat functioning value chains, such as Zambia, GAIN focuses more on local dairy production than imported products. On the demand side, the solution chosen was UHT, where there are fewer problems with shelf life. Downstream, the Zambian operators are quite well functioning; they are quite big, have outlets, input quality is taken care of, and Tetra pack has equipment and packaging. Entry here seemed simpler than in Ethiopia.

The Zambian project received support from the Business Innovation Facility, a market systems development programme funded by FCDO. The background for the FCDO funding is that FCDO has increasingly started working directly with MNCs instead of

Evaluation

In the following, we will first look at how the participants evaluated the project, and subsequently how they evaluated GAIN’s management.

Partner alignment and commitment

Project initiation

We asked the respondents to indicate the background for their participation and by whom their organisation was prompted to become involved in the project(s). GAIN prompted five of the organisations to participate, taking a single response from each of the ten participating organisations. In contrast, two were prompted by either DANIDA or FCDO and a further three by a supplier or an NGO. This suggests that GAIN was the main instigator of the

[5] This paragraph is based on https://www.gainhealth.org/partnerships/gain-nordic-partnership

projects and that GAIN strongly influenced the constellation of organisations to be part of the projects. The projects started at almost a running pace; as stated of the Zambian project: *"GAIN was key to the partnership with their capacity for problem-solving. For instance, problems with contracting took ages, and consequently some activities were started at risk, without GAIN having all contracts onboard".*

It appeared that GAIN succeeded in bringing rather seasoned partners to the projects. We asked the respondents about their organisation's experience from similar prior projects, and approximately 70% indicated that their organisations have experience in this kind of international partnership.

Strategic orientation and importance to organizations

The organisations shared the understanding that the projects were balanced between development and business objectives. Hence, most participants viewed the strategic importance in terms of both business objectives and development objectives. However, four organisations viewed the project's strategic importance mainly in terms of development outcomes, and none of the participants entered the projects with a sole business motivation; see Figure 3.

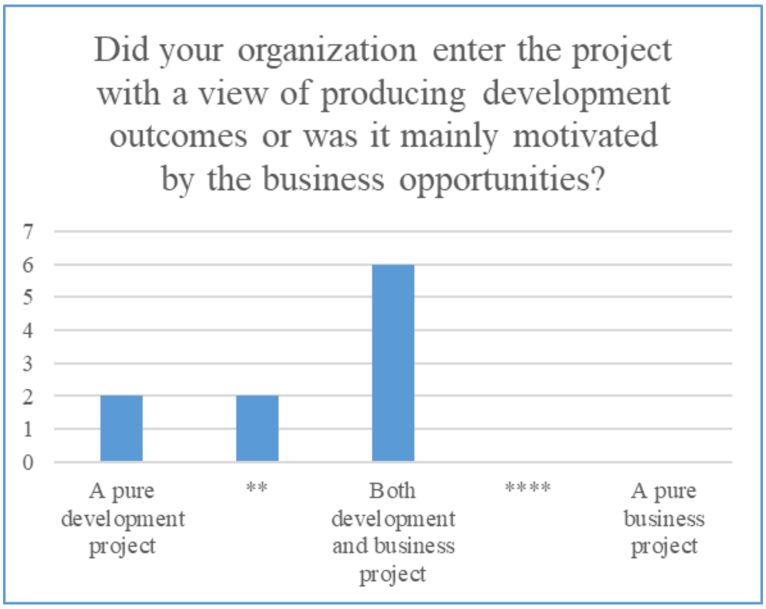

Figure 3

Source: Questionnaire item No. 2.3 (see Appendix E)

The participating organisations' engagement in projects was decided at the top management and strategic level in seven of the ten participating organisations, which is deemed desirable if projects are to retain long-term commitment. In the words of one participant, the project is *"sponsored by the CEO which is necessary as we are in the project for the long haul, not just three or five years"*. In line with the impression that projects were of high importance to the involved organizations, the projects were in all but one organisation viewed as being of key strategic importance to the organisation.

The organisations had generally set specific goals for their participation; see Figure 4. In addition to an overall goal of reaching low-income families with nutritious products at affordable prices, the goals set reflected the organisations' roles in the value chain and their business or non-business status. The participants' KPIs were mainly set within four groups of targets. First, several participating organisations mentioned that their primary KPI was the product launch in the market, reaching consumers and increasing sales of quality dairy products. Second, a clear target was set to define the roles for the different actors in the value chain with a particular focus on the smallholder farmers. Third, the development of a responsible, executable and profitable business case that could be up-scaled to other countries was a target for some organisations. And, fourth, the ability to demonstrate an innovative business-NGO partnership model to Danish stakeholders was also mentioned as a goal by more respondents.

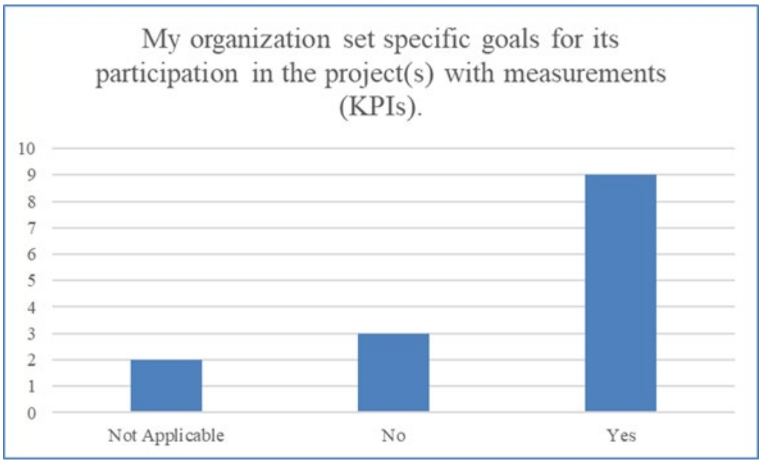

Figure 4

Source: Questionnaire item No. 2.4 (see Appendix E)

Involvement and contribution

We also asked the respondents to indicate their involvement in the project(s). Over 70% of the respondents answered that their personal engagement was extensive and their knowledge of the project(s) was detailed.

We tried to get a better understanding of the contributions made by the participating organizations. Unfortunately, only two of the participating MNCs were prepared to inform us about their in-kind contributions during the project in Ethiopia; see Table 5

Ethiopia (USD as of end December)	2017	2018	2019	2020	Total
AFI					
Cash contributions incl expenses	26.904,87	30.747,73	26.669,70	22.110,00	106.432,30
In-kind hours	18.917,50	48.338,15	22.560,00	13.134,00	102.949,65
In-kind products					
Other					
Subtotal	45.822,37	79.085,88	49.229,70	35.244,00	209.381,95
DSM					
Cash contributions incl expenses	-	2.422,50	4.635,00	-	7.057,50
In-kind hours	-	8.808,92	9.900,00	-	18.708,92
In-kind products					
Other					
Subtotal	-	11.231,42	14.535,00	-	25.766,42
Total					
Cash contributions incl expenses	26.904,87	33.170,23	31.304,70	22.110,00	113.489,80
In-kind hours	18.917,50	57.147,07	32.460,00	13.134,00	121.658,57
In-kind products					
Other					
Total	45.822,37	90.317,30	63.764,70	35.244,00	235.148,37

Table 5

Source: AFI and DSM's annual reporting to GAIN

The in-kind contributions are almost equally shared between 'cash contributions inclusive expenses' and 'hours'. Based on the co-financing statements from AFI and DSM, it appears that the major item in AFI's contribution is the cash fee paid to GAIN, whereas DSM's major item is travel expenses. These in-kind contributions of the MNCs are quite substantial and demanding, and this may create an asymmetry in the incentive structure for the NGO (that does not to the same extent provide in-kind contributions) and private partners.

Outcomes

Bringing products to markets

At the time of this report, the products developed in the projects in Ethiopia and Zambia have not been launched. The products have only been produced in small series of test production. The non-launch is in obvious contrast to the participants' stated ambitions of assisting in reducing malnutrition in the two markets. As stated by one respondent, *"since the project ended up being just a document, it did not yield any practical results"*.

However, while the products were not sold on scale in the two countries, at least one of the project partners is considering a further roll-out of the product in other countries: *"Now the products are in our commercial portfolio. Recipes were already provided in (…), where we use the whole concept of affordable nutrient foods. So we now have a portfolio that we can use to inspire our salespeople."*

We asked why the product was not launched: Some participants saw the global COVID-19 pandemic ensuing higher commercial risks as the most prevalent factor in the delay in launching the products; see Figure 5. Another factor mentioned by several participants was the local lack of raw material. This point was elaborated on by stating that the product for the Ethiopian market was designed with a "reliance on imports" in a country with quite harsh import restrictions. Another issue highlighted by several participants was the lack of commitment from one of the involved dairies which, as a result, had to be changed. Finally, the commercial arguments against product launch, e.g., 'too expensive to product', 'lack of demand', and 'the product is not suited for the market', were noticeably of lesser importance. Taken together, this points to a stable post-COVID-19 situation that should result in the products being launched in earnest.

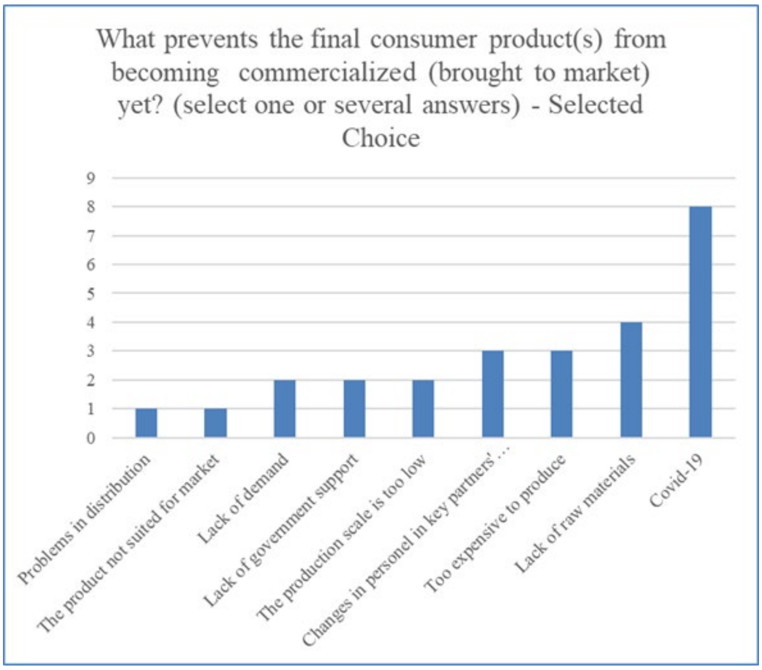

Figure 5

Source: Questionnaire item No. 4.2 (see Appendix E)

While the projects did not succeed in bringing goods to the market, this did not seem to be a huge problem to all participants as participants generally have a longer-term perspective on the projects beyond project conclusion: The organisations were quite keen to realise their targets, and nine respondents reported that they expected the main benefits within the projects or the latest two years after its conclusion; see Figure 6. One respondent expressed this view as "better food for more people requires patience and [a] long-term perspective from all partners and donors".

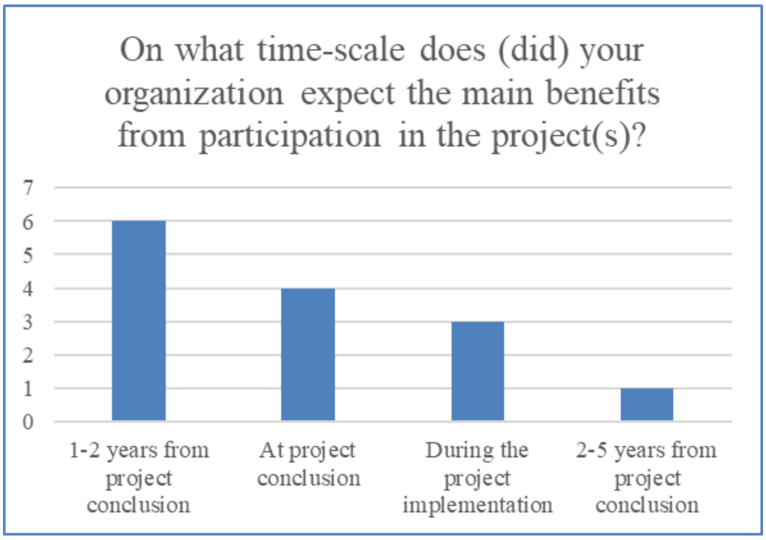

Figure 6

Source: Questionnaire item No. 2.6 (see Appendix E)

While most participants argued that the projects need a long maturation time, there is also a problem if projects run too long as the initial alignment and momentum may be lost: *"Everybody has their own agenda. Organisations are changing during the project. First, DI had a clear focus and had the BOP learning lap; then, they moved to more advocacy, and now they are more focused on company support. Hence, the commitment changes over time, and it takes time to get new partners on board; we lose speed. Five years is difficult, as all of us are very KPI driven*". Regardless, the initialisation phase is seen as essential and should not be rushed, as stated: *"Normally, you have a preface of more than a year where you need to get aligned. In Zambia, we did not get aligned. More time is needed in the preface to project, bring people together, do workshops, and not being too ambitious".*

Balancing business and development objectives

As earlier reported in Figure 3, none of the participants entered the projects with an exclusively business motivation. The weight between development and business was reported to have the right balance at the project conclusion; see Figure 7. In other words, it appears that the final project met the participant's expectations as to balance. However, there was a slight majority on those saying there is too much focus on business in the final project outcome. The concern among those finding the project too business-oriented was, among other things, that private companies could capitalise on the solutions developed through the project (this point will be elaborated upon later in the report). Several respondents reported that the right balance could only be achieved with a careful partner selection, emphasising the company's financial capacity and long-term perspective.

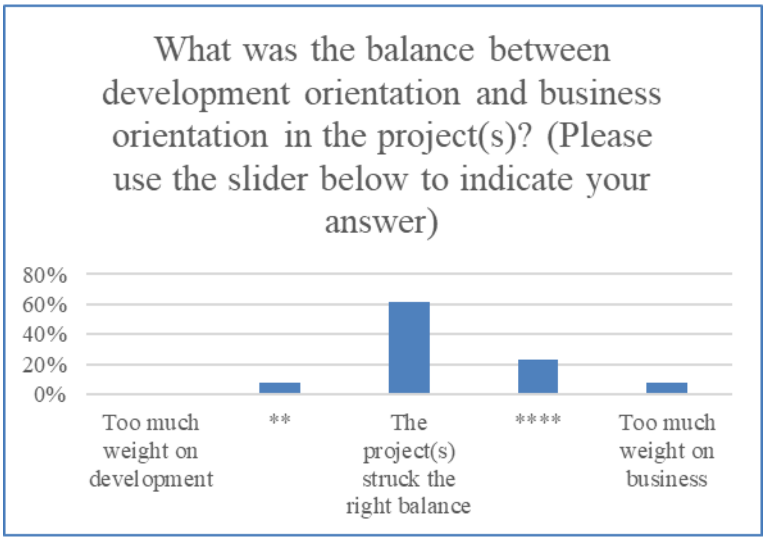

Figure 7

Source: Questionnaire item No. 4.4 (see Appendix E)

Spillovers

The project was originally focused on producing systemic impacts in the form of intake of nutritious products in the two countries, which would eventually improve the health situation in the countries. While the projects, at least for the time being, did not succeed in bringing nutritious goods to the market, there were other benefits from the project. Among those were institutional change and supply chain development:

A main unanticipated outcome was related to standards and regulation. In Ethiopia, for instance, it was discovered that the regulation and institutions surrounding the project were not in place, causing significant delays in the project. In particular, import restrictions on equipment and ingredients and restrictions on the ability of NGOs[6] to operate in the country posed significant challenges. Hence, project management was poised to spend large amounts

[6] From RFP: "The Government of Ethiopia tightened the implementation of the regulations for the operations of NGOs whereby maximum 30 percent of the budget could be used for an administration and salaries. This was not foreseeable in the design and posed a huge challenge for the project. This also meant that 70 percent of the budget was to be used on "handouts". This led to the school feeding element of the project, which can have very positive sides, but at the same time be market distorting."

of time working with the government. However, this engagement with authorities appears to have become a major outcome of the project: *"Food legislation had to promote the standard, and a task force was established. Now we have a new standard for fortification. No private sector actor would even be willing to take the financial and economic risk to develop such a standard. We did not foresee this activity, but we found out later that this kind of framework development is essential."*

Another major unanticipated outcome was related to developing the local supply chain. In the case of Ethiopia, it was difficult to import inputs needed for production, and therefore the project had to engage in developing local supplies from smallholder farmers. This value chain approach might be a second unanticipated project outcome; *"You cannot do it in bits and pieces; we need to focus on quality and hygiene throughout the system"*.

Benefits to project participants

While the projects did not bring products to the market, they created multiple benefits to the participants; as commented on by one participant, all partners have benefitted from the projects by gaining new learnings and new ways of fighting malnutrition. Hence, apart from the overall outcomes, the projects generated several benefits to the participating organisations that may explain why the projects were highly evaluated despite not succeeding, as of yet, in their main objective of getting products to the market.

In particular, there were many capacity development benefits for the participating organisations. Apart from the overall goal of solving a development problem related to nutritious products, the participants prioritised the newness element of the GNPM the highest. This new partnership structure gave the participating [organisations ample opportunity to access new knowledge and develop new and innovative solutions; see Figure 8. For one NGO, the GAIN project was about learning about private partnerships: *"We made a calculation to the Board (2023- 2030) that [confidential] percent of our portfolio will be related to private sector partners. These are means to reaching much larger goals. Next year we have projects worth [confidential] directly related to private sector partners, mostly in developing countries. Now it is part of the financing for development agenda. We will be disrupted as an organisation if we do not move into this, then consultancies will take their place"*.

Further, a few participants mentioned the importance of access to new markets, i.e., bottom of the pyramid (BOP), as well as access to the other project participant's network. Additionally, some saw the reputational benefit as being important to their organisation. Interestingly, none of the respondents viewed 'higher profits' or 'access to authorities' as their organisation's main benefit.

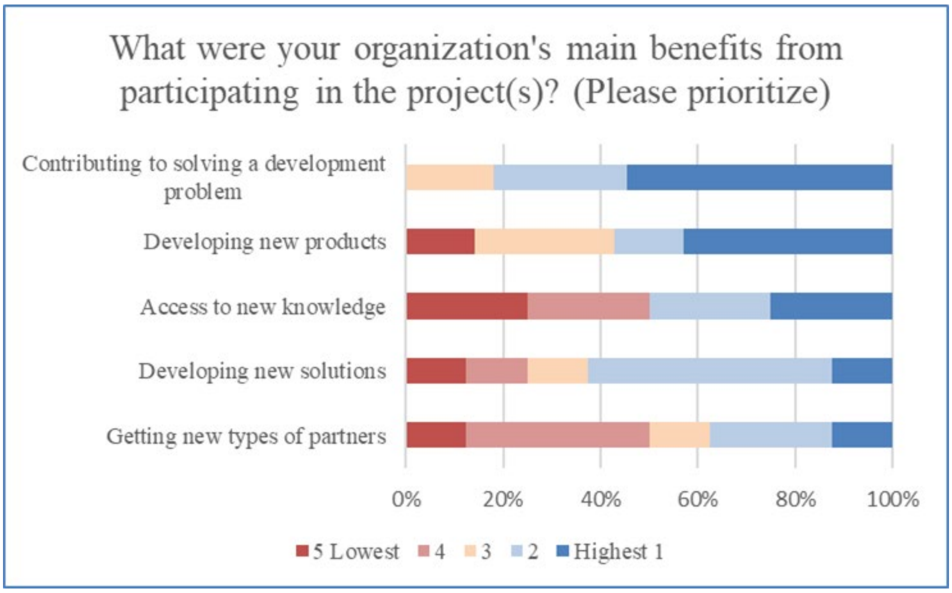

Figure 8

Source: Questionnaire item No. 4.1 (see Appendix E)

The GNPM provided the participating organisations with the opportunity or requirement to acquire new capabilities and resources, which we asked the participants to prioritise; see Figure 9. Overall, the view from the organisations was that they benefitted from the GNPM's processes, whereas the projects generally did not require additional resources. The establishment of long-term relationships was a dominant feature of the projects for many participants. This statement reinforces the organisation's interest in scaling the projects up in the future. In addition, the GNPM opened up new ways to develop products and overcome commercial challenges, and it was seen as beneficial in uncovering new processes to access the BOP segment and serve the malnourished population.

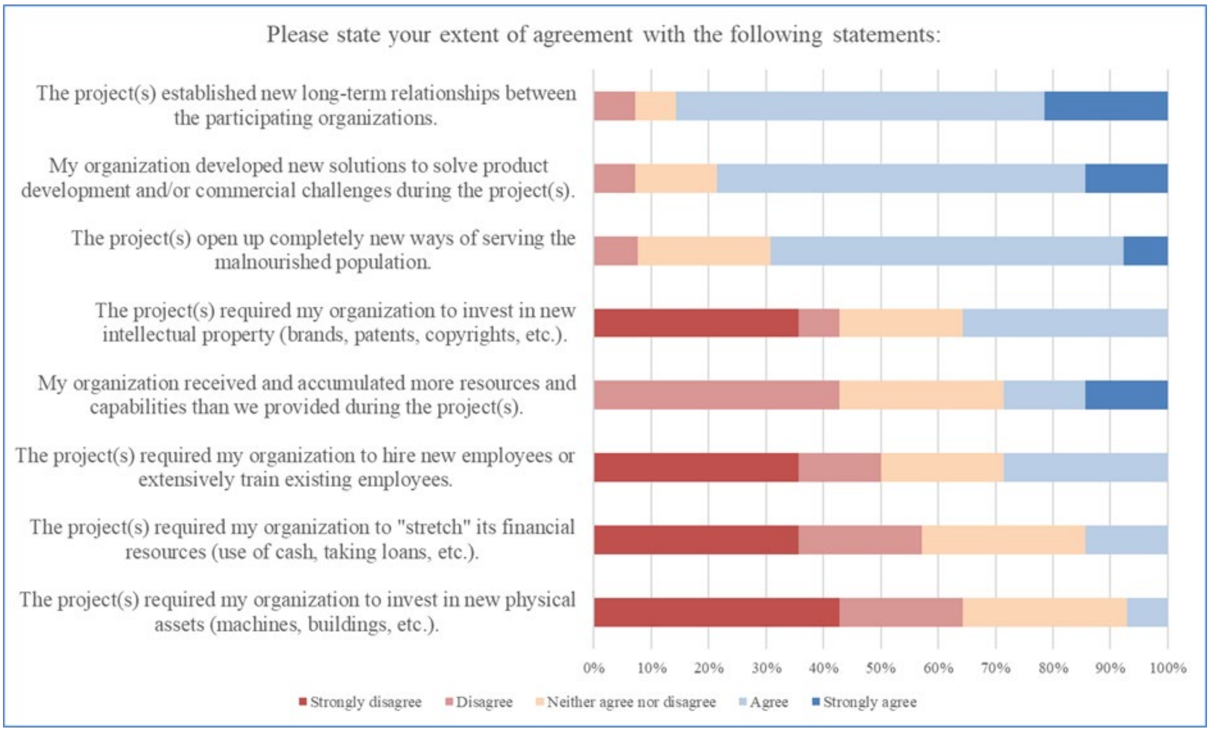

Figure 9

Source: Questionnaire item No. 4.11 (see Appendix E)

The respondents reported that their organisations utilised largely already possessed resources and capabilities, and it was noticeable that the projects in these cases did not require investments in physical assets, e.g., machines and buildings. Further, the projects did not place a financial burden on the organisations under , and the general impression is that all participants were well within their ‘comfort zone’ regarding the resources and capabilities, albeit they had to deploy these in challenging
and previously unexperienced environments. Based on the responses to the survey, there also seems to be a general agreement that these organisations received and accumulated more resources and capabilities than were provided during the project, i.e., they enjoyed a net benefit from participating in a project under the GNPM.

A key reason why the MNCs enter the projects is learning: *“We are used to working with partners, 'one to one' is known, but multi partnering is very difficult and challenging due to different cultures and targets, but we realised that we need to invest to learn, we need to adapt very fast and this requires partners.”* The MNCs do not know how to work with networks; *“we only know parts of the process like branding and technology, but not advocacy etc.”*.

We asked respondents to assess who were the main beneficiaries of the projects: A majority of the participants were of the opinion that the main beneficiaries of the projects were the African-based dairies and their suppliers; see Figure 10. This point is somewhat in contrast to the previous observation about the non-launch of the products. The participants' comments reflected this "frustration", and one commented that the business model is ready to scale up, so new attention is requested, or the opportunity will be forgotten. For the MNCs, partnerships were necessary to enter the BOP market: *"In product development and adapting new technology we contributed: Hygienic yoghurt and food safety was evaluated, and linkages to local farmers identified. Marketing was also a weakness; for the MNCs, much awareness needed to be created. Distribution, they already had a good experience. Business development was also important. DI developed the business model, and there was the training of sales workforce".*

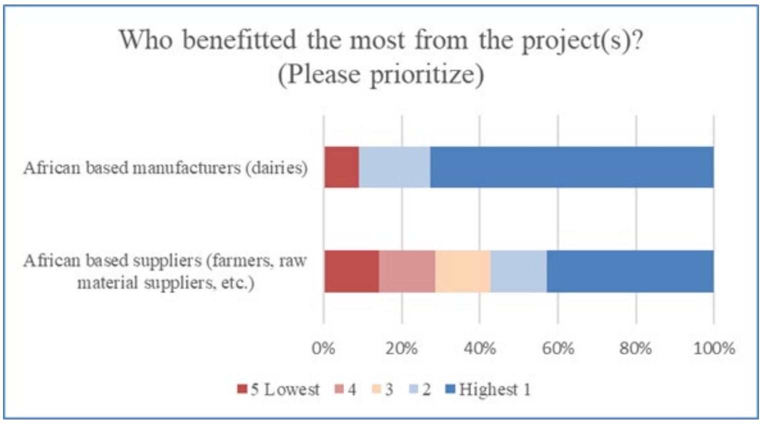

Figure 10

Source: Questionnaire item No. 4.5 (see Appendix E)

Overcoming barriers

The projects contributed importantly to overcoming the lack of technical expertise amongst the African organisations; see Figure 11. Albeit one participant noted that this did not necessarily increase the commitment from the implementing partners. In one case, this led to a change in the partnership. Another important barrier due to ineffective or missing regulation was removed during the project. Importantly, the Ethiopian project paved the way for the introduction of local regulations regarding the fortification of food. One participant stated that such an introduction would have been impossible without the GNPM project. In conjunction with highly respected (and long-term locally present) NGOs, the combined force of business paved the way for the Ethiopian authorities to institute new policies.

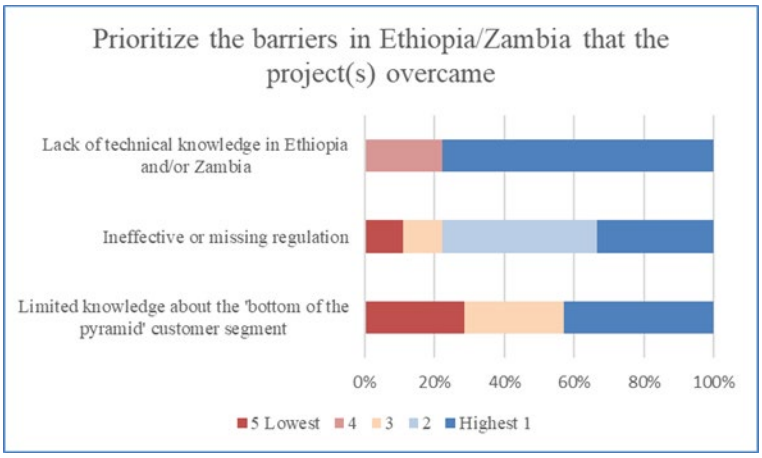

Figure 11

Source: Questionnaire item No. 4.3 (see Appendix E)

The partnership concept

The partnership modality is the key aspect of the GPSM. Hence, the evaluation focused on how the respondents perceived the partnership aspect of the intervention.

Overall assessment of partnership model

The participants considered that the model offered an enhanced and valuable modality for providing food with an enhanced nutritional value to developing countries. The participating organisations also had an option to embrace the 'better nutrition' agenda in other ways, i.e., in an all-business or all-NGO constellation or, indeed, going it alone.

However, the participants entered the projects voluntarily and each with their particular vision for the benefit of their particular organisation and its objectives. They also had a shared vision to work together to reach a common goal. The blend of participants and (importantly) their careful selection as well as the project management methods deployed led to most respondents indicating that they saw GNPM as new and innovative; see Figure 12. Yet, the partnership model is obviously 'an empty shell' to be filled with people and activities. One participant eloquently stated: *"the main key success factor is the people of GAIN and the partners in our project"*. In line with this, several respondents focussed on the learnings they had from GAIN and especially the partnership model: *"We learned a lot from GAIN's cross-sectoral approach as well as solution-based and demand-driven perspective"*.

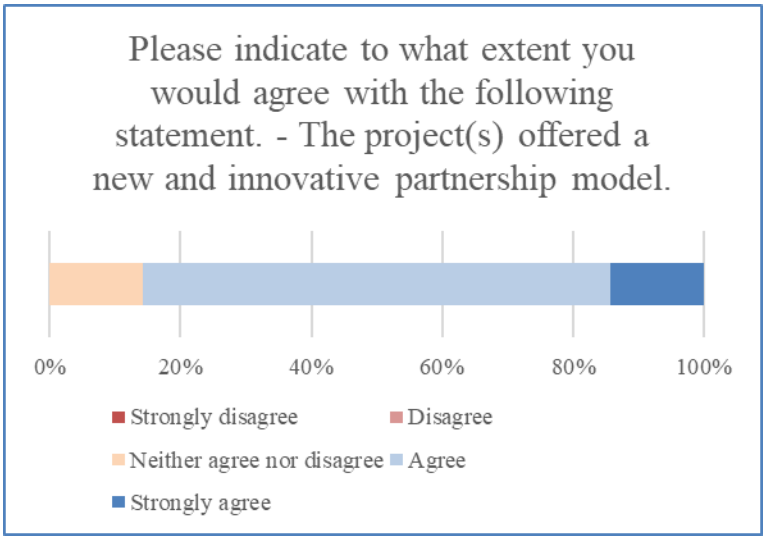

Figure 12

Source: Questionnaire item No. 4.6 (see Appendix E)

Benefits of the partnership model

The historical and often occasionally adversarial relationship between NGOs and businesses has diminished substantially in recent years, and GNPM is based on the modern view of complementarity and reaching bigger goals in collaboration. This view is reflected in the respondents' view of the main advantages of the collaboration of the private sector and the NGOs: to provide more effective solutions to development problems; see Figure 13.

The involvement of both types of participants, which is generally seen as a strength of the GNPM, also paved a way to access the BOP markets. A business representative stressed this by stating that their organisation could never have reached this customer segment without the participation of the NGOs in the project.

Furthermore, over half saw an increase in the durability of the achieved results of the respondents as being a main advantage of the business and NGO collaboration on an essentially business-oriented project. On the other hand, the improvement of the institutional set-up around nutrition solutions was only seen by a few as a main benefit of the business and NGO collaboration, albeit this point was stressed in responses regarding the Ethiopian project in particular.

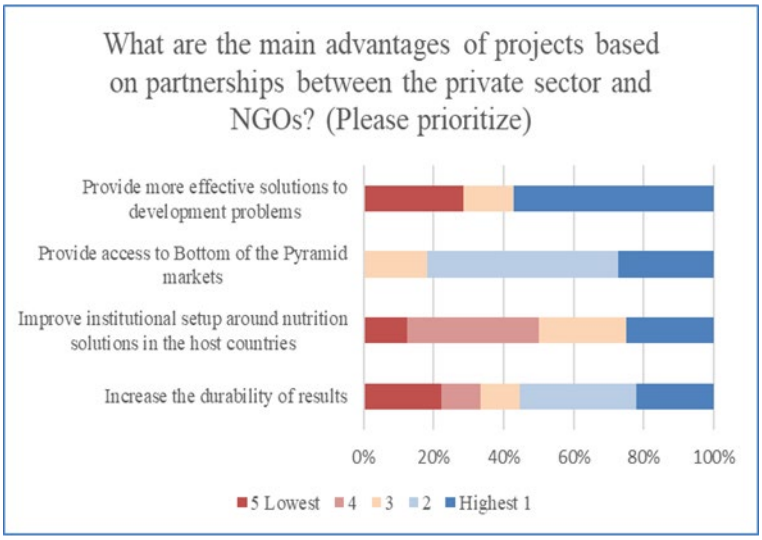

Figure 13

Source: Questionnaire item No. 4.7 (see Appendix E)

It seems that the main benefit of the partnership model was unexpected learnings. Hence, the main outcomes of the projects were trust-building, learning about how other sectors work, and ensuring a better division of labour in terms of who does what in development intervention. According to one participant, the donors do not entirely understand the GNPM; *"they are not looking to the model, they still believe that this is business-to-business, they do not understand why partnerships are necessary for advocacy etc."*.

For the private partners, the commercial benefits were secondary to internal and external image effects and how the projects linked up to their existing sustainability agenda: *"Apart from commercial advantages, there are also communication and image and credibility advantages. We got a lot of positive evaluations; it is about best practice. And then, it is about accountability and internal and external image branding. From a long-term perspective, the project is part of internal marketing in the organisation, a way to glue the younger generations"*.

According to one participant, another advantage of the partnership model concept was that it increased accountability in the projects, especially if the participants met regularly. In the words of one NGO, *"We are more secure because we need to be extremely accountable due to public money, so the danger that we become captured by the private sector is not that big"*.

Disadvantages of the partnership model

The respondents noted only one substantial disadvantage of projects based on partnerships between the business and NGO sector: the somewhat more substantial process for making formal agreements and contracts; see Figure 14. In the survey, the participants were given additional options to prioritise, but only ‘weakens commercial sustainability’ and ‘slows down the speed of project implementation’ received noticeable attention. Two participants stated that they did not see many disadvantages. Yet one participant highlighted that these projects, to a high degree, depended on the project members and the engagement of their organisations’ top management.

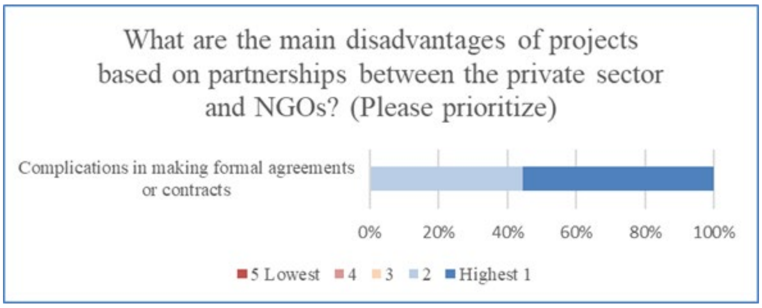

Figure 14

Source: Questionnaire item No. 4.8 (see Appendix E)

On a general note, six participants found that their organisation had spent too much time and effort compared to the results. This rather negative score is likely to stem from the fact that the products were not launched in the marketplace. One respondent commented that it was difficult *“to engage local business partners in these types of partnerships, mainly due to lack of funding to/investments in their operations needed to make the solutions commercially viable”.* Generally, the project’s complexity and its management only drew few negative responses from the participants; see Figure 15. An underlying issue in several comments from the participants was the change of personnel within the participating organisations, as this has added to the sometimes slow progress of the project and its complexity generally.

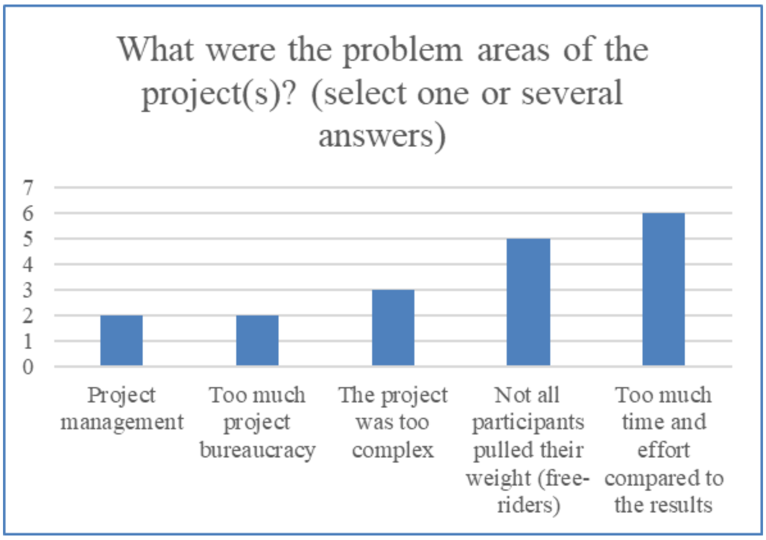

Figure 15

Source: Questionnaire item No. 3.4 (see Appendix E)

The main problem of the GAIN projects is the number of participants; in Ethiopia, there were nine participants. This dramatically increased the coordination costs of the project. As stated by one respondent: *"We have nine consortia in the project organisation, I have never seen that many before, so aligning with project objectives was very challenging. But, somehow we were able to overcome it, and the dairy companies benefitted so much: it is rare to find support from so many partners to local processors: DI developed the business model, GAIN worked on marketing plans and distribution, AFI produce the prototype, DCA were linking farmers (milk collection sheds), and Loni were engaging local marketing teams".*

Complexity was high according to respondents but was mostly overcome: "*This was probably the most complex project we have been in, it was the whole thing in one year, but it was achieved. This was because it was a mature partnership, they got the right partners and technical expertise, but it was brilliant that it was pulled through. It was a really good project, but it could have been derailed at any point".*

In general, involvement of developmental NGOs comes at a price for the effectiveness of producing outcomes in the sense that the lack of ability for private participants to capitalise on their investments means that the project fails to become fully integrated into their business models. Hence, a profitable business case may not be possible without loosening the strict requirements to who owns the outcomes of the intervention, although this of course would probably be opposed by the NGOs.

The risks of participating in a project under the GNPM did not yield noticeable risks for businesses entering into a partnership with the NGOs. For example, one participant pointed to an observation that the projects led by GAIN had not produced the risks that potentially lurk in business and NGO partnership projects and stated: *"in this particular case, I have not seen these risks"*. In contrast, several project participants pointed to the reputational risks for NGOs when entering into partnerships with the private sector; see Figure 16.

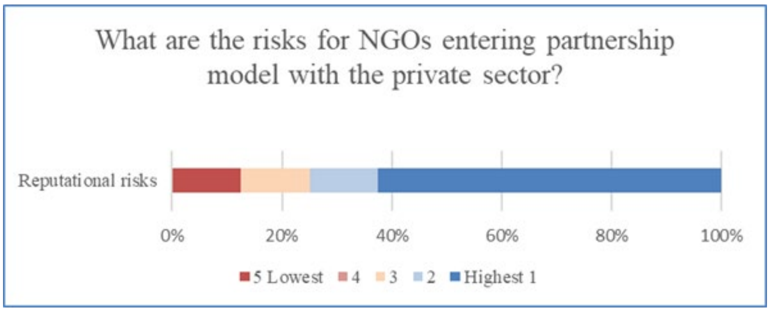

Figure 16

Source: Questionnaire item No. 4.10 (see Appendix E)

Summary

In general, the commercial partners do not seem concerned about reputational or other risks associated with the partnerships. And the NGOs also appreciate the benefits. However, it is also evident that a potential conflict may explain why the projects have not made it to sales. The projects were, hence, from the beginning based on the premise that the private partners could not expect exclusivity to the products; "*We make sure that this cannot be locked in. The basic recipe is a public good. We cannot take public money and give it to private companies"*.

GAIN's ability to manage the projects

In the previous sections, the attention was drawn to the value of the GNPM rests with selecting participants in the projects. In this section, we commence with a very positive view by the participants of GAIN's role as project lead; see Figure 17. Practically no participant did not agree with the statement about 'extremely good', and about half of the participants concurred with this great accomplishment. A similar item in our survey about GAIN's project management returned a similar answer. Several respondents expressed their appreciation, such as "*It was a pleasure to working with GAIN Nordic"; "My experience with the GAIN Nordic Partnership is very positive "; and "The [project team was] incredibly patient and* *diligent in trying to deliver a successful outcome despite significant challenges associated with local implementation, I commend them for their hard work and persistence, well done!".*

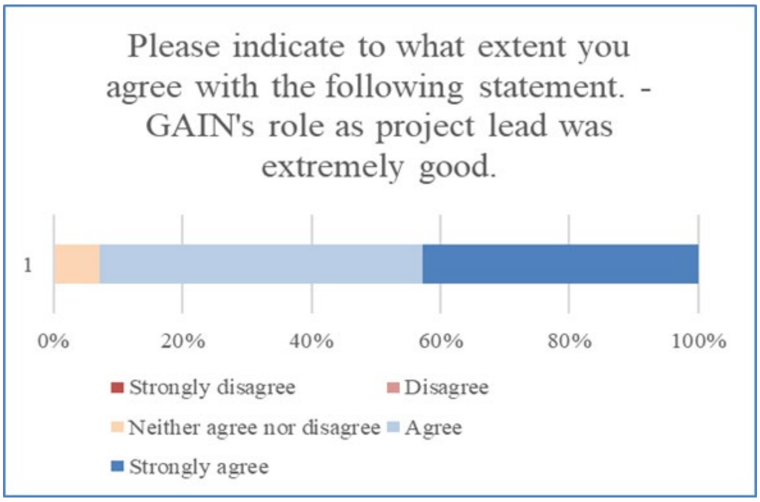

Figure 17

Source: Questionnaire item No. 3.5 (see Appendix E)

The main value of GAIN's role in the projects rested in its local organisations, its technical expertise and the leadership skills of the project lead; see Figure 18. The GNPM's approach to public-private partnerships was also highly rated by the participants. One participant articulated this value *as "GAIN has a strong international network, high credibility as well as good contacts to authorities and other stakeholders, and GAIN is a strong project lead for multi-partner projects having many partners with different specific interests and different ways of working"*. Another response was that *"GAIN has led the project in a highly professional manner bringing the expertise together to implement within the consortium and as per their expertise. There was also very good follow up of the project implementation taking timely action to address challenges"*. Several participants stressed the importance of GAIN's local organisation in Ethiopia. The participants did not rate the contact with the funding authorities as a principal value.

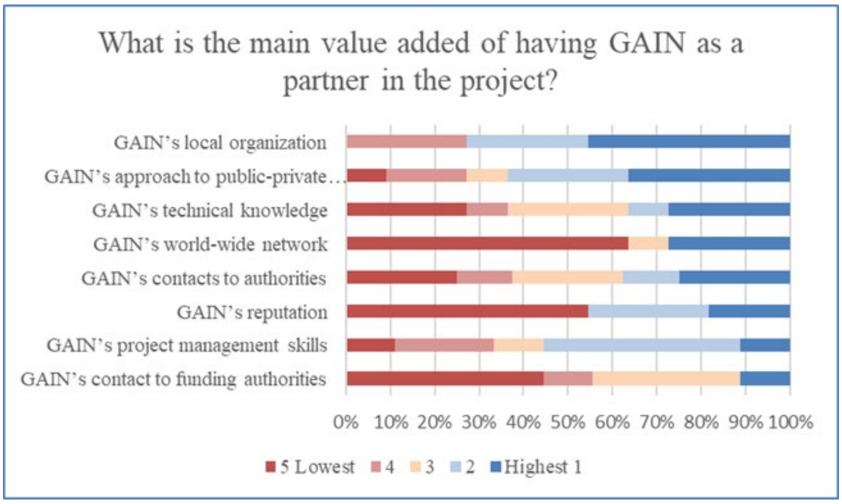

Figure 18

Source: Questionnaire item No. 3.6 (see Appendix E)

Several participants responded with low scores on GAIN's ability to fire-fight during the project, keep deadlines, and be flexible; see Figure 19. In connection with the less favourable scores, several participants noted GAIN's role in the selection of the local implementation partners, i.e., the dairies and the fact that one dropped out of the project. A comment read that one of the problem areas was *"the lack of commitment from the implementing party"*. One respondent suggested spreading the risk by 'playing on more horses' in future projects. Several participants mentioned the generally high complexity levels in the local environment, e.g., import restrictions, which lead to difficulties in moving the projects forward and keeping deadlines. At the same time, they appreciated GAIN's project management for their effort to try and overcome this issue.

A major advantage of GAIN is that it is an NGO used to working on business terms: *"If you want NGOs and UN partners and still be result-oriented, it can take a lot of talking, but this project has milestones where you need to agree and progress."* Another benefit for partnering with GAIN is its strong focus on SDG 2: *"GAIN has a global focus, SDG 2 in particular, and that is also our focus, fits well. They have their global networks, and very strong on advocacy, they are becoming more focussed on advocacy and the strategic level over time, more than focussed in projects on the ground"*. Finally, several respondents focused on the degree of the local presence of GAIN as a key differentiator: *"GAIN has been both a global and local team in Ethiopia. When I compare to Zambia, we had a shorter project, and GAIN did not have a local office, which is critical"*.

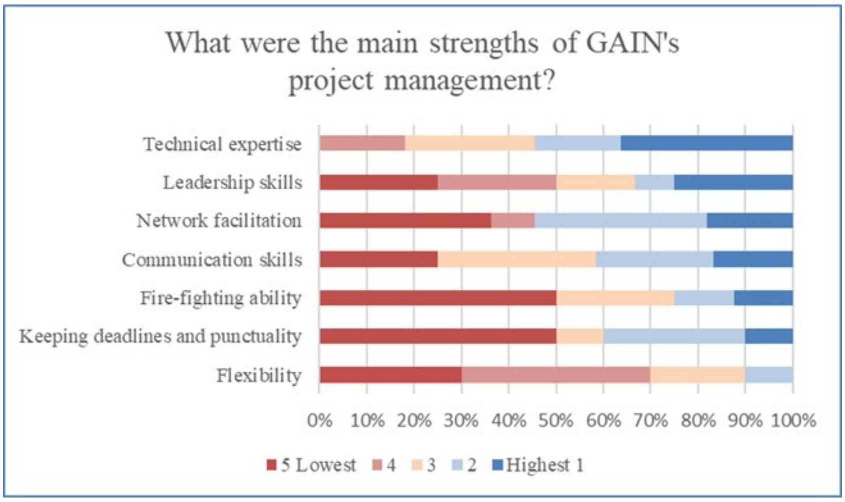

Figure 19

Source: Questionnaire item No. 3.2 (see Appendix E)

The project manager was central: *"Charlotte held project management team call with updates on each project. As a result, we had an agreed work plan, according to which we adhered and reported every month. We were connected and aligned via these calls. In addition, there were quarterly review meetings and multiple physical workshops. A lot of communication and open-mindedness was what made the project successful".*
An underlying issue in several comments from the participants was the change of personnel within the participating organisations, as this has added to the sometimes slow progress of the project and its complexity generally.

Another respondent emphasised access to governments: *"It is GAINs reputation, the validation that the government has, we have had many projects, we have many fortification projects. Edible oil fortification is due to GAIN, together with standard agency and food and drug relation. So we just tapped into the connections that we had; we just wrote a letter saying that we said we have the expertise, we have the team".*

An Achilles heel of the projects is the dependence on a few persons: *"Persons are very important. We are in malnutrition and not better food for all. We have the same language, that is a huge advantage. It is all about people, commitment and trust, that is part of the project".*

Summary

Summing up, the participants were satisfied with their participation. In general, the participants expressed a great deal of satisfaction with the projects as 10 of 14 respondents[7] reported that it had met their expectations; see Figure 20, and a similar proportion of respondents believed that, in hindsight, their organisations could not have obtained similar benefits without participating in the project.

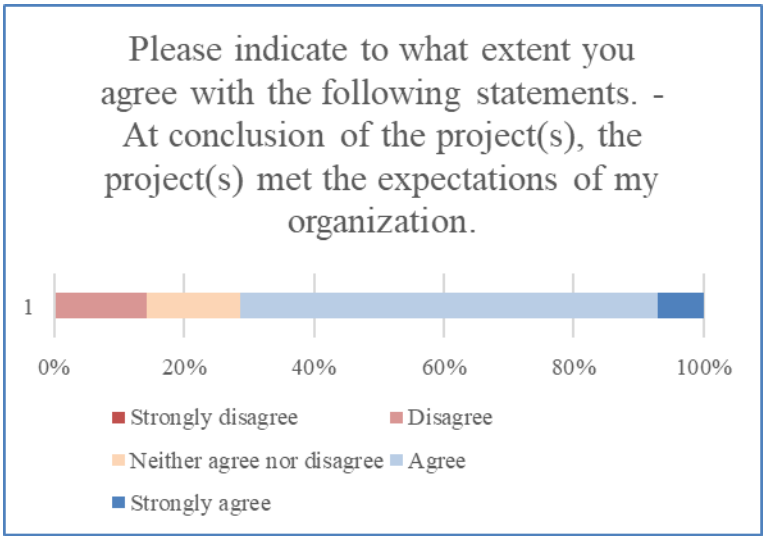

Figure 20

Source: Questionnaire item No. 2.7 (see Appendix E)

The organizations' recommendations

Having experienced the GNPM in action in Ethiopia and Zambia, the vast majority of participants had a positive evaluation of the projects, and most reported significant benefits from engaging with the project. On this background, it is not surprising that all respondents recommended governments, other organizations and their own organisation to engage with similar projects in the future; see Figure 21.

[7] Similar result when excluding the participants from GAIN.

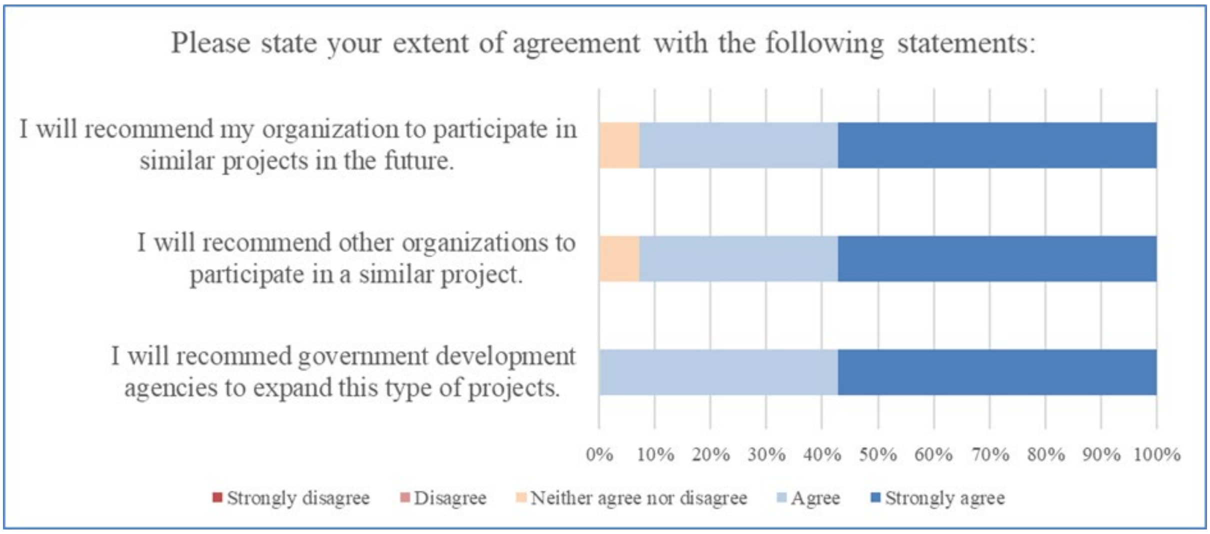

Figure 21

Source: Questionnaire item No. 5.1 (see Appendix E)

The respondents came with several recommendations for future GNPM projects:

1. Projects should only be implemented in countries with a local GAIN office and staff;
2. Projects should focus on countries with less import and trade barriers;
3. Projects should try to decrease the reliance on imported raw materials;
4. Ensure 'project ownership' of the joining private firms;
5. More engagement that brings forward government partners in the process to address policy gaps;
6. Create sustainable financing models for the private partners;
7. More emphasis on transfer of technological and production knowledge;
8. Ensure high-level international communication towards stakeholders and especially donors.

Conclusions and recommendations

In this section, the evaluation team summarizes its findings and outlines recommendations that may inspire GAIN in its future work with the GNPM modality.

Conclusions

Does the GNPM model have the potential of delivering nutritious solutions?

The overall question for the evaluation was *"to understand whether this partnership model and business approach—which relies on funding and expertise from public and private sector actors—has the potential to deliver on the promise as a financially viable approach to* *delivering safe and nutritious foods to local populations".* Based on the data available to the evaluation team, we cannot conclude for certain that a financially viable approach to deliver safe and nutritious food has been proven with the two projects, for the simple reason that none of the two projects have succeeded in bringing the solutions to the market.

However, the lack of delivery on the overall objectives can, as reported by the participants, largely be ascribed to the COVID pandemic, which seriously disrupted the project implementation. Based on calculations of pricing and demand projections in the Ethiopian project as well as the participants' confidence that the objectives of the project eventually will be achieved, with some delay, we conclude that the approach, with adjustments (see recommendations below), is feasible in terms of delivering on the general objective of the project. The overall idea of providing market-based solutions to development problems through partnerships seems feasible and sound.

What are the additional benefits of the projects?

Although the consumer products were not launched in the intended markets, all project partners valued the projects highly and would recommend engaging in similar projects in the future. Thus, the two projects illustrate a classical development intervention dilemma: interventions may produce lots of outputs and unanticipated impacts but limited direct impacts on the final beneficiaries. The reason why participants make a positive evaluation of the projects despite the lack of achievement of the overall objective may be that the projects produced numerous such additional benefits and impacts, both on the involved organizations and the beneficiaries. Hence, the project produced development spillovers that are quite significant, yet not originally anticipated as part of the projects. In the words of one participant, the project *"is much more than one little yoghurt. Donors look very much to the business partners and what they are doing, and they do not see all the spillovers. There are so many changes to a completely new level; it is development and capacity building".*

The spillovers are mainly related to the development of standards and institutions in host countries, to developing the local supply chains, and not least, to prove the feasibility of partnerships that crisscrosses between public and private, civil society and markets, technical, social and commercial expertise, etc. The main lasting effects from the projects may be these spillovers:

In Ethiopia, the project revealed several institutional and regulatory barriers that had not been anticipated at project initiation. To overcome these, the projects had to engage authorities in dialogue to remove institutional and regulatory barriers to market-based solutions for nutritious food. These spillover effects would not have occurred without the projects, as stated by one respondent: *"You cannot experience the systemic failures from the drawing table; it is when you are in the field, you experience the problems. It is really about learning, where change is needed. We need evidence, hard core, and stories".*

In Ethiopia, in contrast to Zambia, there was no reliable local supply chain for dairy inputs and thus the project directed attention to developing local farmers' capacity to deliver inputs to the project. This, in turn, led to several benefits for local farmers as reported in 'End-term Evaluation of GAIN Access to Better Dairy Project (Smallholder Inclusion)' submitted to DCA in 2020. Hence, another spillover from the projects is that it was realized that due to widespread market failure, an almost 'total value chain' approach was needed to bring the solutions to the market. The possibly most important and lasting impact of the projects may be that they demonstrated a mode of collaboration between actors from different sectors that many would expect to be impossible. GAIN's RFP states that *"Partners are jointly committed for a minimum period of 3 years to engage in a multi-stakeholder partnership to try out commercially driven solutions to address relevant development challenges".* GAIN clearly succeeds in demonstrating that this broad partnership approach to a market-based solution is feasible. The project participants, private as well as NGOs, generally viewed the projects as being of strategic importance and they generally invested considerable resources to the project. The projects brought together very different organisations in a committed collaboration toward solving the concrete task of bringing nutritious food to consumers and thus helped bridge a boundary that some would see as unbridgeable, namely that between the private sector's market logic and the civil society's development logic. As stated by one respondent, "*the project is not only transactional, it is also transformative. On a 900.000 DKK budget, we have learned to work with other partners, and we are reaching 4 million people".*

The key role of project management and GAIN competencies

One of the main reasons why the projects overall were successful is related to the competent and vigilant GAIN project management, which has ensured that substantial results were produced under very difficult conditions of the COVID pandemic. The projects illustrate the importance of flexible project management; when barriers arise, the management was willing and able to redirect resources into addressing the problem, as illustrated with the crises in Ethiopia related to government regulation of imports impeding the progress of the project. In general, project management was able to motivate participants throughout the project, to communicate internally and externally, to redirect attention and resources as unforeseen problems emerged, and to persistently press for their solution.

But beyond and above the role played by the effective GAIN project management, the GNPM model illustrates what may be a unique competence of GAIN: its ability to operate as a mediator between governments, civil society and market actors. GAIN's expertise and networks are key to the relative success of the projects. Apart from its technical knowledge, GAIN can interact with donors and create alliances around projects that private actors or most other NGOs would never be able to do. GAIN's approach with a market focus and direct emphasis on the underlying business model furnishes projects with a clear mandate and mission and allows projects to quickly move toward results and impact. Thus, we conclude that GAIN is a unique 'boundary spanner' that effectively brings together domains and competencies of different sectors toward solving a concrete development problem.

Issues and recommendations

While the participants as well as our evaluation of the GNPM is positive, we also observed several issues and dilemmas that could be addressed in future versions of the GNPM:

Focus on downstream issues and barriers

First and foremost, we find that the main strength in the GNPM approach is that it focuses on the downstream aspects of the value chain, on bringing solutions to the consumers through the market mechanism and based on financially viable business models. However, when examining the two projects, it becomes unclear whether GAIN really focuses downstream or whether it wants to focus on the entire value chain. In particular, in the Ethiopian project, it seems GAIN has moved toward a 'total value chain' approach. However, we would support that the traditional focus on the demand and market side is essential and should be strengthened. A corporate partner also argued this point: *"We like this end user-driven focus. Other projects start with smallholder farmers, GAIN's focus on the consumer. This is a perfect match for us".*

There are strong reasons why the focus should be maintained on downstream issues, given the huge barriers to bring products to markets in less developed countries. In fact, the lack of product launch in the two projects may not come as a complete surprise, as the launching of consumer goods is riddled with failure in any context, but especially in a least developed country context. The internationally renowned global data and analytics company Nielsen reported in 2014 that "of the 60,000+ new introductions analysed, a huge 76% of them failed to make it to the end of their first year on the shelf" and that "and barely half achieved even 26 weeks of sales".[8] Similarly, the trade organisation of the Danish consumer goods suppliers (Mærkevareleverandørene) surveyed their members in 2014 and found that a mere 21 percent were satisfied with a majority of the performance of their product launches in the previous three years.[9] Amongst the major reasons for the failure of most new product launches are "the new item exists in 'product limbo'", "the product defines a new category and requires substantial consumer education—but doesn't get it" and "the product is revolutionary, but there's no market for it".[10] It is clear from the documentation of the Ethiopian and Zambian projects that large effort was put into resolving such issues at 'desk' level and thereby paving the way for a successful launch in the market, but, nevertheless, the projects did not succeed. The missing product launch, i.e., the essence of the project, ought to lead to alterations of the GNPM.

We recommend that future projects incorporate mechanisms that better guarantee that the product reaches the consumers. This can possibly be achieved through securing considerable production volumes going to publicly funded feeding (school milk style programmes), for example, or other NGOs dealing with refugee camps. Direct financial support to the local manufacturers marketing and distribution is also conceivable yet possibly difficult to fund via donor money. It is also vital to devise a way to secure the incentive for product launch and sufficient time on the market to establish a market position. A critical factor for successful product launch in least developed countries is that the local partner has the marketing and distribution skills required, and, hence, partner choice becomes the possibly most important issue in the preparation phase of projects. We will elaborate on this point below.

[8] Nielsen Breakthrough Innovation Report, European Edition - September 2014
[9] Nylanceringsprocesser – Hvad er status?, February 2014 (Internal document)
[10] Why Most Product Launches Fail, Schneider, J. & Hall, J., *Harvard Business Review*, April 2011

More focus on identifying local private project partners

Experience from other African countries suggests that the key issues for foreign companies seeking market access are finding a local partner that can help in establishing a distribution and marketing infrastructure.[11] Hence, a very thorough assessment of identifying and contracting with the local partner is essential: As stated by one respondent, *"the local partner was absolutely key. If they had chosen the wrong local partner, the whole project had been falling down".*

In this regard, we would suggest that future GNPM projects could link up to the existing networks of MNC lead firms. Future projects coulddraw on large MNCs that already have partnerships with local SMEs in the host countries and essentially piggyback on these existing partnerships to leverage the solutions in local markets.

Clarify propriety issues related to solutions

The GAIN partnership model is explicitly built on the premise that solutions developed should not benefit the commercial partners exclusively; in other words, they cannot be proprietary to individual partners. However, this premise appears partly incompatible with fully mobilizing the private partners for the project objectives. At the core of this problem is the question of what it takes for a business model to become viable. A business model is about value propositions, value creation and value appropriation. Especially the latter is important; if an activity cannot create continuous and sustainable income streams for the company, it is not a viable business model. The lack of clear assignment of property rights to the solutions is in particular a problem in relation to scaling up and replicating the solutions in new contexts, which will be fully dependent on the private partners seeing sustainable market opportunities. If the private actors cannot see such market opportunities, they may not engage fully with the projects. Hence, we recommend that future GNPM projects take more explicitly into consideration how the private sector participant's interest in a viable business model is ensured, for instance by granting private participants at least temporary proprietary control of solutions. This could include a period of non-competition on a given market, e.g. that Finta Farms can launch and benefit from a market presence for, say, three years.

[11] Hansen, M. W., & Gundelach, H. (2018). Opportunities and challenges for Danish medium-sized exporters in Africa. DI..

Focus on fewer project objectives

As demonstrated, the participants greatly appreciated the partnership model and the evaluation team argued that a main outcome of the projects may be that they demonstrate the feasibility of cross-sectoral partnerships. However, one danger of the partnership model is that each additional partner brings a new objective to the project; in the case of Ethiopia, for instance, adding the inclusion of smallholder farmers essentially directed the project toward a focus on supply chain development instead of focusing on distribution and sales. As stated by one participant: "*It is a difficult model to explain. It is not that it is complicated; it is more that the project people are not aligned; they need to ensure their own organisation. There are so many models and ideas. GAIN comes with new ideas all the time, and you get so tired".*[12]

Having many participants entails a danger of '*mission drift'* in the projects. This is partly a function of the fact that there are many project participants each with their interpretation of what the project is about and partly that many of the problems only emerge once the projects are under implementation. Hence, there is a danger that GNPM tries to solve too many issues at the same time, such as developing new technology, developing technical expertise at project partners, developing smallholder suppliers, influencing governments, bringing nutritious food to consumers, etc. Eventually, especially the Ethiopian project seemed to drift toward a 'total value chain' approach which, while theoretically appealing, appears practically overwhelming unless considerable resources are applied.

Undertake projects in countries with local offices

At the end of the day, a main factor impeding the projects' successful implementation was political uncertainty and lack of regulatory backup. Hence, a deep understanding of the local context and political-administrative networks is required for projects to be successful. This suggests that GAIN needs a strong local presence in the countries where GNPM projects are implemented, i.e., a local representative office: As stated by one participant, *"you really need to know whom to contact in the government, you have to have this very strong relationship, you need to know the different agencies. If you do not have an office, you at least need a partner that has this relationship and a good relationship. In Zambia, we did not have an office but could use the Zambia office of the Sun business network. In the future, we will focus on our country offices."*

[12] said with smile!

Reduce dependence on GAIN project manager

While GAIN is seen as a highly competent project manager and evidently has played a pivotal boundary-spanning role in the projects (see above), it is an open question whether this function can be replicated in other projects. Administrative costs and complexity may be too high relative to outputs, and it may be difficult to find a project manager who has the unique skills required to implement such complex cross-sectoral projects. Hence, replicating the model will require a significant reduction in project complexity and thus in demands to project management. We suggest giving up the total value chain thinking, linking more up to the business case, and focusing more on downstream issues. Also, further planning and conceptual development before project start-up may alleviate some of the experienced issues whose solution consumed large project management resources.

Replicating and scaling the GNPM model

For the GNPM model to be replicable and scalable, the future projects must select SMEs in the target countries based on their experience and capabilities in producing and distributing products similar to the project's focal product. Furthermore, future projects must offer incentives for the private partners (the SMEs and MNCs) to develop their business models to facilitate replication and scalability. This means there must be a business incentive to make 'their' product recipes and processes available to other companies, including possible competitors. We, therefore, recommend that future GNPM interventions focus on screening the private sector partners' financial and managerial robustness to ensure that they are capable of developing and scaling the business model and absorbing unforeseen events in the course of the project. Moreover, future projects should select private partners based on their proven track record of bringing products all the way to the market and based on their keen strategic interest in scaling the business model beyond the project, including potentially into adjacent regions and countries.

Regardless of the profitability of the private partners' business model, the overall GNPM model will largely remain dependent on donor funding. The question is then whether the GNPM model will be able to generate donor funding in the future, i.e. whether the model will be replicable and scalable beyond the two projects. Here, the evaluation team assesses that there is a good chance that donors will fund similar projects in the future. The GNPM model has already inspired various donor programmes. GAIN has ventured into spin-off partnership projects, e.g., the P4G project with AFI on nutritious biscuits. The evaluation team assesses that donors also in the future will be willing to fund such programmes, not least due to the large development spillovers documented in this evaluation.

Whether other NGOs will be able to replicate the model successfully is more doubtful due to the success of the GNPM largely seems to hinge on GAIN’s unique competencies in implementing market-based solutions via partnerships and on GAIN's excellent project execution capabilities. A replication of the model by other NGOs would hence require some modification.

Provide support and funding for the product launch period

The commercial risks concerning the launch of new products are discussed earlier in this report. We suggest that future projects include an element of support—and funding if possible—such that the local SMEs are able to bring future projects to a conclusion without taking on undue financial risks. The assistance could comprise an element of exclusivity on the market, access to guaranteed demand from, e.g. school feeding programmes or products for refugees residing in camps. Additionally, financial support could involve payments (so-called listing fees) to outlets in certain distribution channels as an incentive to stock the products, or it could be a level of guarantee for payment for losses of unsold stock or packaging material. It is, obviously, important to balance such support with a level of business incentives for the SME to primarily participate in the project based on commercial terms.

Focus on institutionally stable countries with free-trade policies

The progress in the Ethiopian project was hampered by the lack of local food regulation and restricted trade policies in terms of prohibitive and unpredictable execution of import and foreign exchange legislation. Although the local SMEs are accustomed to such a challenging business environment, it adds to the commercial risks and the possible reluctance for foreign MNCs to participate. It is, hence, recommended that future GNPM projects are directed at countries with a higher degree of institutional stability. We acknowledge a likely correlation between populations with underserved nutritional needs and institutionally complex and volatile countries. Yet, the risks and downsides may, to a too high degree, outweigh the benefits, and we recommend that future GNPM projects investigates the local institutional environment thoroughly before applying for funding and project initiation.

Summary of recommendations

In conclusion, we encourage GAIN to scale up the GNPM, and our recommendations are:

1. Focus on downstream issues and barriers
2. Clarify propriety issues related to solutions
3. Focus more on identifying local private project partners
4. Focus on fewer project objectives
5. Undertake projects in countries with local offices
6. Reduce dependence on the GAIN project manager
7. Replicate and scale the GNPM model to provide support and funding for the product launch period
8. Focus on institutionally stable countries with free-trade policies

Post scriptum

Shortly before the report was finalised, GAIN managed to arrange a short meeting with Ms. Eskedar Negese, Analytical Support Officer, Family Milk in Addis Ababa, Ethiopia. The meeting was held on November 12, 2021, on Zoom. Its main purpose was to clarify the benefits obtained by the SME and explain the belated launch of the product.

Amongst several benefits from Family Milk's participation in the Access to Better Dairy in Ethiopia project, Ms. Negese highlighted two benefits that are particularly valuable to the company. First, Family Milk's engagement has highlighted an affordable and available solution to the issue of malnutrition in Ethiopia and raised Family Milk's profile with the authorities leading to a higher brand value. Second, the GNPM project has increased the technical capabilities of Family Milk to include valuable knowledge and skills in mixing nutritional ingredients, i.e. vitamins, minerals and whey protein, into dairy products. The management of Family Milk views this capability as important in future product developments.

The deterioration of the national stability in Ethiopia in 2021 has unfortunately created a highly challenging business environment which, currently, is detrimental to the launch of new products on the market. Yet, Ms. Negese assessed some regulatory issues as the principal reason for the delayed launch of the final product. Primarily, she viewed the delay in the registration process with the Ethiopian Food and Drug Administration to obtain the product permit required to import raw material as a hindrance. Another less significant issue is the unstable access to foreign currency, which at times make imports impossible. Ms. Negese was, however, of the view that 'all going well', the product could be launched in a matter of three months. In this regard, she stressed that all market launch activities are prepared in detail and ready to be implemented.

Appendices

Appendix A

List of reviewed materials:

Ethiopian project:

Impact assessment of proposed GAIN Nordic activities in the local dairy sector in Ethiopia, DCA, February 2017

DMDP Yearly Report, GAIN, February, 2018

DMDP Yearly Report, GAIN, February, 2019

DMDP Real-time evaluation Mission report, Mimi Grønbech, RTE Adviser, March, 2019

Dairy in Ethiopia - Final delivery - Project findings, Euromonitor Consulting, July, 2019

Annual program report: Access to better dairy, GAIN, September, 2019

Annual Physical and Financial Performance, DCA, December, 2019

Annual program report: Access to better dairy, GAIN, October, 2020

End-term evaluation of GAIN (Smallholder inclusion), DCA, November, 2020

DMDP Yearly Report, GAIN, December, 2020

DMDP Yearly Report, GAIN, February, 2021

PMT meetings No. 32 to 36, January to May 2021, GAIN, May, 2021

PMT meetings No. 32 to 36, January to May 2021

Loni Agro Industry, VitErgo Business case, DI, November, 2019

Zambian project:

Partnership approach as a catalyst of business and social change, Pajak & Andresen, September, 2018

Exploring the product development process of a dairy-based UHT drink, Soto, June, 2019

Learning workshop - GAIN nutrition for Zambia, Business Innovation Facility, August, 2019

A feasibility study - GAIN nutrition for Zambia, GAIN, October, 2019

Report 4 - GAIN nutrition for Zambia, GAIN, October, 2019

General documents:

GAIN Nordic Partnership - Herning presentation, GAIN, March, 2015

Updated Programme Document, DMDP, April, 2017

GAINs entrance to leverage resources and expertise from Nordic organisations, GAIN, July, 2019

Results framework for DMDP, December, 2020

Appendix B

List of interviewees:

Charlotte Pedersen and Sanne Jensen, GAIN	(May 18, 2021)
Charlotte Sørensen, AFI	(May 18, 2021)
Charlotte Pedersen, GAIN	(June 17, 2021)
Gitte Dyrhagen Husager, DCA	(June 21, 2021)
Mikkel Klim, DMDP	(June 25, 2021)
Abenezer Feleke, GAIN	(July 6, 2021)
Karen Smith, FCDO	(July 7, 2021)

Appendix C

Survey answers received from:

Addisu Tadege Animaw, DCA

Charlotte Sørensen, AFI

Claus Søndergaard, BASF

Colm D'Olier, Promaco

David Morgan, GAIN

Gry Saul, DI

Hana Yemane, GAIN

Henrik Andersen, AFI

Hussein Bekele, Consultant

Mayank Goel, Tetra Pak

Peter Wathigo, DSM

Robert v/d Heuvel, Consultant

Sara Hiluf, GAIN

Ton Haverkort, GAIN

Appendix D

Guide to the evaluation questions

a. Value proposition
   i. Who is the model creating value for?
   ii. Who are the customers and who are the stakeholders?
   iii. Is there a clear understanding of the segmentation and purchasing power of the target group?
   iv. Is there a clear understanding of the competitive and institutional context of the intervention?
   v. Why are these projects at all necessary? Are the projects plugging a hole due to market failure?
   vi. Is the commercial mobilisation 'for real' or is it just CSR or PR or ?
   vii. Is participating in the projects a part of the firms' strategy and business plans ... or just a nice opportunity to do something good and paid by 'happy' donors?
b. Value creation
   i. The value chain approach: Is it feasible and viable?
   ii. How do the MNC in the North and the SMEs in the South see their role, why do they participate, and what are (were) their goals?
   iii. How does the model handle that each partner has its own agenda/motivation for participating? How are the interests aligned? What are the reasons for participation: is it driven by business, CSR, philanthropy, or ??
   iv. Who has the real incentive to drive the project forward in the long run?
   v. Is GAIN or other NGOs the right organisation to drive such a complex commercial project?
c. Value appropriation
   i. Is there a clear path toward financial viability in the current project?
   ii. Is there a model for revenue generation in the projects?
   iii. What KPIs are important for the participating firms, and what results/valued did they expect at the start; and what did they achieve? and how do they view the future?
   iv. Aren't the project creating unfair advantages to the partners and obstruct competition?

Appendix E

Greetings to all!

We are contacting you in regard to your organization's participation in one or more partnership projects facilitated by The Global Alliance for Improved Nutrition - GAIN. We are a team of researchers at Copenhagen Business School, and **GAIN has asked us to evaluate the GAIN Nordic Partnership model used in projects in Ethiopia and Zambia**. GAIN wants to understand whether their partnership model and business approach has the potential to deliver on the promise as a commercially viable way to delivering safe and nutritious foods to local populations.

You are kindly asked to participate in this survey, and as the projects have a limited number of participants, we highly appreciate you taking the time to fill it in. The survey is confidential and GAIN will not have access to the individual answers, and it will only receive a final report based on all answers. We will contact you in case we wish to quote one of your written answers in the report.

The survey consists of five parts and the first part is about you and your organization. We expect it will take about 20 minutes to fill out the survey. We kindly ask you to return the completed survey at your earliest convenience and latest on August 20, 2021. In case you should have questions or comments, please contact us on the e-mail below.

Many thanks and best regards,

Associate professor Michael W. Hansen,
Associate professor Søren Jeppesen and
PhD Fellow Henrik Gundelach,
Centre for Business and Development Studies,
Department of Management, Society and Communications,
Copenhagen Business School

Contact e-mail: hg.msc@cbs.dk

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1. Your Organization

1.1 My organization participated in: (please select one)

- Access to Better Diary in Ethiopia
- Nutrition for Zambia
- Both projects

1.2 My organization is based in: (please select one)

- Africa
- Europe

1.3 My organization is: (please select one)

- A company
- An NGO
- A consultancy
- An industry organization
- A government institution
- An academic institution
- Other, please specify in the text box below

1.4 My work title is: (please write in the box below)

1.5 Please indicate to what extent you agree with the following statements

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
My personal engagement in the project(s) was extensive and my knowledge is detailed.	○	○	○	○	○
My organization has prior experience from similar international partnership program(s).	○	○	○	○	○

1.6 Who did you see as initiator of (the organization behind) the project(s)? (please select one)

- GAIN ○
- European-based government funding (DANIDA or FCDO (previously DFID)) ○
- European-based Multinational companies ○
- Other, please specify in the text box below ○

1.7 Who prompted your organization to get involved in project(s)? (please select one)

- DANIDA or FCDO (previously DFID) ○
- GAIN ○
- A supplier ○
- A customer ○
- An NGO ○
- An Industry Organization ○
- Other, please specify in the text box below ○

2. Participation
In the following section we would like to know about your organization's participation in either one of the two projects or both. In case there are differences between the two projects, we kindly ask you to write your comments in the box at the end of the survey.

2.1 Please indicate to what extent you agree with the following statement.

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
My organization's participation in the project(s) was/were decided at the top management/strategic level.	○	○	○	○	○

2.2 Was (were) the project(s) of key strategic importance to your organization?

Not at all	To a limited degree	To some degree	To a high degree	To a very high degree
○	○	○	○	○

2.3 Did your organization enter the project with a view of producing development outcomes or was it mainly motivated by the business opportunities? (Please use the slider below to indicate your answer)

A pure development project		Both development and business project		A pure business project
1	2	3	4	5

2.4 My organization set specific goals for its participation in the project(s) with measurements (KPIs).

- Yes ○
- No ○
- Not Applicable ○

2.5 If your organization established KPIs, please state them in the text box below.

2.6 On what time-scale does (did) your organization expect the main benefits from participation in the project(s)? (please select one)

- During the project implementation
- At project conclusion
- 1-2 years from project conclusion
- 2-5 years from project conclusion
- More than 5 years from project conclusion

2.7 Please indicate to what extent you agree with the following statements.

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
At conclusion of the project(s), the project(s) met the expectations of my organization.	○	○	○	○	○
In hindsight, my organization could have obtained similar benefits without participating in the project(s).	○	○	○	○	○

3. Project Management
In the following we would like to get your feedback on the management of the project(s)

3.1 Please indicate to what extent you agree with the following statements.

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
The project(s) was (were) managed well.	○	○	○	○	○

3.2 What were the main strengths of project management?
(Please prioritize relevant options by inserting numbers in the text boxes, with '1' as the highest)

- [ ] Leadership skills
- [ ] Communication skills
- [ ] Keeping deadlines and punctuality
- [ ] Fire-fighting ability
- [ ] Network facilitation
- [ ] Flexibility
- [ ] Technical expertise
- [ ] Other, please specify in the text box below

3.3 What were the main limitations of project management? (Please prioritize relevant options by inserting numbers in the text boxes, with '1' as the highest)

- [ ] Leadership skills
- [ ] Communication skills
- [ ] Keeping deadlines and punctuality
- [ ] Fire-fighting ability
- [ ] Network facilitation
- [ ] Flexibility
- [ ] Technical expertise
- [ ] Other, please specify in the text box below

3.4 What were the problem areas of the project(s)? (select one or several answers)

- [ ] Too much time and effort compared to the results
- [ ] Not all participants pulled their weight (free-riders)
- [ ] Too much project bureaucracy
- [ ] Too many project meetings
- [ ] Project management
- [ ] The project was too complex
- [ ] Other, please specify in the text box below

3.5 Please indicate to what extent you agree with the following statement.

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
GAIN's role as project lead was extremely good.	○	○	○	○	○

3.6 What is the main value added of having GAIN as a partner in the project? (Please prioritize relevant options by inserting numbers in the text boxes, with '1' as the highest)

- [ ] GAIN's technical knowledge
- [ ] GAIN's world-wide network
- [ ] GAIN's local organization
- [ ] GAIN's approach to public-private partnerships
- [ ] GAIN's contacts to authorities
- [ ] GAIN's project management skills
- [ ] GAIN's reputation
- [ ] GAIN's contact to funding authorities
- [ ] Other, please specify in the text box below

3.7 Please describe the main strengths and limitations of GAIN as project lead. (Please write in the text box below)

4. The Projects

In the following section, we would like to know more about the actual project(s) and what your organization got out of participating in it (them).

4.1 What were your organization's main benefits from participating in the project(s)? (Please prioritize relevant options by inserting numbers in the text boxes, with '1' as the main benefit)

- [ ] Contributing to solving a development problem
- [ ] Getting new types of partners
- [ ] Access to new markets
- [ ] Generated higher profits
- [ ] Access to new knowledge
- [ ] Positioned organization better for future projects
- [ ] Developing new products
- [ ] Access to authorities
- [ ] Learning about new types of business models
- [ ] Developing new solutions
- [ ] Learning about a new country
- [ ] Getting reputational benefits
- [ ] Learning about new ways of collaborating
- [ ] Other, please specify in the text box below

4.2 What prevents the final consumer product(s) from becoming commercialized (brought to market) yet? (select one or several answers)

- ☐ Too expensive to produce
- ☐ Too difficult to produce
- ☐ Lack of raw materials
- ☐ The product not suited for market
- ☐ The production scale is too low
- ☐ Problems in distribution
- ☐ Lack of demand
- ☐ Covid-19
- ☐ Lack of government support
- ☐ Changes in personel in key partners' organizations
- ☐ Other, please specify in the text box below

4.3 Please prioritize the barriers that the project(s) overcame (Please prioritize relevant options by inserting numbers in the text boxes, with '1' as the highest barrier)

- ☐ Limited knowledge about the 'bottom of the pyramid' customer segment
- ☐ Lack of market information
- ☐ Ineffective or missing regulation
- ☐ Inadequate infrastructure
- ☐ Limited access to finance 'bottom of the pyramid' projects
- ☐ Limited supply base in the Ethiopia and/or Zambia
- ☐ Ineffective distribution systems
- ☐ Lack of technical knowledge in Ethiopia and/or Zambia

4.4 What was the balance between development orientation and business orientation in the project(s)? (Please use the slider below to indicate your answer)

Too much weight on development		The project(s) struck the right balance		Too much weight on business
1	2	3	4	5

4.5 Who benefitted the most from the project(s)? (Please prioritize relevant options by inserting numbers in the text boxes, with '1' as the highest)

- African-based distributors (wholesalers, retailers, etc.)
- African based suppliers (farmers, raw material suppliers, etc.)
- African based manufacturers (dairies)
- European-based firms
- The malnourished people
- The NGOs
- The funding agencies
- Governments
- Consultant firms
- Other, please specify in the text box below

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4.6 Please indicate to what extent you would agree with the following statement.

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
The project(s) offered a new and innovative partnership model.	○	○	○	○	○

4.7 What are the main <u>advantages</u> of projects based on partnerships between the private sector and NGOs? (Please prioritize relevant options by inserting numbers in the text boxes, with '1' as the highest)

- [ ] Improve speed of project implementation
- [ ] Increase durability of results
- [ ] Secure legitimacy of project
- [ ] Create new commercial opportunities
- [ ] Secures risk sharing
- [ ] Provide access to Bottom of the Pyramid markets
- [ ] Provide more effective solutions to development problems
- [ ] Improve institutional setup around nutrition solutions in host countries
- [ ] Other, please specify in the text box below

4.8 What are the main disadvantages of projects based on partnerships between the private sector and NGOs? (Please prioritize relevant options by inserting numbers in the text boxes, with '1' as the highest)

- [ ] Slows down the speed of project implementation
- [ ] Undermine durability of results
- [ ] Unclear ownership to results
- [ ] Weakens commercial sustainability
- [ ] Complications in making formal agreements or contracts
- [ ] Intransparency of responsibilities
- [ ] No-one is really happy with the project
- [ ] Too much energy spend on trying to understand partner's priorities and thinking
- [ ] Other, please specify in the text box below

4.9 What are the risks for private partners entering a partnership model with NGOs?(Please prioritize relevant options by inserting numbers in the text boxes, with '1' as the highest)

- [ ] Ineffective use of time
- [ ] Giving up other business opportunities
- [ ] Reputational risks
- [ ] Prevents company from fully exploiting a commercial opportunity
- [ ] Diluting companies' commercial agendas
- [ ] Other, please specify in the text box below

4.10 What are the risks for <u>NGOs</u> entering partnership model with the private sector? (Please prioritize relevant options by inserting numbers in the text boxes, with '1' as the highest)

- [ ] Ineffective use of time
- [ ] Giving up other opportunities for new development projects
- [ ] Reputational risks
- [ ] Prevents NGO from fully pursuing its mission
- [ ] Diluting NGO's mission
- [ ] Other, please specify in the text box below

4.11 Please state your extent of agreement with the following statements:

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
The project(s) decreased the commercial risks in developing the new product(s).	○	○	○	○	○
The project(s) established new long-term relationships between the participating organizations.	○	○	○	○	○
My organization received and accumulated more resources and capabilities than we provided during the project(s).	○	○	○	○	○
The project(s) created partnership issues and problems that my organization had not encountered before.	○	○	○	○	○
My organization developed new solutions to solve product development and/or commercial challenges during the project(s).	○	○	○	○	○
The project(s) required my organization to invest in new physical assets (machines, buildings, etc.).	○	○	○	○	○
The project(s) required my organization to invest in new intellectual property (brands, patents, copyrights, etc.).	○	○	○	○	○
The project(s) required my organization to hire new employees or extensively train existing employees.	○	○	○	○	○
The project(s) required my organization to "stretch" its financial resources (use of cash, taking loans, etc.).	○	○	○	○	○
The project(s) open up completely new ways of serving the malnourished population.	○	○	○	○	○

5. Future Outlook

In the following section we would like to learn about your opinion about the future for this kind of project(s).

5.1 Please state your extent of agreement to the following statements:

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
I will recommend my organization to participate in similar projects in the future.	○	○	○	○	○
I will recommend other organizations to participate in a similar project.	○	○	○	○	○
I will recommed government development agencies to expand this type of projects.	○	○	○	○	○

5.2 What are the main barriers to further expanding the GAIN Nordic partnership model in the future? (Please prioritize relevant options by inserting numbers in the text boxes, with '1' as the highest)

- [ ] The model is difficult to scale
- [ ] The model is difficult to replicate due to specific conditions in Ethiopia and/or Zambia
- [ ] The model cannot be made commercially viable
- [ ] The interests of project participants are too different
- [ ] The efforts of coordinating many project participants too high
- [ ] The model is too complex
- [ ] Without government support this type of project will not succeed
- [ ] Donors will not support this type of project
- [ ] Other, please specify in the text box below

5.3 The projects adopt a value chain approach to offer nutrient products to beneficiaries. Please state the extent to which you agree with the following statements.

	Strongly disagree	Disagree	Neither agree nor disagree	Argee	Strongly Agree
In future projects, it is necessary to work with the entire value chain					
In future projects, more emphasis should be placed on distribution and sales					
In future projects, more emphasis should be put on supply industries					
In future projects, more emphasis should be put on small-holder farmers					
In future projects, more emphasis should be put on production					
In future projects, more emphasis should be put on development of supporting institutions, standards and regulations					
In future projects, more emphasis should be put on Research & Development of new products					
In future projects, more emphasis should be put on transfer of technological and production knowledge.					
In future projects, more emphasis should be put on creating a sustainable financing model					

5.4 If the GAIN Nordic Partnership model is to be scaled up, what would you recommend? (Please write in the text box below)

5.5 If the GAIN Nordic Partnership model is to be replicated in other countries or sectors, what would you recommend? (Please write in the text box below)

5.6 Please write any other comments in the box below

Thank you very much for your time and participation!

By clicking the **arrow towards the right** highlighted in blue **your answer will be submitted** and cannot be changed anymore.
To go back to edit your answers, if necessary, click on the arrow towards the left highlighted in grey.

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