



Annex 3 to administrative rules FDW, 3rd call: Sustainability framework (FIETS kader).

This framework provides guidance on WHAT is meant with the 5 elements of sustainability, WHAT the expectations are from the policy perspective per element and in general HOW applicants can arrive at choices to address sustainability in the project proposals. In some cases examples are given of concrete interventions. These examples are not exhaustive.

HOW: Ensuring the proposed project will be financially, institutionally, ecologically, technically and socially (FIETS) sustainable begins with a situational assessment – identifying potential risks and bottlenecks for each dimension of the sustainability concept. Once identified, they form the basis for sustainability related interventions within the project that mitigates these challenges. The project plan needs to elaborate on the different steps, methods and approaches to be put in place as part of the project to address or mitigate the sustainability challenges. The OESO, ICSR guidelines for multinational companies, will need to be integrated into the situational assessment and cover the whole (production) chain.

Sustainability challenges, steps, methods, approaches and interventions vary from project to project depending on the local context and sub-sector the proposal is pitched at. This will mean that different dimensions of sustainability will vary in relevance for each project.

It is expected that sustainability, framed in the local context is fully integrated into the project. Only proposals that are sufficiently sustainable are eligible for funding. If sustainability is not meeting the minimum requirement, the application will be rejected.

Project interventions geared towards addressing sustainability will be integrated in the project M&E framework, including the periodic sustainability check and progress towards a sustainability compact.

FINANCIAL

The business case/project results need to be financially sustained after project conclusion. This will contribute to continuation of services or products with domestic resources and without depending on donor funding.

EXPECTATIONS

- The business case should be based on a thorough analysis, e.g. of the willingness to pay or a market study. It should be clear how and by whom the business case/project results (provision of services/products) will be financially sustained after project conclusion.
During project implementation progress on reaching financial sustainability is reported on. For business cases by indicating the revenue generated versus the costs incurred and the progress towards reaching a break-even.
- Projects without a business case need to provide insight into the progress towards financial sustainability by securing local financing, e.g. payment for environmental services, public budget allocations or for example introduction of taxes.
- The price/revenue for a service/product should be based on lifecycle costs and should include the costs of management, maintenance and depreciation and replacement of hardware.
- A business case (services/products) with vulnerable groups like the poor as a market/target group is preferred. Additionally, it needs to be made clear how services/products for these target groups can be sustained, e.g. through cross subsidies.
- Aim for a substantial local contribution, especially from the private sector.
- Domestic resources need to be mobilised as much as possible for long term financing of the intervention. E.g. through tariffs and taxes and through stimulating the enabling environment for domestic resource mobilisation.

INSTITUTIONAL

Interventions need to be embedded in the local institutional context. Local stakeholders should have the capacity and benefit from a conducive enabling environment (policy, regulatory framework, oversight, transparency) to sustain the project results (provision of services/products).

EXPECTATIONS

- The stakeholder assessment takes into consideration water usage in other sectors, such as agriculture and industry. It should be clear what institution(s) and or organisation(s) will be responsible and how and with what other organisations they will work together to maintain the business case/ project results (provision of services/ products) after project conclusion.
- Local parties will often be responsible for the sustained delivery of the services or products after the project period. These parties should be sufficiently involved in the (outline of the) project to be able to take on this responsibility.
- Capacity building of the local partners will be part of the project to ensure the sustainable delivery of services and products.
- The local public sector should play a key role in the PPP. It is often the duty bearer for water related services and should be capacitated to sustain its role in terms of policy, regulation and oversight, and its duty to ensure transparency.
- Local civil society should be involved and should also be able to represent the interests of the most vulnerable and/or poor groups in society.
- During the project period a compact will be agreed upon between the PPP consortium members which clarifies the roles and responsibilities after the project period.
- The project should be in line with national legislation and directives (cross cutting theme good governance).

ENVIRONMENT AND CLIMATE

The project interventions and outcomes have a positive or no adverse effects on the continued availability of natural resources, reduction of waste, adaptation to climate change and a healthy living environment.

EXPECTATIONS

- Projects are expected to make a positive contribution to sustainable use of natural resources and reduce waste and pollution. This can be done by approaches or technologies that e.g.:
 - put the project interventions in the broader context of integrated water resource management;
 - use sustainable water sources (rainwater (3R approach));
 - reduce pollution of water, soil and air (greenhouse gasses) and;
 - recycle waste and apply waste water treatment techniques.
- During project implementation the progress on reducing negative environmental impacts, mitigating greenhouse gases and adapting to climate change that will contribute to climate resilience is reported qualitatively and where possible quantitatively, highlighting concrete results.
- Projects are expected to take into account the predicted effects of climate change and ensure the project interventions are adaptable to these changes. Where possible projects are also expected to mitigate further climate change, for example by using renewable energy or improving energy efficiency.
- An assessment of the impact of the project on the environment (in particular for ecosystems, water and soil) and the living conditions of the target group should be part of the project proposal. Potential effects of climate change on the project should also be assessed.
- It should be clear how a potential negative impact of the business case/project and its results (products and services) on the natural environment will be avoided or mitigated.
- It should be clear how the business case/project and its results (products and services) are adaptive to the potential effects of climate change.

- If applicable, it should be clear how the project/business case will contribute to maintaining or improving the natural environment (including the sustainability of the water source) during and beyond project implementation.
- The project should comply with applicable national and international environmental legislation and standards.

TECHNICAL

The technology introduced by the project needs to last beyond the project period. Therefore it needs to match local demand and conditions and needs to be affordable and durable.

Expectations

- It should be clear how and by whom the installed infrastructure of technologies will be operated, maintained and monitored during and after project implementation.
- The proposed technology can be easily bought or (partially) produced locally and managed by the local stakeholders.
- Spare parts are locally, easily accessible and affordable.
- During implementation the functionality of hardware installed is reported on annually (sustainability check), and a management response prepared on dealing with non-functionality.
- Capacity building of local stakeholders will be part of the project to ensure the management and maintenance of the infrastructure/products.
- The proposed technology is affordable for the local stakeholders, including the costs of management, maintenance and replacement.
- The choice for a specific technology is based on a comparison between different options, taking into account environmental and social (e.g. gender) issues, preferably through a participatory process.

SOCIAL

Interventions need to be socially and culturally acceptable, be demand driven and should not exclude the needs of the poor, women and vulnerable groups.

EXPECTATIONS

- The project is inclusive; it takes into account the specific needs of women, vulnerable groups and the poorest in society. This needs to be based on a thorough analysis. It should be clear how the business case/project (products and services) responds to the needs of particular social groups, takes into account social values, contributes to achieving and or maintaining their human right and avoids and or mitigates a negative impact on other social groups, during and after project implementation.
- The project is demand-driven and focuses on basic needs, contributing to empowerment and self-reliance. This implies the target group is involved in project design and implementation.
- The project is gender responsive (minimally gender sensitive, ideally gender transformative):
 - A gender analysis is an integral part of the context and problem analysis of the project.
 - The project stimulates involvement of women in decision making, planning and project implementation, e.g. by involving them as change agents in their communities.
 - The project contributes to the economic and social empowerment of women, e.g. by job creation.
 - Water Sanitation and Hygiene projects integrate where possible menstrual hygiene management.
- The project guarantees a good working environment in the broadest sense, taking into account environmental and social issues ("International Corporate (Social) Responsibility (ICSR)").
- Project reporting on progress and results is disaggregated by vulnerable groups and/or gender.