



In 2015, PPPLab, together with BoP Innovation Center and Rebel Group scanned 29 FDOV PPPs and 13 FDW PPPs (= all PPPs approved in the 2012 calls for proposals) to better understand their business models with special focus on the inclusiveness and risk management. This Exploration captures some key findings and briefly presents the PPPCanvas developed as a result of this work.

Explorations 02

Business Models in Food & Water PPPs

Inclusiveness of the PPP

The inclusiveness of the business models of the PPPs was assessed focussing on two aspects:

a. The Involvement of the BoP:

the extent of involvement of local small and medium enterprises (SMEs) or other base of the pyramid (BoP) related organisations in the business model use.

b. The Explicit Strategy towards BoP:

whether the business model included a clear strategy for targeting and involving low-income groups.

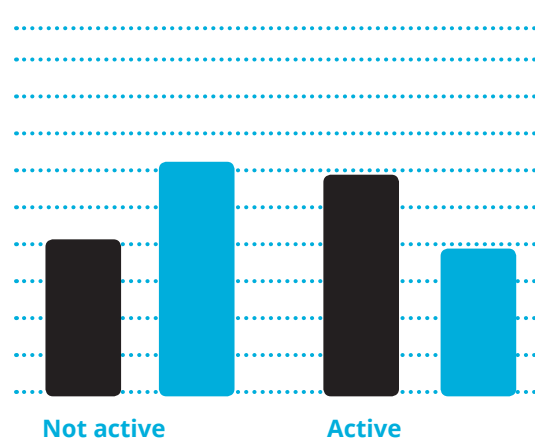
Not all PPPs have an explicit strategy for targeting the Base of the Pyramid (BoP) and involvement of the BoP is weak. This may undermine the acceptance of the products/services and consequently the development impact.

FDOV and FDW PPPs are very diverse, amongst others in motivations of the partners to engage and in type of interventions. Interestingly only half of the private sector parties are motivated by return on investments.

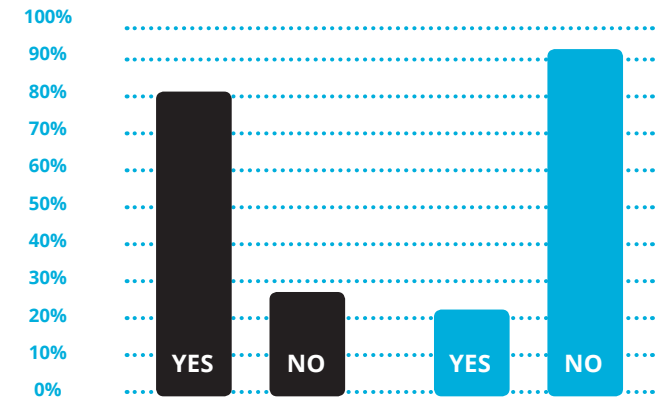
Involvement of the BoP

■ = FDOV: 'Fonds Duurzaam Ondernemen en Voedselzekerheid', a facility of the Dutch Ministry of Foreign Affairs for PPPs in Sustainable Entrepreneurship and Food Security

■ = FDW: 'Fonds Duurzaam Water', a facility of the Dutch Ministry of Foreign Affairs for PPPs in the Water Sector

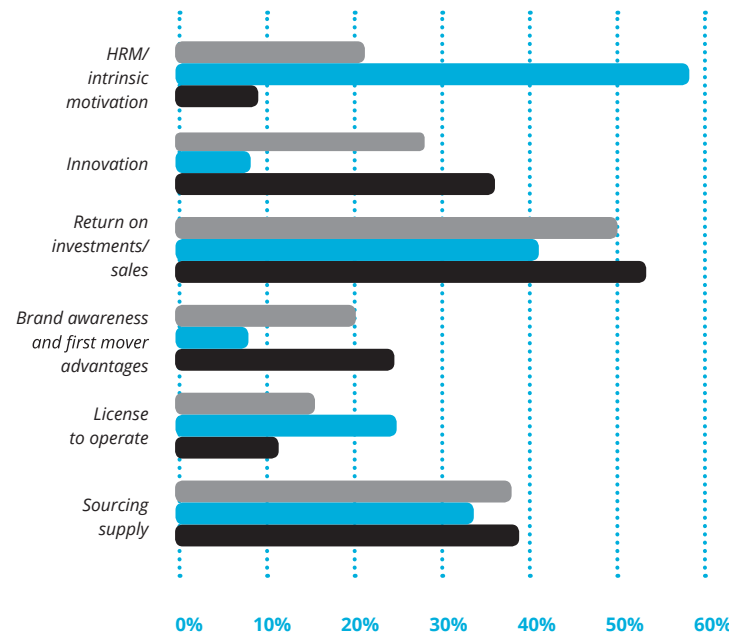


Explicit strategy towards BoP

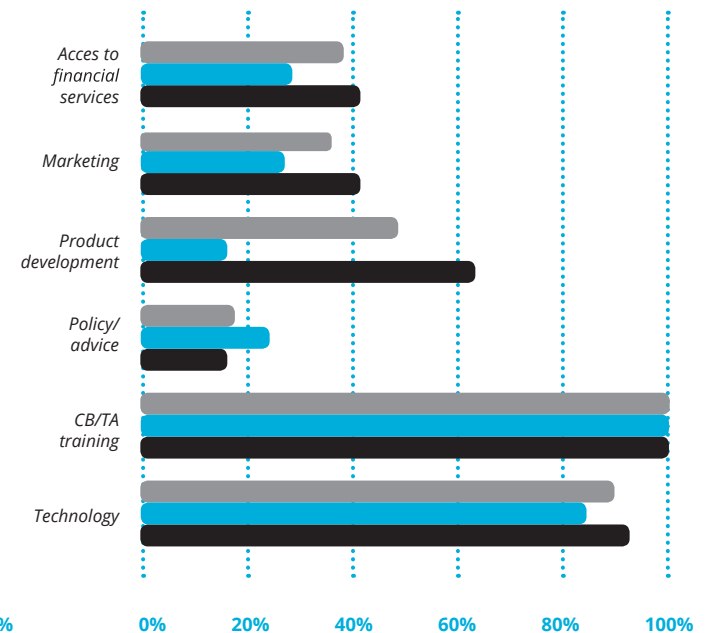


Motivation of private sector to engage in the PPP

■ = TOTAL
■ = FDW
■ = FDOV



Activities

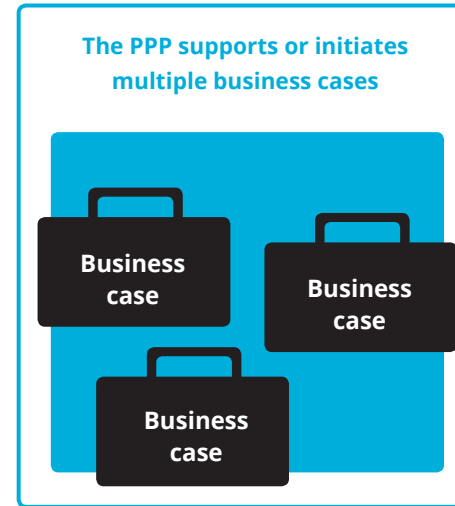


Relations between PPPs and business cases

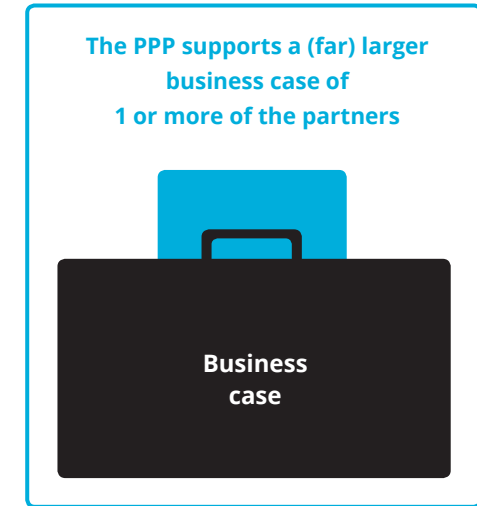
FDOV and FDW PPPs all include at least one business case, but the way the business case is embedded in the PPP varies. Three categories are distinguished as visualized.



30% of scanned PPPs fall in this category (23% FDOV PPPs and 46% FDW PPPs).



25% of scanned PPPs fall in this category (32% FDOV PPPs and 8% FDW PPPs).



45% of scanned PPPs fall in this category (45% FDOV PPPs and 46% FDW PPPs).

Risk Management

Risk management is addressed in the FDOV/FDW PPPs although explicit allocation of risks within and after ending of the PPP deserves more attention. Lack of risk allocation may undermine the sustainability of the intervention and/or affect the financial strategy of the PPP.

Risk identification: the process of identifying all the risks relevant to the PPP, whether during its construction phase or its operational phase inside and outside the influence of the PPP partners.



Risk assessment: determining the likelihood of identified risks materialising and the magnitude of their consequences if they do materialise.



Risk allocation: allocating responsibility for dealing with the consequences of each risk to one of the parties to the PPP contract, or agreeing to deal with the risk through a specified mechanism which may involve sharing the risk.



Risk mitigation: attempting to reduce the likelihood of the risk occurring and the degree of its consequences for the risk-taker.



Risk monitoring and review: monitoring and reviewing identified risks and managing new risks as the PPP develops and its environment changes. This process continues during the life of the PPP contract.



PPPCanvas: a tool to design, visualise or pivot the business model in a PPP

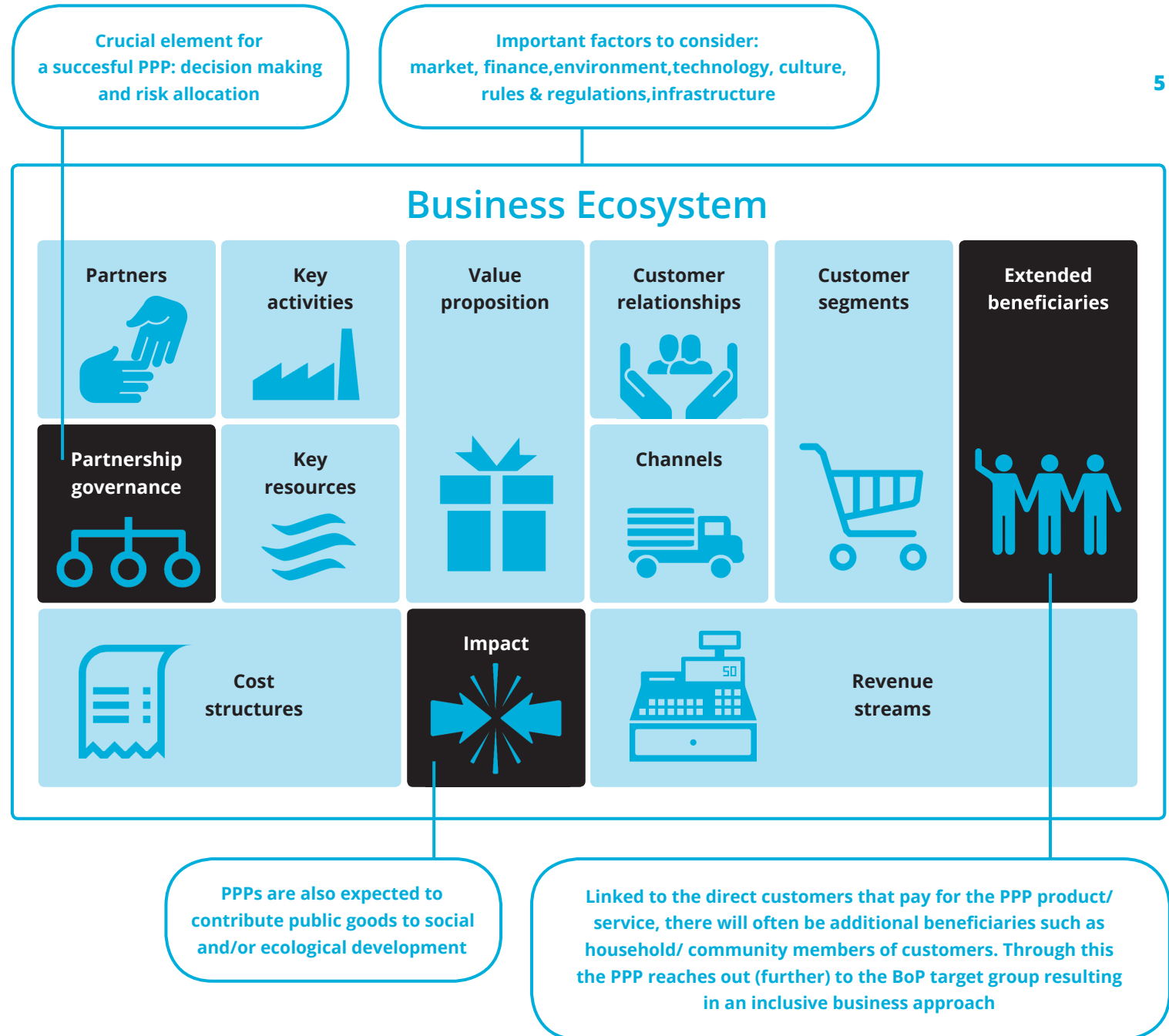
The Business Model Canvas (BMC) was used to analyze the FDW and FDOV PPPs. This BMC provides a good overview of what value is being delivered, how the partners aim to deliver this, to whom exactly and with how much costs versus revenues.

Original Business Model Canvas



Proposed PPPCanvas

To better serve the background and goals of FDOV and FDW, four fields were added to the original Business Model Canvas. This addition adds insights in the developmental focus and the partnership arrangements.





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