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# Section H innovation fund introduction

From Blue Gold Program Wiki

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This is the section H of Blue Gold Program  
report

## **Blue Gold Innovation Fund (BGIF)**

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The Blue Gold Program started in March 2013 and will continue to end-June 2020 (with a further six months to end-December 2020 for administrative closure). Its operations concentrate on twenty-two polders in four districts in the southwest of Bangladesh: Patuakhali, Khulna, Barguna and Satkhira. The Program covers 119,000 ha where more than 200,000 households will directly benefit from the Program. The Blue Gold Program addresses poverty and vulnerability in the south west by developing local capacity to manage water resources, agricultural production and market access. Lasting cooperation between rural communities, their organisations, local governments and technical agencies such as DAE and BWDB forms the core of this capacity.

The Blue Gold Innovation Fund (BGIF) is an instrument created to accelerate the development process in the geographical area of the Blue Gold Program. It finances innovative approaches and new initiatives to socio-economic development. Innovations submitted to the Blue Gold Innovation Fund are expected to contribute to the outcomes of the Blue Gold Program; The impact is expected to be mostly locally or regionally centred.

An original allocation of €4.4 million (ref Program Document, August 2012) was made for “services providers under the Water Innovation Fund of approximately € 2.4 million and the Productive Sectors Innovation Fund of approximately € 2 million,” In the Technical Assistance (TA) contract (February 2013), this was adjusted to €2.4 million for the Water Management Fund and €1.9 million for the Production Support Fund.

As a result of recommendations made by the 2016 Blue Gold Annual Review Mission, internal transfers were made between budget heads of the TA contract. This resulted in a reduction in the amount available to the Blue Gold Innovation Fund (BGIF) to a total of € 2.45 million, divided into two separate funds: Water Management Fund with a budget of € 1.4 million (focusing on water resources management), and a Productive Sectors Fund with a budget of € 1.05 million (focusing on agricultural production and food security). A separate Water Management Knowledge and Innovation Program (WMKIP) with an action research fund of €1.4 million (approximately), has been created under the jurisdiction of EKN, which is managed by Deltares and several other organisations including WUR and IWM.

□

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## Evolution of the Blue Gold Innovation Fund[\[edit | edit source\]](#)

The Innovation Fund has been subject to a number of changes since its inception. Not only did the level of funding change from € 4.4 million to € 2.45 million, also the approach to achieve equitable water management and strengthened value chains changed over time.

The general objective and approach were captured in the project document (28 February 2012) as follows: *"The Program will promote the introduction and application of innovations, both technological as well as conceptual innovations, as long as they are of clear relevance for the beneficiaries of the Program and the concerned implementing agencies in Bangladesh. Such innovations can be found in other projects and organisations working in Bangladesh, but also specifically with Dutch knowledge institutions and private sector enterprises".*

*In order to facilitate the adoption of such innovations, resources are included in the Program to identify and test the relevance and effectiveness of these innovations and scale-up their application. For this purpose, both funding and expertise is required. The type of expertise needed depends mostly on the nature of the innovations identified and will be mobilised on a short-term basis. The necessary resources to allow the identification, testing and scaling-up of innovations can be drawn from funding for the specific purpose of innovation included in the budgets of each of the components."*

Roughly three distinct periods can be identified, where the focus and methods of the BGIF shifted significantly.

### 2013-2015: Setting up the BGIF, demand driven[\[edit | edit source\]](#)

In the inception report a number of potential innovative technologies and approaches were identified, including:

- research results to maximise the use of available fresh water after the monsoon period (water storage and crop diversification);
- cage fishing;
- rainwater harvesting through infiltration (managed aquifer recharge)
- saline tolerant rice varieties and other crops;
- Improved cropping system and technologies;
- dealing with the siltation and erosion problems in water courses;
- improved drainage by pumping, using renewable energy; and/or
- Web based GIS/MIS
- Use of geo data for information to farmers

It quickly became evident that the objectives laid out in the project document (as mentioned above) were difficult to implement on the ground as we had to follow Netherlands procurement rules and procedures, which limit the contact size of solicited and un-solicited proposals, among others. Accordingly, the procurement manual was developed, where the innovation funnel (see section 2.1)

played a crucial role. Already in these first years, a number of feasibility studies and pilot projects were financed, based on un-solicited proposals.

## **2015-2017: Aid for Trade, supply driven**[\[edit\]](#) | [edit source](#)

The BGP Mid Term Review of 2015 recommended that *“the Dutch ‘Aid & Trade’ policy favours the creation of sustainable business links between the Dutch private sector and that in the partner countries. In that context, innovations that have a link to international markets, both in terms of Bangladesh products and in terms of engendering supply contracts or direct investment from the Netherlands to Bangladesh, would be most welcome”*. Following the MTR recommendation, substantial efforts were made to attract NL companies to visit Bangladesh and see if their innovative approaches could be applied in the Blue Gold area.

From 2015 to 2017, applications to the fund were characterized by a relatively small participation of Netherlands based enterprises, with the majority of applications coming from Bangladesh-based enterprises. The Innovation Fund was aimed at giving practical implementation to the ‘Aid to Trade’ policy of EKN in Bangladesh. A larger involvement of Dutch enterprises within the scope of the Innovation Fund was aimed for; Not only for the development of Dutch business in Bangladesh, but also for the opportunities that this provides for collaboration between the Netherlands and Bangladesh.

The Innovation Fund offered favourable circumstances for Netherlands-based enterprises operating in the fields of water management and agriculture that are interested in expanding their operations to Bangladesh. In order to communicate these opportunities to Small and Medium Enterprises in the Netherlands, the Innovation Fund started a partnership with the Dutch Network Group (DNG) in March 2017. Together with DNG the Innovation Fund launched a marketing campaign, titled ‘*Ondernemen in Bangladesh*’, using email, social media (LinkedIn, Twitter) and a website ([www.oibd.nl](http://www.oibd.nl)) to target SMEs and entrepreneurs from the Netherlands. The campaign had three main objectives:

- Create awareness amongst Dutch entrepreneurs in both the agriculture and water management sector, of the business opportunities that the Blue Gold Program area offers, and to motivate them to submit applications to the Blue Gold Innovation Fund
- Enlist the Dutch agriculture- and water management- entrepreneurs to an information program to nurture them
- Create engagement with the Dutch agriculture- and water management- entrepreneurs to enlist with the Blue Gold Program and inspire them to implement their business ideas in Bangladesh

By mid-2018, this resulted in the campaign attracting 75 organisations interested to follow an online mini-course on Bangladesh and 17 organisations applying for a feasibility study under Blue Gold Program.

- Unfortunately, the campaign did not result in any running feasibility or pilot projects under the Blue Gold Program. More detailed discussions on the practicalities caused some organisations to withdraw their plans and focus on other activities or countries; others had so little understanding of the local context that too much support from the TA team would be required or so many elements of the project design would need to be changed to make it a success.
- To give the group of Dutch SMEs with limited understanding of the local context the opportunity to do matchmaking with local organisations in-country and visit the BGP area,

initially seemed a way to solve the issue. However, once the mission was confirmed 8 out of 10 organisations pulled out. It was concluded that Dutch organisations with a) confidence to work in remote underdeveloped areas and b) with preferably prior experience in Bangladesh is more effective.

BGIF management realised that there were a number of barriers that Dutch companies perceived;

- BGIF project fund size was limited to EUR 50k, an amount too low for NL companies to do anything substantial
- The (M)SMEs had little to no connection to local entrepreneurs and local field staff to help them implement the projects on the ground.
- The Dutch (M)SMEs had little idea about local market conditions in Bangladesh
- IF Dutch entrepreneurs showed an interest in Bangladesh (markets), the South-West was or would not be their priority. Those with a (potential) interest would be enterprises already involved in water/delta development in general.

In this phase, the fund was to attract innovative conceptual thinking from Bangladeshi and Dutch applicants to invest in an economically low developed area with complex reality and a difficult implementation landscape. Altogether, perceived financial, implementation and market risks proved to be insurmountable barriers to Dutch (M)SMEs for applying to BGIF funds.

## **2017-2020: Demand driven; consolidation, scale up** [\[edit\]](#) | [edit source](#)

The supply driven approach that had characterised the previous phase, was gradually replaced through a demand driven approach, where a mix of local Bangladeshi and foreign international NGOs and Dutch companies partnered up to implement locally relevant and feasible projects that added value to the Blue Gold Program objectives.

In order to generate interest and attract innovative ideas from Dutch and international companies and organisations a call for proposals was launched, where the project size was 2.66 times higher than the previous budget ceiling, to EUR 133,000. The applications to the Innovation Fund now followed two routes:

1. Unsolicited proposals, which have a budget ceiling of €50,000 and focus on smaller interventions such as feasibility studies or pilots.
2. Solicited proposals, which have a budget ceiling of up to €133,000 and are initiated by Blue Gold through an international call for proposals (tender), and have a separate TOR and guideline document that will be published together with the call for proposals;

The demand driven approach was further stimulated through the appointment of two new BGIF fund managers mid-2017, both of whom had existing managerial and technical roles in the Blue Gold project. They were thus able to strengthen the connection between Blue Gold intervention area realities and BGIF project proposals. Guiding applicants towards more relevant and tangible benefits for the Blue Gold beneficiaries became a focus of their BGIF management tasks. The managers and technical leads advised when needed potential new partners (Dutch or local) for applicants, in consideration of weaknesses in the proposal. Liaising with lead BDP technical experts on each BGIF project also enhanced effectiveness and BGP complementary once the projects became operational.

Blue Gold Innovation Fund

hectare

Department of Agricultural Extension, a department of the Ministry of Agriculture responsible for disseminating scientific research and new knowledge on agricultural practices through communication and learning activities for farmers in agriculture, agricultural marketing, nutrition and business studies.

Bangladesh Water Development Board, government agency which is responsible for surface water and groundwater management in Bangladesh, and lead implementing agency for the Blue Gold Program

Technical Assistance

Water Management Knowledge and Innovation Program - starting in December 2017 and led by Deltares and the Institute of Water Modelling (IWM) with the aim of contributing to the long term development goals for the Southern Coastal Region as well as to objectives of the Blue Gold Program through tested and sustainable water management innovations, knowledge development and participatory action research.

<https://www.deltares.nl/en/news/developing-water-management-innovations-local-communities-bangladesh/>

Embassy of the Kingdom of the Netherlands, the contractual representative of the Minister of Foreign Trade and Development Cooperation of the Netherlands and signatory to the agreement for the Blue Gold Program with the External Resources Division of the Ministry of Finance as the signatory for the Government of Bangladesh

Wageningen University and Research Centre

Institute of Water Modelling

cage culture is an aquaculture production system in which the fish are held in floating net pens using existing water resources (rivers and ponds) with water passing freely between the fish and the surrounding water body for water circulation and waste removal into the surrounding water.

Typically undesirable increase in concentration and deposition of water-borne silt particles in a body of water.

Geographic Information Systems

Management Information System

A feasibility study is an analysis that takes all of a project's relevant factors into account—including economic, technical, legal, and scheduling considerations—to ascertain the likelihood of completing the project successfully.

Blue Gold Program

Mid - Term Review Mission

A process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them.

human intervention in the capture, conveyance, utilisation and drainage of surface and/or ground water in a certain area: a process of social interaction between stakeholders around the issue of water control.

A feasibility study is an analysis that takes all of a project's relevant factors into account—including economic, technical, legal, and scheduling considerations—to ascertain the likelihood of completing the project successfully.

Innovation Fund

A defined set of temporary activities through which facilitators seek to effect change

Bangladesh Delta Plan

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## Blue Gold Program Wiki

The wiki version of the Lessons Learnt Report of the Blue Gold program, documents the experiences of a technical assistance (TA) team working in a development project implemented by the Bangladesh Water Development Board (BWDB) and the Department of Agricultural Extension (DAE) over an eight+ year period from March 2013 to December 2021. The wiki lessons learnt report (LLR) is intended to complement the BWDB and DAE project completion reports (PCRs), with the

aim of recording lessons learnt for use in the design and implementation of future interventions in the coastal zone.

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