Netherlands Enterprise Agency

Policy brief - July 2022

The Sustainable Water Fund:

Analysis of the Portfolio through a Partnership Lens

>>Sustainable, Agricultural, Innovative and International Enterprise

Contents

This policy brief captures the analysis of the Netherlands Enterprise Agency (RVO)'s Sustainable Water Fund (FDW) portfolio through a partnership lens. Developed through an interactive process with FDW RVO advisors and FDW partners active in the delivery of the portfolio at the project level, this research combines both inductive ("what we would expect to see") and deductive analysis.

In analysing the portfolio, a set of key differences have emerged in terms of the objectives of different initiatives and subsequently how the resulting partnerships have taken shape. This fresh way of looking at the portfolio – through a partnership lens – can be explored further by documenting individual initiatives in greater depth based on a set of expected characteristics of different partnership types.

Structure of this Policy Brief

After an introductory explanation of the three categories of partnership, this policy brief explores some of the key differences in terms of partnering across the three thematic areas of the FDW portfolio. A quick exploration is then provided of how such multi-stakeholder partnerships have evolved more generally over the last decade or so. Finally, key takeaways and recommendations are provided in terms of what to expect from the different kinds of partnerships and important next steps in terms of analysis.[1]

[1] For a more comprehensive analysis, the reader is encouraged to read [Working Title] *The Sustainable Water Fund's Public-Private Partnership Portfolio: Reflections through a partnership lens* – a public facing document that explores the FDW portfolio and characteristics of the three partnership categories in greater detail.

1 Reflecting on Public-Private Partnerships (PPPs) through a Partnership Lens

As a key instrument of the Dutch Ministry of Foreign Affairs (MoFA) to support the achievement of the Sustainable Development Goals (SDGs), the premise of the FDW is that tackling more complicated water-related development challenges requires partnerships among multiple stakeholders. Delivered through a grant mechanism to a lead partner and with targets agreed between the implementers and RVO (the MoFA appointed administrator of the Fund), FDW supported public-private partnerships (PPPs) include a local authority, a private sector partner and a non-governmental organisation (NGO), with at least one partner registered in the Netherlands.

Since 2012, the fund has supported 42 partnership projects across 24 countries. Over 150 million Euros have been made available by the Dutch government with a further 20-40 percent leveraged from the PPP partners over three grant tenders.

FDW partnerships are as diverse as the contexts in which they operate, making generalisations about their structure, effectiveness, and impact challenging. This diversity aside, all tap into the much-needed skills and resources of different stakeholders. They are also more likely to result in greater acceptance of proposed solutions, a higher level of integration around proposed responses, and a stronger chance of ensuring that approaches and solutions are sustained over time due to greater local ownership.

With a primary focus on improving the lives of the poor and vulnerable, the current FDW portfolio of 39 partnerships encompasses three broad thematic areas:

1. Improving water efficiency in agriculture (8);
2. Promoting integrated water resources management (IWRM) (10); and
3. Improving access to water, sanitation, and hygiene (WASH) including waste management (21).

FDW partnerships also provide space to tackle multiple policy and practical objectives jointly (like watershed management and livelihood development).

In terms of the configuration of partners, 19 projects are steered by the private sector and 17 by non-governmental organisations. Lead organisations are predominantly international and headquartered in the Netherlands. However, examples of national private sector (e.g. IWAD Ghana), local public sector (e.g. Kota Bandung Indonesia) or public utilities (e.g. National Water and Sewerage Corporation, Uganda) have provided opportunities for FDW to fund locally steered projects.

FDW uses a broad definition of the private sector. In some projects, lead private sector partners are international consultancy firms (e.g. Metameta Research B.V. in Pakistan), in other cases they are water operators (e.g., Vitens Evides International (VEI) is the lead partner in eight projects bringing in a commercial approach), or they are companies in the more traditional, commercial sense like Rwanda's sole sugarcane processor, Kabuye Sugar Works.

Public sector partners in the portfolio include municipalities, regional health or agriculture bureaus, and national water ministries in the countries of implementation. Dutch waterboards have also been active in five projects.

Multiple types of private sector partners may come together within one project (e.g., a mix of local infrastructure developer, international utility, and consultancy partners in Mozambique), working together with national and Dutch public sector organisations.

This flexibility of interpretation, and rich combination of multilevel (local, regional, national and international), multi-sector expertise of over 150 partners engaged in FDW projects has resulted in a portfolio that spans a broad range of PPP models and approaches.[2]

The FDW PPP projects have forged new conversations and new understanding of local challenges. Indeed, in many instances, FDW initiatives are the first time that public authorities from different technical areas have sat together with the private sector and civil society organisations to develop joint solutions to complex problems. Relying on contributions and commitments from a range of stakeholders, such partnerships aim to recognise, navigate, and respond to a wide set of incentives, interests, and goals.

[2] It should be noted that the terminology is contested in that many institutions generally reference PPPs as more contractual arrangements between the public and private sectors. FDW partnerships are more like what are usually referred to as Multi-Stakeholder Partnerships or MSPs that: 1) do not necessarily have a regulated contract, 2) embed civil society and knowledge institution partners, and 3) have greater flexibility around more organically derived targets, deliverables and timeframes.

2 Partnership categories: An emerging typology of FDW PPPs

Whilst their primary focus gravitates towards one of the three thematic areas noted above, FDW partnerships tend to be framed initially around one of three core objectives:

1. policy influencing (i.e., *Reshaping the rules*),
2. institution building (i.e., Reinforcing *Public Institutions*), or
3. product and service delivery at the local level (i.e., *Responding to a public need with market solutions*).

The Venn diagram below provides a preliminary effort to plot the portfolio using this emerging typology.

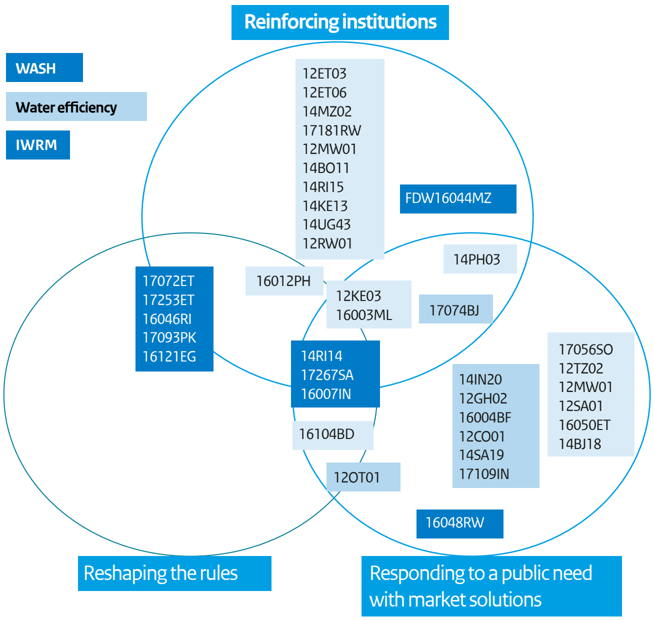

Figure 1: Positioning FDW projects in the partnership framework (per theme)

The framing below unpacks the differences we expect to see in these three types of partnerships depending on the primary objective of the intervention.

To be clear, no category is more important or better than another. The challenge is to recognise which approach will yield the optimal result or is most workable and appropriate in a given context. It is also likely that a partnership may start in one partnership category, but then logically gravitate towards another over time, (or, in a few cases, may have multiple starting points). In fact, to optimise impact, this expected evolution should ideally be woven into each partnership's design. (It is also true that, having achieved a particular objective, the partnership may no longer be needed, new partners may join, or some partners may drop out.)

2.1 Reshaping the rules

Partnerships to *reshape the rules* place a strong emphasis on solving development challenges at their source or root (i.e., at a systems level). This could mean potentially introducing new ways of working, and new structures, rules, standards and regulations. Such partnerships generally aim to shift the status quo, which may be seen as inequitable, unsustainable, or counterproductive in achieving broader public policy goals. Such partnerships seek to benefit society more broadly by, for example, focusing simultaneously on environmental protection, good governance, equitable access, and other public policy objectives.

The FDW portfolio includes numerous partnerships whose focus is on introducing new water pricing structures, developing new mechanisms for agreeing water allocations, developing new public sector investment mechanisms (for nature-based flood defences, for example), etc.

These partnerships are designed to take risks and then to iteratively embed the learning that emerges from carefully facilitated exchanges among partners and also with stakeholders. The emphasis is very much on shifting the status quo and potentially redressing an imbalance in power relations among stakeholders to create a more transparent and equitable set of outcomes to protect the marginalised or underserved as well as ensure the protection of environmental resources.

Box 1: FDW example of a Reshaping the Rules Partnership: Building with Nature Indonesia: Securing eroding delta coastlines

Timeline: 1 January 2015 – 31 July 2022 - Budget: € 3,042,836
To ensure a safe and adaptive coastline whilst also ensuring sustainable livelihood opportunities for local communities, the Building with Nature project has focused on mangrove and sedimentation restoration in Demak, a district in Java.
A consortium of public and private partners from the Netherlands and Indonesia has implemented the activity in close collaboration with the local inhabitants of the region.
The Indonesian Ministry of Marine Affairs and Fisheries and the Ministry of Public Works and Housing are actively engaged with Wetlands International and EcoShape. Policy dialogues are being carried out at provincial and national level to determine an appropriate approach.

2.2 Reinforcing public institutions

Partnerships to *reinforce and strengthen public institutions* are designed primarily to overcome institutional capacity gaps or restrictions to deliver policies, rules and regulations that may already exist. The goal is to help public sector institutions, such as utilities, regulators, and government departments, to deliver on the mandate they already have. Whilst they largely work within the status quo, such partnerships will likely introduce new and improved ways of delivering services.

These partnerships may be aimed at, for example, reducing Non-Revenue Water, strengthening organisational planning and budgeting processes, or creating greater capacity for the enforcement of regulations and related functions.

Box 2: FDW example of a Reinforcing Institutions Partnership:
PPP for increased access to sustainable water services in Rwanda

Timeline: 1 April 2013 to 21 October 2019 - Budget: € 2.169,129
This Water Operator Partnership (WOP) seeks to rehabilitate existing water infrastructure facilities and improve water supply access both in urban (Kigali) and peri urban areas (close to Kigali) as well as enable extension of rural water supply systems. It involves technical assistance from a Dutch operator to reduce Non-Revenue Water and improve operations and maintenance, which can then free up resources to install more water kiosk points in peri-urban and semi-rural areas.

Whilst there is a mutual learning component to these partnerships, the responsibility is primarily on the public partner to absorb, embed and sustain responses to whatever guidance and learning emerges.

In terms of design, this partnership modality also brings a degree of complexity as many of the problems being addressed (like setting water tariffs or annual budget setting) often lie outside of the direct control of the public partner.

Such partnerships are framed around a capacity building component for local and/or national institutions and, in the case of Water Operator Partnerships at least, often seek to gauge progress through some form of benchmarking. These partnerships often see a tension emerging between a focus on ensuring and embedding local ownership and capacity, and the need to achieve significant results quickly in terms of reaching large numbers of people with improved services.

2.3 Responding to a public need with market solutions

Partnerships that respond to a public need with market solutions provide products and services with a strong emphasis on resolving a problem at the household, user/customer, or community level. Such partnerships could see a private entity introducing household water filters (to make water safe for drinking) or irrigation technology (combined with technical assistance related to good agricultural practices) for farmers to encourage greater efficiency of water use.

Box 3: FDW example of a Market Solution to a Public Need:
Safe drinking water for Ethiopia

Timeline: 1 July 2017 to 30 June 2023 - Budget: € 670,173
Through the sale of water filters from a private company, households in rural areas of Amhara (Ethiopia) will have access to safe drinking water at the point of use. This contributes to health outcomes by reducing incidences of waterborne diseases. Thus, the partnership directly contributes to the Government of Ethiopia's Health Sector Transformation Plan, which has set a specific target for the proportion of households using water treatment and safe storage practices.

These partnerships generally work within the status quo (i.e., they may not initially be seeking to solve the problem of pollution upstream or to create new water sources) and tend to focus on a direct commercial opportunity for a private sector firm or social enterprise. A key question is how the market can best respond to needs at the user level. Public and civil society partners play a critical role in helping to shape the design of and create demand for appropriate products and services, as well as to ensure that the poor, socially excluded and vulnerable can access these.

3 Trends by Thematic Focus across the FDW Portfolio

Throughout the portfolio review, the consultancy team sought to understand how partnerships across the FDW thematic areas (of water efficiency, IWRM, and WASH) differ in approach. Initial assumptions largely held true in relation to where and at what scale partnerships in each thematic area tends to operate.

IWRM partnerships tend to operate in the *reshaping the rules* space with a key focus on supporting policy development that responds to competition for water. As a result, IWRM related projects tend to be more complex. Interestingly, IWRM projects were often rejected by RVO at concept note stage if they could not get beyond the broad development of a conceptual approach to a clearly articulated implementation plan. (Of course, partners with a previous track record of working together tend to have fewer challenges and less delays of this kind.)

Given the wide range of competing uses, more stakeholders are involved and need support to be aligned. Partners often come in with different visions and understanding of what needs to be done. As a result, defining clear indicators and a results framework agreed upon by all stakeholders takes much effort and often develops over time (often during implementation).

Private sector partners who are key water users in the area are often those who will be affected by new rules put in place. However, as in the case of the Awash Basin project in Ethiopia, some private partners may also be seeking to showcase specific technologies that can help advance implementation, in this particular case for water allocation monitoring.

Water efficiency-based partnerships will often seek to build up institutions to enforce agreed water allocations, but they may also, for example, introduce new technologies. A case in point, the 'Increasing water use efficiency in sugarcane growing in India' partnership has introduced drip irrigation technologies leading to higher sugarcane crop per drop. Whilst it struggles to reduce the cause of water shortages (through over-abstraction), the partnership could ultimately work more with the regulators around water allocations. It would still, however, struggle to address the wider non-water issues of volatility of sugar prices or the expected profit margins of the producers which both serve to squeeze the farmers. The partnership could presumably use its platform to begin to discuss these more systemic issues.

WASH partnerships in the portfolio often fit within the *reinforcing institutions* category as a technical assistance Water Operator Partnership. (13 of the 21 WASH partnerships in the FDW portfolio fit this description.) WASH partnerships may also, however, introduce new products and services at the household level in their efforts to expand their business. The Kenya FINISH project (with WASTE, AmRef, and other partners) is a good example that seeks to incentivise commercial banks and cooperatives to develop new lending products aimed at achieving the government's sanitation objectives. (See Box 4 below)

Box 4: Lending for sanitation schemes – Financial inclusion improves health and sanitation

Timeline: 1 January 2013 to 14 February 2022 - Budget: € 4,418,893
Kenya has a key public policy goal of reducing open defecation, but toilet construction is too expensive for many households as a one-time investment. The FINISH partnership brought private, public and civil society actors together to introduce sanitation products and affordable loans to households. The public sector and civil society partners have played critical roles in helping to design the intervention. It is the private sector's responsibility, however, to respond to generated demand for toilet construction, and for financial institutions to provide loans at affordable rates for households to invest. Together, they are jointly meeting the interests of all stakeholders.

As noted, the focus of some of the partnerships in the FDW portfolio have shifted over time and therefore the categorisation may be different now from when they started. This evolution should be expected and encouraged regardless of where the partnership started. For example, as policies resulting from the reshaping the rules partnerships become adopted, institutions then need modifying or additional capacity developed. Partnerships that begin with institutional strengthening may prompt new policy shifts. Market-based partnerships may prompt new policies and the need, for example, for new institutional capacities around the design and use of subsidies.

A partnership lens could be explored on the ground with the partners directly to understand how they see their partnership evolving. If RVO builds in an understanding of possible or desired evolutions from the start, it can also develop an approach on how to adjust the management of its portfolio. This could result in further thinking around inception stages, funding arrangements, shifting roles of partners, and other aspects. (It also means more explicitly recognising the broker, facilitating and coaching roles that RVO advisors play.) These refinements would result in clearer delivery of objectives and agreed targets, leading to clearer delivery of MoFA's own development goals.

4 Unpacking risk across the typologies

Besides the opportunities that partnerships bring to different stakeholders, it is also interesting to emphasise possible risks and how to address this. Indeed, each category of partnership also brings different kinds of risks.[3] The *reshaping the rules partnership* seeks to bring multiple voices around the table to avoid the risk of political or corporate capture and the solutions proposed perceived as actual collusion.

Regular and well facilitated multi-stakeholder engagement can help to mitigate these risks and foster greater transparency as well as ownership. Ensuring transparency to stem collusion between the public and private sector remains key – thus, the role of strong and supported civil society partners may be more needed than ever.

For all types of partnerships, data sharing arrangements can be seen as a potential risk. This is either because the data is the property of commercial enterprises or reflects less than positive progress by government in tackling the issue. (Indeed, FDW partnerships in several contexts have had to navigate this challenge and one (FDW Egypt) was discontinued early on because of this.) The reinforcing institutions partnership may suffer from the risk of an unsupportive policy environment (like in the Philippines, with the move towards greater privatisation of public utilities) or a lack of institutional buy-in if incentives are not clear to public sector staff.

There may also be disagreements around priorities if the upfront analysis of the issues and associated risks to be addressed is considered one-sided, or not sufficiently robust and mutually agreed upon. (Upfront financing for proposal development may help to overcome this issue.) For *market solutions partnerships*, there may be the real or perceived risk of creating a monopoly situation that crowds out other solutions or actors.

When subsidies are included in the programme, there is the risk of misuse or distortion of the longer-term market. These aspects need to be addressed early on and regularly revisited by the partnership to make sure everyone is still on the same page.

Again, the typologies provide clues to understand where certain risks may hinder progress.

[3] Although perhaps not initially formulated in this way, a key contribution of the FDW funding and support is precisely to help mitigate some of these risks.

5 Looking at partnership framing beyond FDW

As part of the review process, the consultancy team had the opportunity to interview a range of experts and practitioners about the current state of partnering both within and outside the water sector. Some reflections below are helpful to put the FDW further into context.

As working in PPPs or MSPs has become more standard practice since the FDW was created (in 2012), there is certainly a greater recognition of the complexity of operating in this way. More time and effort are needed to bring stakeholders on board. With the overarching aim of being transformational, a shift in mindset is needed. This only really comes about when stakeholders are exposed to different perspectives. Indeed, by working in a more joined up and systemic way, such partnerships help to overcome the “islands of success” that projects can become.

The conversations in the FDW partnerships are more likely to lead to a more strategic, joint understanding of the tipping points that will actually transform a situation. As mentioned above specifically regarding the reinforcing institutions partnerships, there is a tension in all partnerships between the requirement for deeper systemic change and the time, patience and negotiations that this requires versus a more immediate results focus which can perhaps more easily, but not always more sustainably, be achieved through a traditional approach or contract. Indeed, working in partnership requires a longer time horizon and greater flexibility.

Reputational benefits aside, when multi-stakeholder partnerships (like those in the FDW portfolio) were introduced at the start of the Millennium Development Goal era, the private sector was not expected to benefit directly from taking part in such multi-stakeholder partnerships aimed at meeting the needs of the poor and vulnerable. Now there is an acceptance that the private sector is more likely to contribute meaningfully and with a greater interest in sustainability if they are “allowed” to benefit operationally or commercially (and not only through Corporate Social Responsibility (CSR) initiatives). The private sector is now looking at such partnerships more selectively, determining where they can add strategic value, instead of just implementing an intervention or contributing resources to projects designed by others.

Whilst the approach is becoming more mainstreamed, framing and terminology matter. The language may still be somewhat controversial particularly given that some PPPs (as opposed to MSPs) are seen by many development actors as a contract between the public and private sector, and thus as a mechanism towards, or form of, privatisation to deliver services that are traditionally in the public interest.

Finally, whilst the SDGs in general and SDG 17 in particular are applauded for seeking to leverage contributions from all stakeholders, a careful reading of the language suggests that SDG 17 generally operates within the status quo. It may not sufficiently acknowledge or seek to address power dynamics among stakeholders in any meaningful way. It also continues the overarching sustainability discourse that largely emphasises economic and environmental aspects (as somewhat easier to target and measure) than the more social aspects of the sustainability equation, like labour rights, poverty alleviation, gender equity, and other aspects. Indeed, development partnerships need to ensure that they are balancing economic, environmental, and social imperatives. The key premise of the FDW is that having stakeholders around the table from across the public, private and civil society sectors will consolidate this broader sustainability-orientated focus.

6 Key Takeaways and Recommendations[4]

In many contexts, working in partnership has become an accepted way of approaching complex challenges and PPPs and MSPs are, as noted, more mainstreamed and part of the everyday lexicon of development work and Aid to Trade-related approaches. However, the challenge remains how to ensure that a partnership is best designed to be fit for purpose in a particular context.

The key benefit of looking at the portfolio through this partnership lens is to better understand what to expect from these relationships, to identify more specifically where challenges may likely emerge, and thus to gauge more realistically the resources (financial, human, and otherwise), capacity, and dynamics that might be needed to make these different types of partnerships work.

This should help guide a more robust analysis of whether a partnership is delivering on its stated objectives, or indeed whether the same results could have been achieved through a more traditional contract, grant, or business arrangement. It also helps to identify more specifically and early on what kinds and from where to leverage financing at later stages to take the project/business case to the next level.

From the perspective of a funder (like MoFA), a deliberate strategy may be needed that incorporates partnering approaches to more specifically meet its own goals and strategy. Whilst one would want to see some elements of all three categories of partnership, **more deliberate funding windows could be aimed at purpose driven partnering or the stages of partnership building and business case evolution.**[5] The three partnership categories above reflect the different purposes like forging negotiations at, for example, the basin level across a range of geographies, or strengthening specific (public sector) institutions that are not delivering on their mandate, or to drive private sector innovation to respond to household, farmer, or industry/ business challenges at the point of use. In terms of stages, *different funding modalities are needed for scoping and piloting compared to moving towards policy implementation or commercial viability.*

Having greater clarity will help in mapping development objectives against more explicit theories of change so that funding mechanisms can sharpen their support, tailored to the different characteristics of partnership categories. Applicants would then articulate their stated goals and their expected partnership evolution more clearly, incorporating a better sense of what challenges they are likely to face, and how the partnership will help navigate through stakeholder expectations.

A longer financed inception phase would then result in a fully developed proposal. This proves critical to determining if the partnership is likely to take off and whether the project designs and plans truly align with the context and can be concretised sufficiently. This would allow time to build trust and understanding for the needs and priorities of each of the partners. The starting point would be in mapping the system, with an emphasis on a power analysis that identifies the leverage points for transformational change. A funding window could allow for an initial yearlong process to explore and bring all the stakeholders on board.

The key is to find how the pieces fit together – building on, complementing, and de-risking each other, rather than fostering temporary bridges between otherwise siloed partner activities that in some cases could have been contracted out. As noted below, **the creation of partnership indicators needs to be thought through carefully** (around, for example, whether partners are meeting their commitments, how effective partner communications are, and how responsive the partnership is to changing circumstances in the wider environment). This would complement individual partner activity or partnership output indicators. Only looking at output indicators (particularly through a cost effectiveness lens) does not reflect a partnership approach. The key is to gauge how systems have been or may still be influenced and how partner behaviours and priorities may have shifted as a result of the interaction.

Coming back to the partnership categories, partnerships are not meant to remain static. As noted above, they may end when the objective has been reached or require new partners as the context evolves. One would expect that a partnership would likely move from one category to another as their primary objectives shift over time. Thus, we should be expecting that the configuration of partners, the allocation of risk, the governance arrangements, and other aspects will all change. This expected evolution could be mapped out in the proposal stage (with room for manoeuvre, of course) and captured in a set of partnership indicators.

Funding mechanisms must anticipate this evolution and provide the necessary flexibility to determine when tendering for clearly defined outputs would be appropriate (most likely in the *reinforcing institutions* and *market solutions* categories). This is in contrast to a more organic initial process that would involve a more patient funding mechanism with potentially less initial emphasis on monitoring and evaluation outputs. Rather than relying on rigid criteria, "it is better to assess who is needed to achieve specific outcomes and objectives, understand why they are needed, and then frame the partnership accordingly."

[4] The reader should note that this document is not based on an evaluation of the Sustainable Water Fund, but rather a more general analysis of the FDW portfolio from a partnership perspective.

[5] Given its clear milestone and investment approach, the Securing Water for Food (SWFF) challenge fund could provide some pointers for the market-based approach, but with some modifications that more directly link to informing government policy.

Using this framework aims to unearth better insights into the process of partnering and how these could contribute to MoFA's water policy objectives. This may help to look retrospectively at partnerships to understand the challenges they have faced and thereby realistically looking at what they could have achieved. It could also, however, be used in a more forward-looking way to design funding modalities that target specific contexts.

Working in partnership is both a means to achieve an objective, as well as an end in itself by constructing new ways of working and forging new relationships amongst stakeholders. Being more specific about not just the project objectives but also the partnering objectives could help achieve a whole new level of ownership and sustainability.

7 Areas for further exploration

Three key areas are worth further exploration: 1) the investment readiness of the project or institution to scale as a contribution to and impact of the partnership, 2) the incentives for and appropriate modalities to engage the private sector most effectively, and 3) how best to assess the effectiveness of different approaches to partnering.

Whilst every partnership project may not need further funding, each partnership category also brings a unique relationship to broader **financing and investment considerations to further scale the project or approach.** Such considerations could even be listed as indicators or indications of success.

A partnership aimed at *reshaping the rules* may ultimately attract donors and investors to a particular catchment as they see that water risks are being addressed through a multi-stakeholder process. In the FDW project in Mozambique, the Embassy of the Kingdom of the Netherlands (EKN) funded further expansion of one of the partnership projects due (presumably) to progress.

Partnerships that *reinforce institutions* may see that institution (like a utility) benefiting from finance at more beneficial terms as the viability of the institution becomes clearer and the institution becomes more credit worthy.

With a proven or emerging track record for increased sales, partnerships geared around market solutions may make a debt or equity arrangement more appealing for investors and financiers to support further expansion of the market. (Indeed, FINISH Mondial is experimenting with Impact Bonds as a result of their initial partnership successes.) By working together, such partnerships help shine a light on the whole value chain – how demand is created, how willingness and ability to pay is addressed, and how supply chain challenges can be overcome, thus reassuring finance providers. Furthermore, the emergence of competitors becomes a clear sign that a market is being created.

Whilst perhaps premature in most instances, these presumed medium- and longer-term financial opportunities are certainly worth investigating further to understand how such partnerships and projects within the FDW portfolio have been or may still be able to attract new investments where needed. Unpacking a potential source of substantial new financing (whether this is for further technical assistance, lending from multi-lateral financial institutions, or private sector investments) would, in part, determine the impact of the programme.

In terms of **understanding the private sector contribution and incentive to engage**, admittedly, the FDW's definition of who is and who is not in the private sector is somewhat loose. Some private sector partners provide products and services on the ground, and others are or behave as consultancies. Some develop businesses (most obviously in the market-based category) and thus make core investments in their operations. While for others, the engagement is more CSR driven. Some provide inputs (finance or otherwise) so they have a seat at the table to understand more about the reality on the ground. Still others want to help shape policy and approaches (by contributing knowledge, data and tools) to ensure that these are grounded in reality at the local level. (This is particularly the case for the *reshaping the rules* partnerships.) Many private sector partners will have multiple objectives. Exploring this further within FDW, and a comparison of other PPP and MSP initiatives, could provide critical clues on how and when to best engage the private sector.

Ultimately, in many instances, the solutions are rather easy to determine; "but the environment in which it has to land, and the overarching narrative of how things get done, and who should do what will be different in each context." Although it is easier to focus on measuring the output indicators, and noting that counterfactuals are difficult to determine, more attention is needed for the difficult task of **analysing the effectiveness of the partnership modality** on achieving the desired impacts. Whilst there are numerous success stories (as well as failures) within the FDW portfolio, understanding how the partnering process contributed to this success (or failure) is worth exploring further. Hopefully this partnership framing provides some clues to take those conversations forward in a meaningful way.

About this policy brief

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