



Netherlands Enterprise Agency



Report for project implementors RVO- july 2022

The Sustainable Water Fund's Public-Private Partnership Portfolio:

Reflections through a partnership lens

*>> Sustainable, Agricultural, Innovative
and International Enterprise*

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Abbreviations

CSR	Corporate Social Responsibility
FDW	Fonds Duurzaam Water / Sustainable Water Fund
G4AW	Geodata for Agriculture and Water
IWRM	Integration Water Resources Management
MoFA	Dutch Ministry of Foreign Affairs
MoU	Memorandum of Understanding
MSP	Multi-stakeholder Platform
PPP	Public Private Partnerships
RVO	Rijksdienst voor Ondernemend Nederland/ Netherlands Enterprise Agency
SDG	Sustainable Development Goal
SME	Small and Medium sized social Enterprise
WASH	Water, Sanitation and Hygiene

Foreword

With more than 10 years of experience with public private partnerships in the Sustainable Water Fund, we have seen many examples of successful cooperation. We believe that PPPs have the potential to achieve sustainable and inclusive impact: by taking a long-term perspective on development, by building consensus and developing shared objectives, through complimenting and building on each other's strengths and responsibilities. But most importantly, working together creates energy for sustainable solutions in the water sector and a systems change approach!

The FDW portfolio consists of a unique and varied portfolio of partnerships. With this report, we hope to provide insights into the various perspectives of partners, the different types of partnerships as well as the partnering processes. We like to unlock the experience of the many partnerships in the FDW portfolio, and we hope you will enjoy reading about it!

The FDW team, RVO

1 Understanding the Sustainable Water Fund's Public-Private-Partnership Context

1.1 Why reflect on PPPs?

The Sustainable Water Fund (FDW) is a programme focused on achieving long-term change with regards to water safety and water security projects implemented in 24 countries. Managed by the Netherlands Enterprise Agency (RVO) and co-financed by the Netherlands Ministry of Foreign Affairs (MoFA), the first FDW subsidy applications were opened in 2012, with additional calls in 2014 and 2016-17. These have resulted in a diverse portfolio of 42 projects running until 2025-26 providing solid experience and resources for reflection on working through a Public Private Partnership (PPP) approach.

At the time FDW was initiated, the structure and opportunities provided by FDW in terms of cross-sector collaboration were considered innovative and necessary for achieving sustainable change. The so-called 'Dutch Diamond approach' focused its efforts on wide-ranging cooperation between government, companies, NGOs and knowledge institutions.

Since, in 2015 the Sustainable Development Goal (SDG) agenda was launched with SDG 6 focusing specifically on ensuring availability and sustainable management of water and sanitation for all ([SDG 6](#)). Dutch development policy priorities have embraced the SDG agenda aiming to reach at least 30 million people with access to safe drinking water, and 50 million people with access to toilets, a water supply and proper sewerage by 2030 ([Source](#)).

FDW contributes to achieving this goal as well as to achieving SDG 8, promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

With 10 years of FDW experience and only eight years to go until 2030, it is timely to reflect on how working through a variety of partnership forms differs across the FDW portfolio in terms of their characteristics and the different processes of partnering.

Developed through an interactive process with FDW Advisors (RVO) and partnership practitioners active in the delivery of the portfolio that combined inductive ("what we would expect to see") analysis with deductive reviews, a set of key differences began to emerge in terms of the nature of the objectives of different initiatives and subsequently how the resultant partnerships emerged.

This reflection serves to improve existing partnership processes (e.g., accelerating role of lead partner, facilitation mechanisms, governance, goal setting and adaptation) and inform future programming and funding decisions.¹

The following sections in this report present the approach and results of reflection exercises and will be of principle interest to implementors working in the FDW programme. However, we strongly believe it will also be of interest to other stakeholders involved in PPP activities elsewhere, whether they be working specifically in WASH, IWRM, water efficiency or in other development sectors with similar overall policy aims.

1.2 What are public-private-partnerships and how are they expected to support WASH, IWRM and Water Efficiency?

According to the Dutch Ministry of Foreign Affairs (MoFA) PPPs are: "... a partnership between government and business, often with the involvement of NGOs, trade unions and/or research institutions within which risks, responsibilities, resources and skills are shared to achieve a common goal or to perform a specific task".² This deviates from the more traditional definition of PPPs, as defined by the World Bank which is "a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility and remuneration is linked to performance." ([Source: PPPLab](#), World Bank)

FDW partnerships are as diverse as the contexts in which they operate, making generalisations about their structure, effectiveness, and impact challenging. Diversity aside, all partnerships tap into the much-needed skills and resources of different stakeholders. Partnerships may contribute 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 pro-poor services, the FDW portfolio of 42 partnerships (both running and closed) are aimed at three broad thematic areas:

1. Improving water efficiency in agriculture (10 PPPs);
2. Promoting integrated water resources management (IWRM) (10 PPPs); and

¹ It is important to note that this assignment is not an evaluation of FDW projects nor on whether the MoFA policy objectives are being or have been met.

² IOB, 2013, "Public-Private Partnerships in developing countries. A systematic literature review"; IOB Study 378. The Hague: Ministry of Foreign Affairs of the Netherlands

3. Improving access to water, sanitation, and hygiene (WASH) including waste management (22 PPPs).

The general expectation in FDW was for PPPs to support solving complex WASH, IWRM and water efficiency problems through a coalition of public, private and civil society organisations, by enhancing revenue-based models for water sector products and service delivery, drawing in additional investments including by creating international opportunities for the Dutch private sector.

1.3 How reflections on PPPs were undertaken

After a **scan of the portfolio** using internal documents (project proposals, the FDW Mid-Term Review and impact evaluation, internal RVO notes, and project reporting), and a **desk review of related external documents** (collated from the PPPLab, G4AW and other initiatives), an **analytical framework to reflect on the FDW portfolio through a partnership lens** was developed with RVO.

The analytical framework used during the reflection exercises relied on a participatory approach that can be applied to any thematic PPP programme. It draws on experience in partnership analysis and insight from both the consultancy team as well as RVO and external experts. The approach was developed to support understanding FDW projects in terms of their *characteristics* and their *contribution* to MoFA Water Policy Objectives, as well as to provide an *opportunity for learning and reflection* amongst and between RVO staff and stakeholders.

During the process of analysis primary features of different types of partnerships were presented and discussed. This included a review of basic characteristics - such as technical focus, aims, objectives, the scale and scope of a partnership, roles and responsibilities of different actors and the distribution of risks and financial commitments from each partner.

The consultants then elicited responses from stakeholders on partnership expectations, best practices, successes and challenges. These fed into the further development of a classification framework – *an emerging typology* - which emphasises three types of partnership programme – based on scale, roles and responsibilities of partners and overall objectives, rather than the technical theme.

The classification of the FDW projects into one of these three categories was then undertaken to show the portfolio in a more strategic manner, which informed reflections on overall policy impact as well as provided a framework for developing cases of specific FDW projects, and distilling lessons and recommendations for project implementors as well as policy practitioners.

To ensure there was no survey bias, interviews and an inspire session with a select group of project sub-partners were held to discuss and validate the strengths of different partnership approaches and identify barriers to effective partnering practices.

Based on these steps, a concise policy note was developed for MoFA, titled *The Sustainable Water Fund: Emerging Analysis of the Portfolio through a Partnership Lens*, with lessons learnt that can provide input into policy dialogues and future programming. The current report builds on this note, includes multiple cases reflecting on partnership characteristics in FDW projects and specifically formulates recommendations for project implementers.

1.4 Limitations of the study

It is important to note that this document does not include detailed analysis of all 42 projects and is not based on an evaluation of the Sustainable Water Fund. It is also not looking at whether Dutch policy objectives have been met through the projects. It is rather a general analysis of the FDW portfolio from a partnership perspective. Examples are illustrative and based on interviews held with RVO advisors and project implementers as well as the scan of portfolio documents. This fresh way of looking at the portfolio – through a partnership lens – could be explored further by documenting individual initiatives in greater depth.

1.5 Structure of this report

Section Two, immediately below, presents the partnership typology that emerged from the reflection exercises that were used to classify and assess the FDW projects. It includes the three types of partnerships that were defined and, with the help of case studies, elaborates on the main characteristics and features of each case.

The overarching features of each partnership type and partnership processes are presented in Section Three and discussed (including commonalities and exceptions to type) with the general understanding that some programmes can combine features of more than one partnership type. This section also reflects on findings and lessons from the perspective of each major stakeholder – public institutions, the private sector, and NGOs.

Section Four includes cases from FDW projects illustrating each partnership type and its characteristics more specifically.

Finally, Section Five presents overall recommendations and findings with some suggested next steps for different stakeholders with a focus on replicability, best practices and emerging lessons that have been drawn from the reflection exercise.

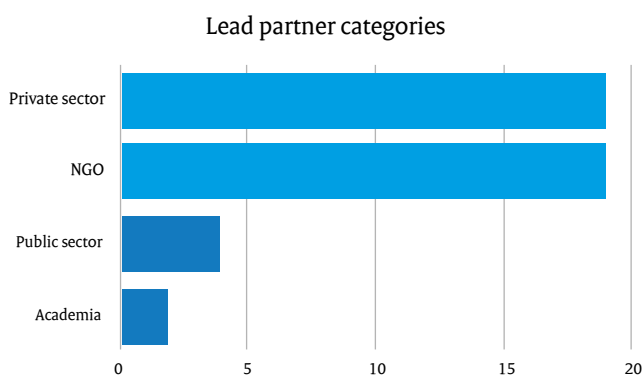
2. Public-Private-Partnership Reflections

2.1 A brief overview of PPPs in the FDW portfolio

FDW partnerships come in all shapes and sizes, each with a unique configuration of partners, and approaches that are tailored to the local context. The following paragraphs provide a brief analysis, illustrating the diversity.

Lead partner³

From the original 42 partnerships, 19 projects are led by the private sector, and 17 by non-governmental organisations, while in the remaining six cases, the public sector and an academic institution are leading.



Organisations in the lead are predominantly international and headquartered in the Netherlands, however, three examples of national private sector (e.g., [IWAD Ghana](#)), two examples of a local public partner ([Kota Bandung Indonesia](#)) and one with a public utility ([National Water and Sewerage Corporation, Uganda](#)) in the lead have provided opportunities for funding more locally led projects.

In two projects, lead private sector partners are international consultancy firms (e.g. [MetaMeta Research B.V. in Pakistan](#)), in other projects public water operators are functioning more like NGOs or consultancy firms (e.g., VEI is lead partner in eight projects), or they are companies in the more traditional commercial sense like Rwanda's sole sugarcane processor, [Kabuye Sugar Works](#).

³ Each project has a lead partner who submits the proposal (on behalf of the other partners) and administers the grant during implementation. They are ultimately responsible for the results and reporting of these to RVO.



Farmers collecting moth beans from Sorghum field, Bhag Kachi Balochistan, the implementation area of MetaMeta and partners in Pakistan.

Public sector partners

As the section on lead partners shows, FDW uses a broad definition for understanding both private and public sector.

Public sector partners can be municipalities, regional health or agriculture bureaus or national water ministries in the countries of implementation.

In over 15 partnerships, public sector partners are institutions with mandates looking beyond water provision, such as the Ministry of Infrastructure [in Rwanda](#), the Mzuzu City Council [in Malawi](#), the Amhara Regional Health Bureau [in Ethiopia](#). Sometimes, (international) federal agencies are involved like GIZ in the case of [the PPP in Bolivia](#).

In 24 partnerships, public sector partners have managing water as part of their delegated authority such as the Musoma Urban Water Supply and Sewerage Authority [in Tanzania](#), the Sindh Irrigation and Drainage Authority [in Pakistan](#), the Direction Nationale de l'Hydraulique [in Mali](#), or the Directorate of Marine and Coast, DG-MSI of Marine Affairs [in Indonesia](#).

Private sector partners

A similar variety exists when taking a closer look at private sector partners. The portfolio ranges from SMEs, consultancy firms, infrastructure and software providers, water operators, to large corporates like Nestlé and Heineken. The locations or levels from which private sector partners operate include at least 21 cases with a

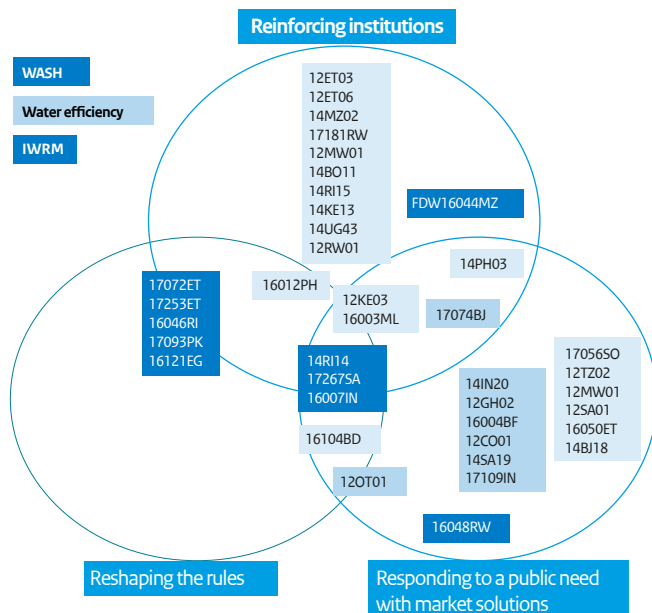
Dutch company, 10 cases with other internationally active companies, and 23 cases with nationally or locally active private sector partners. Dutch waterboards are included in five projects. Multiple, different types of private sector partners within one project (e.g., a mix of local infrastructure developer, international utility and consultancy partners [in Mozambique](#)), working together with national and Dutch public sector organisations is not uncommon in a PPP set-up.

2.2 Three partnership types – an emerging typology of FDW PPPs

Whilst their primary focus tends to gravitate towards one of the three thematic areas noted in Section One, FDW partnerships combine one or more objectives related to:

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

The Venn diagram below provides a preliminary effort to plot the portfolio accordingly.



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 changing regulations, introducing new structures, rules and standards – generally with the aim of shifting the status quo which may be seen as inequitable, unsustainable, or unhelpful in achieving broader public policy goals. Such partnerships seek to benefit society more broadly by, for example, focusing on environmental protection, good governance, equitable access, and other public policy objectives. In a practical sense, the FDW portfolio includes a number of such partnerships whose focus is on introducing new water pricing structures, developing new mechanisms for agreeing water allocations, developing new public sector investments (for flood defences, for example), etc.

Partnerships to reinforce and strengthen public institutions are designed primarily to build up public institutions to overcome capacity gaps to deliver on policies, rules and regulations that likely already exist. The goal is to help institutions, such as utilities, regulators, and public sector departments, to deliver on the mandate they already have. Whilst they largely work within the status quo, such partnerships may introduce new rules and roles, new funding streams, and new internal structures. They may be aimed at reducing non-revenue water, strengthening organisational planning and budgeting processes, creating more capacity for the enforcement of regulations, and related functions.

In terms of design, this partnership modality also brings a degree of complexity as many of the problems being addressed (like low levels of civil servant pay which demotivate utility staff, for example) lie outside of the direct control of the public partner.

Such partnerships are framed around a capacity building component for local institutions and often seek to assess 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.

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, or community level. Such partnerships could see a private entrepreneur introducing household water filters (to make water safe for drinking) or irrigation technology and good agricultural practices for farmers to encourage greater efficiency of water use.

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 emphasis revolves around 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 and foster uptake of appropriate products and services, as well as to ensure that the poor and vulnerable can access these.

Overlap between the three partnership types

The three partnership categories are not mutually exclusive. FDW partnerships will likely introduce aspirations and objectives related to all three categories and may, in some instances, evolve from one category to another. That said, each category can be defined by quite specific characteristics that suggest how partners are expected to contribute to and benefit from the partnership, and to experience the risks associated with the partnership.

3. Understanding portfolio characteristics through a partnership lens

To better understand the critical issues affecting the characteristics of the three partnership types, we have presented their key features and differences to each other in a tabular format. These tables include a list of characteristics and their expected features organised per partnership type.

Table 1 reviews each partnership type (Reshaping the rules, reinforcing institutions, and responding to a public need) against a number of characteristics or themes. These are:

1. the overall goal – what is the big picture end point of the partnership, the desired outcome, for instance that drinking water services are improved.
2. the focus – which outlines the broad scope and scale of the partnership.
3. the response to the general “status quo” – a way of understanding the level of significant change in the macro policy or legislative system the partnership hopes to undertake or needs.
4. the primary risks associated with the partnership, be they financial, technical, environmental or otherwise.
5. the clarity of the trajectory of the partnership – by this we mean whether the partnership is working towards a relatively clear and stable set of goals or whether there are significant unknowns and complexities that the partnership needs to take into account., And finally,
6. ownership – which institution leads and has overall responsibility, and a sense of how this might be meant to shift over time.

In the sections three, four and five, and described in more detail in Tables 2 and 3, we look at further variables that relate to the specific partners – whether the public sector (national government, regulatory bodies and ministerial departments), the private sector (large institutional partners (NL and international) national commercial enterprises and small-scale entrepreneurs), or others.

The characteristics analysed in each table are different.

Table 2 (public sector focus) reviews the following:

1. business case
2. intensity of engagement
3. impact on public sector
4. link to sector finance
5. and expected public sector linkages.

These most salient characteristics were selected via the initial portfolio review and discussions with stakeholders and were felt to represent the most critical roles of key public sector players that would vary and change across each partnership type.

Table 3 presents a similar set of characteristics that emerged out of analysis and discussion with private sector partners – these are defined as:

1. nature of involvement
2. business case
3. legitimacy to engage
4. financial prospects

While discussing each of these, we were able to define key differences across each partnership type which reflected the experiences of private sector stakeholders during the workshops and follow up interviews.

In addition, cases of FDW projects are included in boxes to illustrate partnership characteristics under the three partnership types.

3.1 An overview of overall characteristics

Looking at **clarity around a partnership’s trajectory**, for a partnership aimed at reshaping the rules, negotiating with stakeholders across a catchment area for which there may be multiple public policy goals, like economic growth and job creation, environmental protection, and promoting public health, brings high levels of complexity. Defining the trajectory of the partnership and the expected contributions of individual partners can literally take years and numerous convenings. A partnership aimed at **reinforcing institutions**, whilst no less challenging, may be more straightforward in terms of defining what needs to be done – like reducing non-revenue water or enhancing planning capacity for a utility. For a partnership aimed at **responding to a public need by introducing market solutions**, the problem definition and project development are relatively straightforward and predictable with clearer and generally SMART targets (that look at product uptake and business viability).

In terms of **ownership and which partner takes the lead**, one would expect that the public sector should have a leading role in a **reshaping the rules partnership**, however, the analysis has not shown this has happened in practice. This may be due to resource challenges, or to a leadership role also including project-related administrative roles not typically handled by public sector. In FDW partnerships, both partnerships set up to be steered by academia (e.g., [Water quality management in the Brantas River, Indonesia](#)) fall in the reshaping the rules partnerships category, and eight reshaping the rules or mixed partnerships are steered by an NGO (e.g., [Improved water allocation and irrigation efficiency in Ziway-Shalla basin, Ethiopia](#)).

According to the partnership framework – see Table 1 - the private sector can guide a partnership aimed at **reinforcing institutions**, but there needs to be active co-ownership from the public sector. In

FDW partnerships, nine partnerships primarily characterised as reinforcing institutions are indeed steered by private or public sector (e.g., [Performance Enhancement of Water utilities in Kenya](#)), and three by an NGO (e.g., [Malawi: Water Demand Management to Mitigate Water Shortages](#)).

For a **market-based approach**, one would expect to see leadership from the private sector which is indeed the case in four FDW partnerships (e.g., [Sustainable Water for Inclusive Akagera Valley Improvement](#)). In others, NGOs are steering with support from private and public sectors (e.g., [Networking WASH projects in Mara region, Tanzania](#)).

Each category of partnership also brings different kinds of **primary risks**. The **reshaping the rules partnership** brings a risk of political or corporate capture or at least an insufficient level of political commitment. Regular and well facilitated multi-stakeholder engagement can help to mitigate these risks and to foster greater transparency. That said, data sharing arrangements can be viewed as a particular challenge, as seen in a few FDW partnerships, either because the data is owned by commercial enterprises or reflects less than positive progress by government in tackling the issue.

The **reinforcing institutions partnership** may suffer from insufficient institutional buy-in if the incentives are not sufficiently clear, or some confusion around institutional mandates if the upfront analysis of the issues to be addressed is not sufficiently robust.

For **market solutions partnerships**, there may be real or perceived risk of crowding out other solutions or the perception of preferential treatment afforded to one company or one technology. Where subsidies are incorporated into the programme, there is the risk of misuse or distortion of commercial viability or distortion of the market more broadly.

Table 1: Examples of overarching characteristics of the three partnership types.

Characteristics	Reshaping the rules	Reinforcing institutions	Responding to a public need with market solutions
Goal	To simultaneously address broad public policy goals that are of benefit to all (e.g., environmental protection, good governance, equitable access, etc.)	To support public sector institutions to fulfil their obligations (to enable, ensure, or provide directly in terms of WASH access); (to ensure fair and efficient allocation, etc., in terms of IWRM)	Supports private sector solution to meet public sector or a public goods responsibility or address a market failure, with a focus on pro-poor services.
Focus	Strong emphasis on solving a development challenge at source and at a systems level – Generally about changing / strengthening the rules, regulations, standards and potentially influencing investment decisions	Strong emphasis on (public sector) institutional strengthening to redress capacity gaps to deliver on mandate related to resolve access and/or ensure sustainability – also emphasis on institutional viability	Strong emphasis on mitigating a problem at customer interface (symptoms) often by introducing market-based solutions
Response to status quo	Different visions and ideas about what needs to change may prompt discomfort of different stakeholders to meaningfully shift the status quo to deal with competition for contested or increasingly scarce goods	Largely works within the status quo to raise standards and enhance viability – May introduce new roles, rules and/or regulations as well as support public (oversight body) to hold institutions accountable	Introduces innovations (new products and services) that largely work within the status quo
Primary risks	Risk of political / corporate capture or insufficient political commitment	Risk of insufficient institutional buy-in / Risk of institutional mandate (e.g., to be profitable or not)	[Perception of] Risk of crowding out other solutions or preferential treatment for one company / Risk of misuse of subsidies or extending subsidies well beyond when commercial viability is realised
Clarity of trajectory	High levels of complexity with unpredictable trajectory with indicators potentially harder to determine and measure – requires high degree of flexibility and adaptability. Assessing attribution often difficult	Depending on how well the institution to be strengthened is understood, generally predictable trajectory with relatively SMART indicators simpler to develop, although not always easy to measure	Problem definition and project development relatively straightforward and predictable with clear, generally SMART targets
Ownership & lead partner	Academia or NGOs (holding government accountable) typically steer the partnership	Private sector can guide but with active co-ownership from the public sector	Private sector likely to lead

3.2 An overview of the Public Sector Perspective

The public sector's engagement in and relationship to each of the three partnership categories will naturally be different.

The government's objectives span from the macro balancing act around reshaping the rules, to ensuring the viability of institutions that provide or oversee the provision of goods and services, to improving or enhancing the situation at the household level.

For the **reshaping the rules partnership**, the more successful partnerships (like the [coastal protection partnership in Indonesia](#) and the [Ziway-Shalla Basin initiative](#) in Ethiopia) have government involvement at all levels from the Ministry to the district to the municipality and ward level in order to blend the strategic and long-term with the more immediate and technical. One would hope to see active public sector engagement at a sufficiently senior level with solid commitments to frame, develop and implement or oversee the partnership's activities. A key challenge for this way of working is for public sector officials to recognize the potential gains as a result of giving up some control, even as they negotiate the rules of engagement. Senior public sector engagement will be needed to send signals to the organisation and to understand the sequencing and implications of partnership activities, but for the **reinforcing institutions partnership**, critical institutional engagement is at the department level, like in the case of the [Alternative approaches and tools for improved WATSAN in Uganda](#) PPP. Read more about this partnership in Chapter 4.

"We clearly knew what our challenges were, what change we would be able to contribute to and what the private sector would bring into the partnership.

Because we owned the problem and had a bigger stake by putting in our contribution, decision-making was easier for us. The project was assisting us to attain our goals faster." - Dr. Rose Kaggwa, Director Business and Scientific Services, National Water & Sewerage Corporation, Uganda

For **market-based solutions partnerships**, the public sector will be needed at department level, initially in endorsing, potentially licensing or authorising, and certainly creating demand for the products and services, but also to guide on the targeting to particular users. This was certainly the case in the [FINISH project in Kenya](#), with heavy involvement of local public health officials in the design and delivery of the programme. This may also involve public sector support in the design and delivery of subsidy mechanisms to reach poorer households so as not to lose sight of public sector goals.

Indeed, for the **reshaping the rules partnership**, much of the early negotiation occurs across public sector institutions who are seeking to balance different government objectives. As partnership activities start to be defined, this type of partnership is expected to show strong endorsement and engagement from multiple public sector entities (departments and ministries "across the system") to create a coordinated response, to avoid duplication and confusing messaging for stakeholders, as in the case of [Water Pricing in Ethiopia](#) described in more detail in Chapter 4. This requires a confident and knowledgeable interlocutor that can bring public sector stakeholders together in the first instance.

For more examples of public sector characteristics of the three partnership types see Table 2.

Table 2: Characteristics of public sector engagement and interest per partnership type.

Characteristics	Reshaping the rules	Reinforcing institutions	Responding to a public need with market solutions
Public sector business case	Balanced allocations of water to meet public policy goals of economic growth, enhanced livelihoods, access to WASH, etc.	Greater viability with operational improvements that lead to higher levels of accountability to customers and investors, potential to attract financing, and more access for poor households	Improved access for poor households
Intensity of public sector engagement	Active at sufficiently senior level to frame, develop, and implement or oversee with clear, measurable, and timely public sector contributions	Active at department level in implementation, potentially with the emergence of new service delivery models	Potentially active at department level initially in creating demand for the product / service (endorsing / marketing) and targeting to particular groups
Impact on public sector	May result in new public sector institutions and/or roles with new regulations and monitoring protocols (May see emergence of new service delivery models)	Should result in stronger capacity to plan, enable, regulate and potentially deliver, but may need to address staff incentives and motivation	May result in narrow set of new / strengthened monitoring and regulatory protocols (for new business models, administration of subsidies, etc.)
Link to or expectations of public finance	Public sector contribution to enact and sustain proposed changes (funded through revenue generation / tariff collection, etc.; by making case for higher national transfers; by making case for further investments)	(Through increased revenue generation / tariff collection, etc; by making the case for higher national transfers; by making the case for further investments.) Public finance may be needed to enact and sustain proposed changes – positive cashflow may be challenging	May link to or require public finance (subsidies or micro-finance) at consumer level to overcome affordability and/or willingness to pay issues, and at business level to build capacity of the market to respond
Expected public sector linkages	Requires strong endorsement and engagement of multiple public sector entities (departments and ministries “across the system”) (to coordinate and create synergies, to avoid duplication, avoid confusing messaging for stakeholders)	Requires endorsement and potential support of higher authorities (local municipalities or district authorities, and national ministries and regulators)	Requires public sector oversight (by “licensing” or authorising agency) to not lose sight of public sector goals (e.g., to reach certain market segments) through private sector or user capture

3.3 An overview of the Private Sector Perspective

Private sector partners approach the three types of partnerships differently. Private companies will want to engage in **reshaping the rules partnerships** due to an interest in a stronger enabling and more predictable business environment. These partnerships are not usually designed to benefit a specific company but to take a more whole catchment approach. Private companies will generally be careful not to be seen to be colluding with government and thereby private sector engagement is usually based on the participation of multiple private sector actors. An example is the [Improved water allocation and irrigation efficiency in Zaway-Shalla basin](#) project, which includes private sector partners from the Netherlands as well as a local agriculture businesses, Joytech and Meki Batu Cooperative Union.

For reinforcing institutions partnerships, the private sector’s role is generally to provide technical assistance to under-capacitated public institutions or to clarify where there are overlapping

mandates across various public sector entities. Whilst they may see market opportunities through a future contract, some of these partnerships can be classified as Water Operator Partnerships which have historically been driven by Corporate Social Responsibility departments or twinning arrangements between cities. They provide reputational benefits, and staff opportunities that may lead to higher staff retention.

A case in point is the [PPP for Sustainable Water supply: Ridge to Coast, Rain to Tap](#) in the Philippines where private sector incentives include maintaining relationships with local partners for increased security to environmental protection in support of business viability. Read more in Chapter 4.

The **market solutions partnership** sees the most straightforward business case for the private sector which is to bring products and services to users, and thus a clear and direct commercial benefit. As mentioned, government endorsement may help expand the company’s customer base and mitigate risks of operating in a new

(or more targeted) market. The [Source to tap and back](#) project in Ethiopia is an example where the health bureau is playing an important role in creating demand for new products in the focus area of operations.

Future investment and financing: Whilst partnership activities require funding and financial contributions will come from different configurations of partners, each partnership category also brings a unique relationship to broader financing and investment considerations. A partnership aimed at reshaping the rules may ultimately attract donors and investors to the area as they see that water risks are being addressed through a multi-stakeholder process. Partnerships that reinforce institutions may see that institution benefiting from finance at more beneficial terms as

the viability of the institution becomes clearer and the institution becomes more creditworthy. 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. By working together, such partnerships help shine a light on the whole value chain – how demand is created, how willingness and ability to pay are addressed, and how supply chain challenges can be overcome. Whilst perhaps premature in most instances within the FDW portfolio, this presumption is certainly worth investigating further to understand how such partnerships attract new investments. For more examples of private sector characteristics of the three partnership types see Table 3.

Table 3: Characteristics of private sector engagement and interest per partnership type.

Characteristics	Reshaping the rules	Reinforcing institutions	Responding to a public need with market solutions
Nature of private sector involvement	Role is to provide a business perspective (with likely interest to influence debates) and potentially to finance non-core business activities to support the partnership initiative	Role is to provide technical assistance to under-capacitated, insufficiently mandated, or insufficiently regulated public institutions or to clarify where there are overlapping mandates (May lead to market opportunities for the private sector)	Role is to bring products and services to market – Care needed to avoid market distortion
Private sector business case	Interest in stronger enabling and more predictable business environment – not necessarily benefiting a specific company	Corporate Social Responsibility, Enhanced reputation, Staff opportunities and retention	Interest in direct operational / commercial benefits as a result of government help in absorbing private sector / consumer risk – enhancing viability, expanding customer base, mitigating risks
Legitimacy to engage	Potentially based on participation of multiple private sector actors and/or associations (rather a single private sector entity for fear of collusion)	Vested in the expertise and experience of the private sector partner	Vested in the effectiveness of the solution to meet the needs of certain market segments (with an eye to affordability / willingness to pay)
Financial prospects	May lead to expanded business and may attract investors / financiers to private sector once enabling environment clearer	May attract investors / financiers (inc. national government) to public sector to support further strengthening and expansion	With proven or emerging track record, may attract investors / financiers to support commercial / operational expansion

3.4 An overview of NGO partner roles

Given the overwhelming diversity in the nature of how they contribute and what they hope to gain and, on whose behalf, perhaps the hardest partner group to derive any clear generalisable findings from the FDW portfolio is NGOs. Much of their engagement depends on capacity, availability of funding, their technical expertise, and their standing in the community/country.

For **reshaping the rules partnerships**, a key role of civil society is to channel the voice of citizens generally and marginalised groups in particular. Partnerships give the opportunity for and presumption of greater transparency and accountability. However, in many countries, a shrinking civic space and funding arrangements that see civil society as contractors to the public and private sectors tends to consolidate power in influential companies and government agencies that prioritise business development. Thus, the civil society role of bringing a voice to the proceedings, whilst necessary, may be challenged. RVO Advisors noted that external funding, often channelled through NGOs, can help to overcome some of these obstacles.

In the **other two types of partnerships**, the role of civil society is often that of a conduit for the public and private sectors to share messages with the communities around changes in or the introduction of new products and services, but also to make the voice of the consumers heard when flagging barriers and noting what approach would be most effective. The sub-partnership between Amref and WASTE in the [FINISH project in Kenya](#) is a case in point, bringing technical and community viewpoints into the design of sanitation markets. Another example of NGO involvement is described in Chapter 4 in the case of providing [household water filters in Ethiopia](#).

From a development or public policy perspective, a key requirement of all partnerships is to ensure that solutions introduced do not further exacerbate inequities in the target communities. Ensuring against this could be seen as a key civil society partner role.

Admittedly, this warrants further analysis and research to tease out specific civil society contributions in particular contexts and then strategies to ensure that the contributions of all sectors are optimised and balanced.

3.5 Unpacking partnership processes across the three partnership types

The focus thus far of this document has been on the differences in objectives of the three partnership types and the contributions of and relationships between the different stakeholder groups. One should also expect differences in partnership processes across the three types of partnership.

In terms of **partnership governance**, in a **reshaping the rules** partnership one would expect to see some kind of Memorandum of Understanding (MoU) and potentially a Code of Conduct emerging. This helps in managing the complexity in terms of bringing together different objectives, the multitude of stakeholders expected to be involved, and the difficulty in predicting the direction from the start. Frequent joint meetings of all stakeholders are needed to establish and constantly revisit the parameters of the initiative as well as facilitate a clear and constant channel for voice and participation of those most likely to be affected by dramatic shifts to the status quo. According to RVO Advisors, these partnerships are more likely to take partners out of their comfort zone and confront them with different viewpoints on how to change the status quo for the better.

A case in point is the [Water Pricing for Sustainable and Inclusive Growth](#) project in Ethiopia. This PPP is characterised by a multi-stakeholder process with strong local ownership focused on ensuring a balanced ecosystem and sustainable and transparent water usage and distribution systems by negotiating fair water pricing and appropriate water allocations. Read more about this case in Chapter 4.

“The holistic approach is better for everyone because now there is a big tension between users. People upstream use a lot of water, but this is caused by lack of awareness and information on water availability. So, we bring people together in stakeholder meetings, we share information, and we tell them this is the amount of water available, and this is how we are going to use it. Transparency is helping.” - Kidist Ketema Bekele, Water Expert, Woord en Daad, Ethiopia

Partnerships aimed at **reinforcing institutions** are more likely to include standard bilateral agreements between the public and private sector with some form of contract or MoU with civil society partners to specify their expected inputs particularly with regard to community outreach.

Partnerships aimed at fostering **market solutions** may involve joint ventures, contracts, investment arrangements, and the like, with MoUs and potentially contracts that specify NGO roles. FDW partnerships reveal a variety of relationships between the public and private sector with some seeing the public sector as a signatory to a joint venture.

The **facilitation and brokering requirements** of the three types of partnerships are also likely to be quite different.

Reshaping the rules partnerships require a clear and prolonged facilitation plan, likely from a neutral and trusted facilitator, to manage interaction amongst stakeholders and to keep everyone on board. Such partnerships involve many moving pieces and shifting contextual factors to monitor and navigate.

A clear facilitation plan is needed at the project definition stage for the **reinforcing institutions partnerships**, but then activities are

likely to become more siloed, albeit with intermittent joint meetings to keep an eye on how the pieces fit together.

to work. Once the project has been defined, coordination across different aspects of the project is probably most needed.

Market solutions partnerships usually involve more of a consultation process to understand how the market might be expected

Table 4: Characteristics of partnership processes across the three partnership types

Characteristics	Reshaping the rules	Reinforcing institutions	Responding to a public need with market solutions
Aim	Helps build understanding and capacity of all stakeholders on the need to balance different public policy goals (job creation and economic growth in relation to equitable access, environmental management, etc.)	Largely a transfer of know-how to the public sector with some advocacy, awareness raising, and demand creation at the community level	Helps build understanding, capacity and scalable options particularly of the private sector with regard to nature of the market
Facilitation needs / Attention to process	Requires clear and prolonged facilitation plan to manage interaction amongst stakeholders and keep everyone on board	Requires clear facilitation plan at project definition stage (then activities may be more siloed – need to have one entity keeping eye on how pieces fit together)	Light touch process that is more consultation oriented (Need to ensure coordination across the system incl. with subsidy mechanisms) (Division of labour usually comparatively straight-forward)
Channels for input and voice / inclusion	Requires clear and constant channel for voice and participation of those likely affected by changes to status quo	May require designated channels for voice (complaints and claims mechanisms) for those affected by changes to status quo	Requires clear channels for consumers to lodge complaints through company and if that fails, then through the public sector (small claims court, regulator, etc.)
Emphasis on vulnerable / marginal populations	Emphasis on the vulnerable / voiceless depends on the issue	Emphasis on the vulnerable / voiceless may require deliberate strategy and mechanisms	Emphasis on the vulnerable / voiceless depends on the target market segments (and their purchasing power) (Need to ensure this doesn't further exacerbate the problem)
Governance aspects	Requires MoU with all stakeholders, potentially a Code of Conduct, frequent meetings to establish and constantly revisit the parameters of the initiative	More likely to include bilateral MoUs between public and private sector with arrangements for NGO input	May involve joint ventures, contracts, investment arrangements, etc. and MoUs with NGOs for input



Camels in spate areas, Balochistan.

4 Sustainable Water Fund projects through a PPP lens

4.1 New water rights for basin management and inclusivity in spate irrigated areas of Pakistan

Partnership type: reshaping the rules

Project code: FDW17093PK

Lead partner: MetaMeta Research

Public sector partners: Sindh Irrigation and Drainage Authority (SIDA), Irrigation Department of the Government of Balochistan Province, Pakistan

Private sector: MetaMeta Research

NGO and knowledge partners: SPO (Strengthening Participatory Organization), Research and Development Foundation

Theme: IWRM

About the project⁴: Spate irrigation is a unique water resource system that makes productive use of short duration floods in dry riverbeds. The project works in two spate systems in Pakistan: Bhag Narri in Balochistan Province and Nai Gaj in Sindh Province. Together the two spate systems cover an area of 130,000 ha. The project aims to contribute to resetting water distribution rules

and through that, promote efficient water use in agriculture for better livelihood opportunities.

This case study reflects on selected overall characteristics – goal, ownership and lead partner, response to status quo and clarity of trajectory – in a reshaping the rules partnership, as presented in Table 1.

⁴ All project summaries in Chapter 4 are paraphrased from the RVO FDW project database available here [Project Database | Sustainable Water Fund \(FDW\) \(rvo.nl\)](#).



Barrage in a spate system in Balochistan.

Overall partnership characteristics

1. Goal

As the main motivation for this PPP is changing the system for water allocation, the partnership has been set up in support of sector reform. As government interest increases, irrigation systems become part of ongoing investment plans and policies. Reshaping the rules will enable institutional strengthening as well as an increase in market-based solutions in the area.

2. Ownership and lead role

While one would expect the public sector to take the lead in reshaping the rules, in this case an international consultancy firm and social enterprise, MetaMeta is playing this role. Through stakeholder mobilisation, practical research, programme development, implementation support, training, guideline and policy development, MetaMeta promotes better land and water management. With a strong flood-based livelihoods network (FBLN) and international experience, they act as the experts for demonstrating an approach at scale in Pakistan, in vulnerable, remote areas – due to security, geographical and environmental reasons - that is not typically prioritised in development programmes.

While a business case exists (consultancy services) for MetaMeta, it is secondary to bringing lessons from the past into one area, improve the lives of households locally while feeding lessons back to the global network of organisations working on water efficiency.

Approvals for project execution are provided by government but in essence, NGOs provide the extension services that government is not able to provide, as areas are often difficult to enter or are too remote. The two NGOs act as a bridge between upstream and downstream areas, help government realise their mandate for water sharing and support MetaMeta who do not have staff with local presence.

3. Response to status quo

The role of MetaMeta and NGO partners is focused on changing the system of water allocation overall, so when they withdraw, the rules have been reshaped and taken up. Changes introduced are expected to continue, but not because people in government have been trained to take over the role of other partners in the project. Previously, spate irrigation systems were self-organised through farmers networks, there was no strong role for government in water allocation and maintenance. Now, government involvement is increasing, because of new infrastructure and behaviours by water users.

In reshaping the rules partnerships, it is expected that different visions and ideas about what needs to change may require discomfort of different stakeholders to meaningfully shift the status quo.

According to project implementers, ongoing discussions on reshaping of water rules, are challenging due to different incentives at different administrative levels, so co-creating best arrangements

goes hand in hand with navigating through sensitivities. Having an MoU with government offices, operating in a technical way, focusing on continuous engagement and rebuilding relationships with changing local government staff in Balochistan and Sindh, and maintaining relationships at the decision-making, senior government levels are essential factors for managing complexities.

4. Clarity of trajectory

A reshaping the rules partnership is expected to experience high levels of complexity with an unpredictable trajectory which requires a high degree of flexibility and adaptability.

“Looking at how partnerships have developed, it is because of a strong interest from certain people in government at all levels who thought that the project’s approach is the right way of doing things. In Balochistan, government officials have done a remarkable job of continuing this work given the political unrest, and uncertainties in budget. In the end it is individuals who make the difference.”
- **Dr. Frank van Steenbergen, Director, MetaMeta**

That higher level government officials are engaged with the project, gives confidence to local government to be involved, whereas change happening on the ground, in turn gives meaning to higher level government engagement.

In practice, making change happen means different groups working together and having incentives to do so who would otherwise not

cross paths. The livestock department of local government working with the NGO, receiving transport support and therefore entering areas they would otherwise not be able to. Or introducing new crop sources from research stations that are hard to access, but which then can be tested in more places due to MetaMeta’s wide network. Previously, SIDA (public partner) was not involved in spate systems, and through this project they have become familiar with the topic, gained larger visibility and have taken on new roles and responsibilities.

“Sometimes with a programme like this, things happen that would otherwise not be possible.” - **Reinier Veldman, Program Manager Flood Based Livelihoods, MetaMeta**

One initiative to illustrate this is the work on an infrastructure solution for water distribution in Balochistan. For this to happen, MetaMeta’s proactively highlighting of the need for proper water distribution in downstream areas was key. It needed an understanding of the landscape, the local dynamics, level differences and support with planning, preparing cost estimates and more. All this resulted in a proposal for state-of-the-art infrastructure, built on hundreds of years of spate irrigation expertise. This increased government buy-in and ultimately, led to a 100% government-funded investment.



Agricultural fields under improved water resource management scheme in Ethiopia.

4.2 Water Pricing in Ethiopia

Partnership type: Reshaping the rules

Project title: Water Pricing for Sustainable and Inclusive Growth

Project code: FDW17253ET

Lead partner: Woord en Daad

Public partners: Waterschap Zuiderzeeland (WZZ), representing Dutch Water Authorities (DWA); Awash Basin Development Office (AWBDO); Basin Development Authority (BDA); Oromia Water, Mineral and Energy Bureau (OWMEB)

Private partners: Vereniging Nederlandse Gemeenten (VNGI); Eijkelpamp Soil & Water BV (ESW)

Theme: IWRM with components of water efficiency

About the project: The project's purpose is to improve water resource management for more equitable and efficient water use in Awash sub-basin in Ethiopia. The aim is to realise this by 1. Installing measuring equipment on 60 locations throughout the sub-basin, which will feed data into a real-time water information system. 2. This enables the water authority to implement and monitor a water allocation plan and to introduce a licensing and charging system. 3. Implementing a water-use priority ladder benefitting 85 smallholder Water User Associations. 4. Rendering back water availability and efficiency services to water users through ecosystem services.

While millions of people depend on the river for their livelihood, it is a matter of reshaping the IWRM rules that can change the system. Currently, Northern regions use large amounts of water from the river for household and industrial water consumption which creates water shortages in the Southern regions. Improved regulation through introducing a Water Allocation Plan, advanced monitoring systems and an irrigation water tariff help upstream and downstream farmers make better decisions on water usage. In exchange for water fees, trainings, constant water supply and services are guaranteed by authorities.

This case focuses specifically on partnership processes – aim of partnering, facilitation needs and governance aspects – as outlined in Table 4 in a reshaping the rules partnership.

Partnership processes

1. Aim of partnering

The public partners (water authorities and the regional bureau for water) are both formal partners and are the institutions that receive capacity building. Key impacts of the PPP's work are the creation of new ways of working and new systems for public sector institutions, including new roles, regulations and monitoring protocols. As the structures being put in place are reshaping the rules, a central activity is clarifying and agreeing on roles and mandates of different public sector institutions active in the PPP and beyond. These need to be put in place at all levels (federal, regional, local) for water authorities and

implementing public entities. And this requires cooperation with many more public entities than the formal partners.

Water tariffing and water pricing are at the heart of the project. The two public partners in Ethiopia are the Awash Basin Development Office and the Oromia Regional Water Bureau. Also, cooperation is sought with the Afar Regional Water Bureau, representing upstream and downstream water users. At the start of the project, it was not yet clear who has the mandate for water permits: the Awash Basin Development Office or the Regional Water Bureau. Before this project, these bureaus used to give out water use permits without a targeted approach, sometimes resulting in double payments. Now there is a registration system in place that helps decide who charges tariffs to which user.

“During one meeting in the main project management office in Addis, both Awash and Oromia offices were represented. We had to agree on which office should be giving permits to whom, but there was no data available yet on who the users are and where they are located. At first, it looked like new data would need to be collected, a major initiative. But at a certain point, we realised agricultural bureaus usually already have this data, so if we can work with their data, it would result in a reduction of duplicative efforts. It was a very practical, but essential decision-making moment, where the two offices agreed to extend their collaboration to working with agriculture offices. This probably would not have happened if this had not been a multi-stakeholder project.” - Kidist Ketema Bekele, Water Expert, Woord en Daad, Ethiopia

The involvement of the Dutch **private sector** partners is based on opportunities to showcase products and expertise in Africa (monitoring instruments and a registration system) in order to further scale their market to new regions on the continent.

2. Facilitation needs and attention to process

The often difficult discussions and negotiations that made it possible for partners to come up with a joint management system, were facilitated by the NGO, Woord en Daad, lead partner of the project.

For a reshaping the rules project, regular multi-stakeholder meetings are essential. Meetings with political and technical leaders, workshops with multiple stakeholders participating but also smaller meetings where administrators or technical staff sit down together to work their way through problems are all needed. For Woord en Daad, operating with a project manager and a water expert through a local project management office, the key role is to set the stage for these discussions, support joint planning, facilitate the development of joint agendas. Through its neutral role, Woord en Daad ensured that each work package includes a leader from the Ethiopian public partners and from the supporting Dutch water experts. To ensure ownership and local embedding. And when there are issues, they bring partners together to analyse problems, create mutual understanding around root causes and find joint solutions.

3. Governance aspects

A reshaping the rules partnership is expected to have MoUs with all stakeholders, potentially a Code of Conduct, and frequent meetings to establish and constantly revisit the parameters of the initiative. In this PPP, there is indeed a partnership agreement, a long-term MoUs between district authorities and Ethiopian stakeholders and as well as a Water Cooperation Agreement between Awash and Oromia authorities, a formal agreement which lays out principles around downstream and upstream water usage.

The integrated focus on both IWRM and water efficiency increases the interest of both public and private sector involvement. Although the work is in a relatively small area, there is potential for scale up.

“We are setting tariffs, but at the same time we are capacitating regulators to be able to do the water tariffing themselves, while putting the focus on IWRM and water efficiency. The more you work in integrated ways, the more you need private sector involvement to support achieving public sector mandates.” - Kidist Ketema Bekele, Water Expert, Woord en Daad, Ethiopia



Renewable (solar) energy facility in Kitgum, Uganda, a more reliable power supply for the local water schemes.

4.3 Alternative approaches and tools for improved WATSAN in Uganda

Partnership type: reinforcing institutions

Project code: FDW14UG43

Lead partner: National Water and Sewerage Corporation

Public sector partners: Ministry of Water and Environment, National Water and Sewerage Corporation

Private sector: Davis & Shirliff International, VEI B.V., Kagga and Partners

NGO and knowledge partners: Stichting IHE Delft Institute for Water Education, Plan Uganda

Theme: WASH

About the project: This project aims to increase access to safe drinking water and sanitation in 10 selected towns in Northern Uganda through system expansion, improved functionality of the water schemes by ensuring reliable power supply, installation of renewable energy (solar) facilities, use of asset management best practices, and getting water and sanitation to selected institutions.

This case study reflects on overall characteristics – ownership and lead partner - of a reinforcing institutions partnership, as presented in Table 1. Channels for input, voice and facilitation needs characteristics introduce aspects of partnership processes as set out in Table 4.

Overall partnership characteristics and incentives to partners

This is the only reinforcing institutions WASH partnership with a national utility, the National Water and Sewerage Cooperation (NWSC) in Uganda, in the lead in the Sustainable Water Fund.

Their overall incentives to partner were:

- Less complexity in administrative processes
- Building institutional capacities and learning from experienced partners, like VEI or through participating in the Young Expert Programme. E.g., doing energy audits more efficiently, enhancing operations and maintenance practices
- Bringing in added value that looks beyond normal operations, e.g., pro-poor strategies

Private sector incentives were for the solar technology provider to break into a bigger market. Previously they had been selling their products to smaller entities, while this partnership provided the opportunity to gain trust and set up a niche in a broader area.

For NGOs the incentive is to look for relevance, but also to see WASH supported at all levels. They typically work in smaller geographies, while through this project they had the chance to work in larger, urban areas.

1. Ownership and lead partner

In a reinforcing institutions partnership, the expectation is that private sector can guide but needs active co-ownership of the public sector. In this case, the public utility and lead partner, NWSC brought the project in as a value add through their consultancy services. This arrangement supports both policy objectives without having to go depend only upon monies collected from bills.

While a large part of the work is outsourced to other partners, it is the role of NWSC staff to institutionalise serving people who are not part of their network yet. This is happening through decentralised solar schemes, operated independently but maintained by the utility.

“If we would have arranged the outsourcing through third party contracting – as separate consultancies – we could have missed out on opportunities. It’s a catch 22, in some cases it works well, in others it doesn’t. Having a private institution involved in sanitation facilities is a big plus. There is a better feeling of belonging, of being one in an official partnership. Instead of a commercial drive it becomes a social drive.” - Dr. Rose Kaggwa, Director Business and Scientific Services, National Water & Sewerage Corporation

Designing a pro-poor strategy with support from IHE Delft has been a major recent focus with potential for informing internal policy

and strategy changes. With NWSC being a well-established utility, such institutional reform is possible.

2. Response to status quo

This type of partnership is expected to largely work within the status quo to raise standards and enhance viability while in some cases introducing new roles, rules and regulations.

For NWSC and partners, one focus area was energy reduction. To manage this, new roles have been created for staff within NWSC to build their capacities on solar energy and supervise this within the utility. These roles will continue after the project. Another part of the puzzle is a newly created Borehole Unit team under WaterWorX, also a Dutch funded project, which oversees the solar-powered infrastructure that has been installed as part of the project. Joint trainings were organised for new staff to avoid duplication and maximise the support provided.

“Without NWSC’s lead role the creation of these roles would have been different. We believe in identifying the problem through a DIY approach. We are moving away from a project running for a few years, towards ensuring that interventions continue to last beyond project implementation.” - Dr. Rose Kaggwa, Director Business and Scientific Services, National Water & Sewerage Corporation

Processes for partnering

1. Channels for input and voice, and facilitation needs

A reinforcing institutions partnership may require designated channels for voice for those affected by changes to the status quo. Being an established utility in the implementation space, using existing platforms for input and voice was straightforward.

The same applies for partnering processes. Because NWSC has already been engaged in similar work, they were able to build on existing approaches. After setting up the partnership, it was presented to management, who in turn gave approval and existing contracting systems of the consultancy unit were used for formalising processes. The new aspect of this PPP was that project management was also outsourced by NWSC to a private party.

The biggest lesson learnt was the importance of keeping communications channels open between partners and achieving deadlines. NWSC frequently had to step in as lead partner to manage these challenges. Project success was at stake in many cases – from COVID-19 challenges to shifts in project management staff working for the private management partner – and each time, NWSC provided the incentive to keep the project moving.



Multi-sector stakeholders in the management of the Cagayan de Oro river basin meet at the “Greening Pinning Event” in September 2019, to celebrate and discuss their respective contributions to river basin restoration and reforestation activities. Photo credits: CDORBMC (= Cagayan de Oro River Basin Management Council).

4.4 Partnership for Sustainable Water Supply in the Philippines

Partnership type: reinforcing institutions

Project title: Partnership for Sustainable Water Supply: Ridge to Coast, Rain to Tap - Philippines

Project code: FDW16012PH

Lead partner: VEI B.V.

Public partners: Cagayan de Oro City water District

Private partners: VEI B.V., FRRL Industrial Trading Corporation (FITC), Unifrutti Tropical Philippines, Inc. / Mt. Kitanglad Agri-Ventures Incorporated

NGO partners: Stichting Wetlands International, Het Nederlandse Rode Kruis

Theme: WASH

About the project: The ‘Ridge to Coast, Rain to Tap’ project aims to reduce flood vulnerability and improve the resilience of the water supply in Cagayan de Oro, the Philippines.

The PPP is a Water Operator Partnership aimed at improving operational efficiencies (to allow for increased investment in pro-poor services) of the local public utility, the Cagayan de Oro City Water District. Its additional complexity is integration of IWRM (upstream reforestation and livelihood improvement) into WASH with different partners working together on new ways to achieve this.

The case study reflects on public sector and private sector engagement as presented in Tables 2 and 3 and describes how attention to process as presented in Table 4 is supporting the facilitation of a reinforcing institutions partnership.

Public sector engagement

As modelled in the overall partnership characteristics of a reinforcing the institutions partnership, it is expected that private sector guides the partnership but to do so effectively, it needs active co-ownership from the public sector. The public sector is typically interested in operational improvements that lead to higher levels of accountability to customers and investors, having the potential to attract financing, and more access for poor households.

In this case, the Cagayan de Oro City Water District (COWD) is incentivised by at least three factors:

1. The project supports in reducing their costs. Half of the project’s budget is invested in infrastructure development, which comes from the Water District but is also subsidised for about 25-35% depending on the situation.
2. Through the project, the Water District has access to a wide range of sector experts who support in identifying challenges, finding and implementing new solutions and facilitating trainings for Water District staff on key subject areas.

3. VEI supports the Water District with influencing activities, establishing contacts with new people at national as well as river basin levels.

For instance, the Water District is implementing an emergency response plan (ERP) which helps them mitigate natural disasters. With support of VEI, the method has been presented at national conferences, and in 2020, a master class was organised for over 100 Water Districts. Such initiatives give the utility more visibility and a better status, while inspiring other water districts in the country to update their emergency plans or create new ones. In 2022, VEI and COWD staff jointly facilitated face to face ERP workshops for 10 other water districts in the Philippines, coaching them in the process of how to draft their own plans.

While such successes are of key importance, the complexities of working in the Philippines, including insecurity, bureaucracy, corruption, fear of privatisation of local water districts, make it difficult to reshape the rules of the water sector both at national and local levels. Increased institutional capacities, and improved coordination between government agencies is realistic, validating the reinforcing institutions nature of this partnership. An example of improved coordination is the arranging of permits for the construction of water pipes which is done through an agency other than the water district and used to be characterised by minimal cooperation.

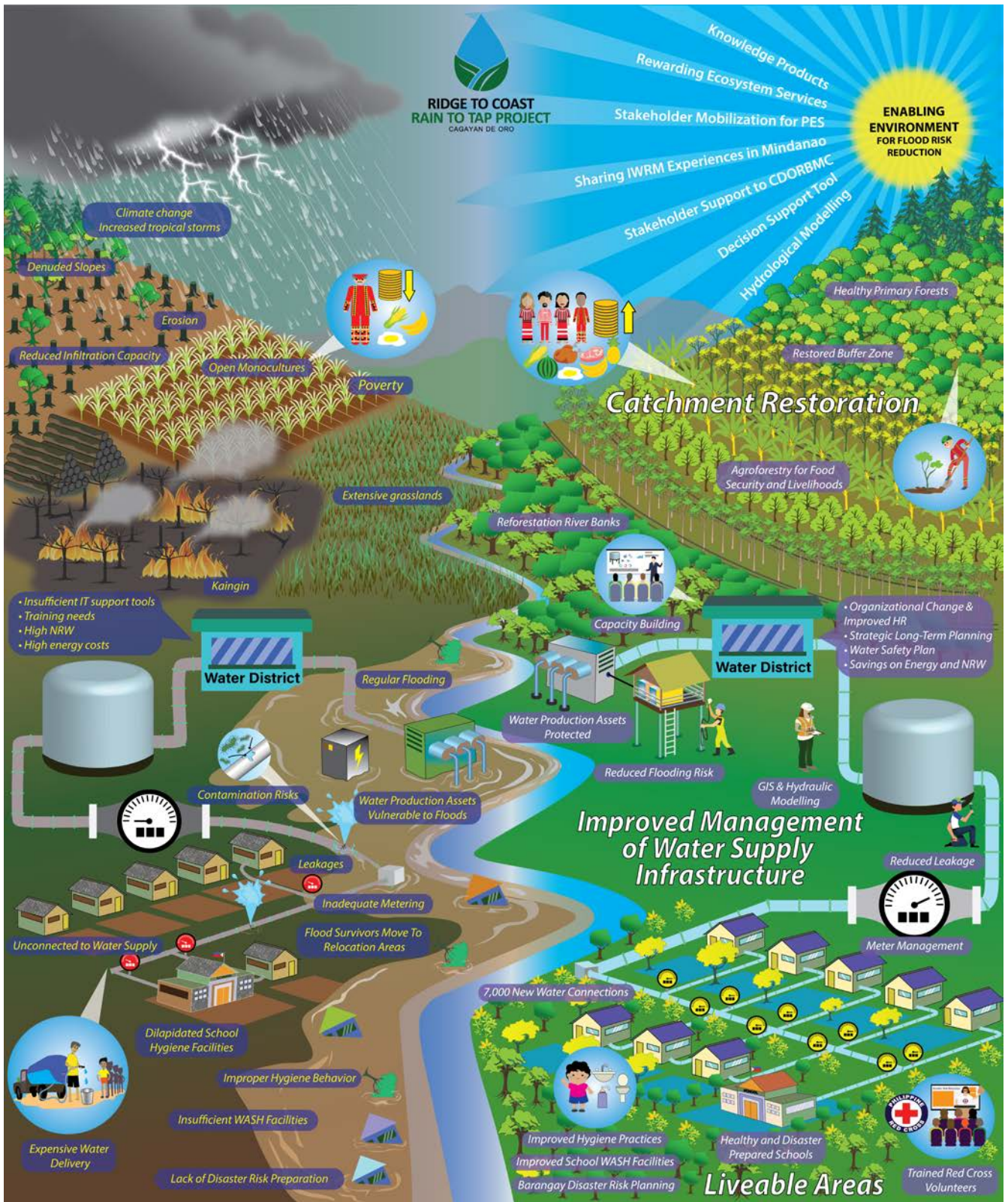
Private sector incentives to partner

In 'Ridge to Coast, Rain to Tap', officially three private sector partners collaborate. The Dutch public limited company, VEI is the driver of the partnership, who, although listed as private sector, is operating more like an NGO or neutral party, driven by objectives that are focussed on improving partner performance.

FITC brings in GIS, hydraulic modelling and a billing system installed at the local utility to support non-revenue water reduction and general operations of the Water District. FITC's normal operations focus on oil and gas, but some of their investments go to water projects. Without this project they would not have had the chance to showcase their software solutions in this (drinking water) area, both geographically and thematically. The risks and costs would have been too high.

The third private party, Unifrutti, is an agricultural firm that grows tropical fruit and has an extensive export market in the region. Their incentives to partner are twofold. Firstly, the area of project implementation, the island of Mindanao, is an insecure, conflict-prone area. Military attacks from the New People's Army - the armed wing of the Communist Party of the Philippines - on agricultural firms and their facilities are a regular occurrence. These happen as a response to decades of unfair practices (e.g., land grabbing, withholding jobs from locals in favour of employees from other regions) by private sector firms. Unifrutti recognizes the need for including local expertise in their agricultural practices and works actively with indigenous communities and NGOs on inclusive approaches. This in turn improves the safety of their employees and facilities.

Secondly, the mountain forests in the area act like a sponge, absorbing water from the abundant rainfall and enhancing groundwater infiltration, and slowly releasing the groundwater into mountain streams all year round. The forest generates more rain due to microclimate effects, and in times of flood risk, also holds more water. It is in Unifrutti's direct interest that reforestation happens, providing agricultural land with a constant source of groundwater and running water for irrigation.



Infographic visualizing the project's theory of change.

Partnership processes

1. Attention to process and facilitation

The portfolio of VEI as partnership lead ranges from providing technical assistance to the Water District, implementation of infrastructure solutions, to management of financing and partnership coordination.

While smaller group interactions happen continuously throughout the year, collective partnership meetings initiated by VEI are organised bi-annually through a mid-year review and an annual steering committee meeting. These meetings ensure that partners stay on board, have the opportunity to interact in the broad partnership, can share how results are being delivered and what lessons are being learnt along the way. In between meetings, partners share project information through internal communication systems, as well as through the project's [Facebook page](#) and via external communication products (news articles, publications, [project website](#)).

In terms of interaction with people beyond the official PPP, the project recognizes that better coordination between upstream and downstream institutions coupled with improved agricultural practices and reforestation, will result in flood reduction, better use of aquifers and protection of groundwater.

In terms of upstream improvements, the project also aims to strengthen the Cagayan De Oro River Basin Management Council (CDORBMC) to lead the river basin management agenda. The Council takes regular initiatives to convene stakeholders, including direct partners in the PPP, but also a wider net of

stakeholders active in the river basin. One inspiring activity happened in 2019, when participants were asked to indicate on a map where they are working on reforestation, resulting in a powerful visualization of how contributions by many can achieve real impact in the area (see report cover photo).

Together with the Department of Environment and Natural Resources (DENR), the Council is already widely regarded as a leading agency in the river basin. In addition, it is seeking more formal recognition via a DENR Administrative Order or by becoming a Development Authority. In 2020, Congressman Rufus Rodriguez of the 2nd district of Cagayan de Oro City proposed creating the 'Cagayan De Oro River Basin Development Authority'. A 'Development Authority' would have more mandate and policing powers and would have access to government funds for restoration activities in the river basin. If realized, this would be "state-of-the-art" legislation in the country for an integrated and ecosystems approach in environmental governance. (Excerpt paraphrased from 20210413 FDW16012PH-2020-Narrative report)

*"Working through a PPP makes it possible to create a good overall story. Even though we're implementing a project, everyone understands how it all links together with the overall development and complexities of the area. We are a water company but are spending a significant amount of time on advocating for better river basin management. The Water District also understands their role and co-finances development. This model helps bring partners together, and through interaction understand each other's interests and added value. If you understand the complexities, it's a first step towards success." - **Adriaan Ruijschoot, Project Manager, VEI B.V.***



Training for agents of last mile distribution company and social enterprise Kidame Mart, in Southern Nations, Nationalities and Peoples Region.

4.5 Safe drinking water for Ethiopia

Partnership type: responding to market-based solutions

Project code: FDW16050ET

Lead partner: Resilience BV. During the project period, the joint venture [Nazava Ethiopia – Resilience BV was established and is now leading.](#)

Private partners: Shayashone Trading plc, Resilience BV

Public partner: Amhara National Regional State Health Bureau

NGO partner: International Development Enterprises

Theme: WASH

About the project: Access to safe drinking water forms one of the biggest challenges for Ethiopian households. Water and sanitation related diarrhoea is among the top three causes of all deaths in Ethiopia, and Amhara region is one of the regions most affected. In total, more than nine out of 10 households do not treat their drinking water. Costs for central infrastructure and treatment are too high for the rural area. The Ethiopian Health Extension Workers currently lack alternatives to promote the treatment of drinking water. The project therefore believes that market-driven technologies to empower households to purify water at the point of use are the most effective and most sustainable solutions for providing safe drinking water.

This case study reflects on three overall characteristics – partnership goals, lead partner and response to status quo – as presented in

Table 1, and public sector involvement – business and intensity of engagement - as presented in Table 2 of a market-based PPP.

Overall partnership characteristics

1. Partnership goals

The common goal of partners working together is to reach rural households with safe water services.

The private partners, Resilience and Shayashone, were the ones to initiate this project. Building on experiences of setting up a successful business in Indonesia, the aim of Resilience is to start a household water filter business in Ethiopia as well. Their business partner, Shayashone is an Ethiopian SME (small and medium sized social enterprise) with a track record in setting up distribution systems in rural areas. The NGO, iDE got involved in the key objective of creating awareness and demand for safe drinking water. The two private partners are the shareholders of the joint venture which was established during the project: Nazava PLC.

While not official partners in the PPP, a collaboration with microfinance institutions have also been set up. The main public partner is the Regional Bureau of Health whose primary objective is increasing the number of people with access to safe water in Amhara. Investments in piped water systems and chlorination are not sufficient to cover the whole rural area. Therefore, the Bureau of Health is now turning its focus towards supporting access to



Installation of machinery for the production of filter candles.

household water filters as an additional solution for providing safe drinking water.

The water sector in Ethiopia, including through different contributions of this partnership (e.g., joint annual planning with local government in Bahir Dar) has influenced this shift, leading to public sector interest in different solutions that improve access to safe water at the household level.

2. Lead partner and reflections on sustainability

Initially, Resilience BV was the lead partner, bringing stakeholders together, getting proposals and subsidies formalised. Shayashone also played an important facilitating role, hiring a project team on their own payroll who smoothly collaborated with iDE on organising trainings and awareness raising initiatives. Since 2020, the facilitator role has been transferred to Nazava PLC, the new company. The goal of the partnership was to establish a private entity that will produce and sell water filters. The fact that the PPP is already being managed by Nazava, the new company, contributes to a sustainable set-up of both the partnership and its objectives.

3. Mitigating risks and response to status quo

“As the risks for running a business in Ethiopia are high, it is unlikely that Nazava could have been established without the FDW subsidy. Few SMEs would have dared to set up a business without financing that helps mitigate risks. Social

enterprises like Nazava, which aim to contribute to the public good, are key in the development of a country. PPP projects help social enterprises to avoid being left in the dark, ensure they are aligned with priorities of the government, and address public needs. And we are here to stay. After the project ends, we’ll still be here. Some projects can be supply driven but will not match the needs of beneficiaries. As a company we don’t have this luxury, we have to add value, or we’ll cease to exist.” - Anniek Elemans, General Manager, Nazava

Public sector business case, impact and intensity of engagement Working through subsidy opens doors in Ethiopia and has initially made it easier to collaborate with the public sector. The formal public partner in the PPP is the Regional Bureau of Health. Their participation is crucial for awareness raising in the region as well as the creation of demand. Working with government is essential for their support in conducting private sector operations at the local level.

Engagement with the national government is largely linked to formal operational arrangements. In 2018, the private sector partners received a permit, which allowed for the set-up of a factory for local manufacturing of filters. After this investment, in 2021, Nazava applied for a business licence which was rejected with the request to make additional investments in producing activated carbon. This is in progress but in the meantime, due to legal reasons, the selling of filters was put on hold.



The commune of Koumantou, Mali The commune of Koumantou, Mali.

This is impacting the company and partnership, as the Regional Health Bureau wants to launch the sale, but influencing national processes that can speed up the granting of a business licence is beyond their remit.

Although these challenges are undesirable, they are strengthening the pioneering nature of the PPP. For example, while there are more water filter companies in the country, none are focusing on also producing filter candles with activated carbon. As such the Ethiopian Investment Commission is not able to clearly assign an investment category to Nazava. In order to support tax regulations, the institution is now considering the creation of a separate category for household water filters, leading to new standards and regulations in the country.

Regardless of these challenges, the Regional Health Bureau remains interested in collaboration because Nazava helps them achieve their policy objectives of reaching rural populations in Amhara with safe drinking water services.

4.6 Sustainable O&M Model for Manual Pumps in Mali - The UDUMA concept

Partnership type: responding to market-based solutions with elements of reinforcing institutions and reshaping the rules

Project title: Sustainable O&M Model for Manual Pumps in Mali- The UDUMA concept

Project code: FDW16003ML

Lead partner: Vergnet Hydro S.A.S.

Public partners: Direction nationale de l'hydraulique, Direction regionale de l'hydraulique de Sikasso

Private partners: Vergnet Hydro S.A.S.

NGO partner: Stichting Akvo, Stichting Aqua for All, SNV Mali

Theme: WASH

About the project: The project aims at solving the problem of high non-functionality of manual pumps in rural areas. It introduces a water services delivery model for manual pumps based on a viable business case. A private operator – contracted by local government – finances 40% of the project, takes care of rehabilitation, operations and maintenance of infrastructure and ensures the functioning of the pumps for a period of 15 years, with a maximum downtime of 72 hours per incident. In return, the operator is allowed to charge a water tariff, for which a new, user-friendly payment system is implemented. Households pay according to volumes of water consumed and are assured much higher functionality against an affordable tariff. The water services system is based on a paid caretaker at each pump and a network of well-trained and equipped pump mechanics.

This case study reflects on public sector and private sector engagement characteristics as presented in Tables 2 and 3, focusing on their respective business cases. In addition, partnership processes are presented through reflections on facilitation needs. A related story of scale is presented in Box 2.

Public sector engagement

1. Getting started and risk management

The commitment made by this project is to maintain infrastructure for a period of 15 years, so guarantees from donors and governments for contracts over a longer period were key.

Initially, challenges with getting government buy-in were significant which is the primary risk when aiming for reshaping the rules. While there was general support from the Ministry of Water – the official public partner in this PPP - the approach of a private company bringing in funding – without government tendering - was unusual and slowed processes down. An agreement for 15 years, has now been signed by national government but it took two years to get all the official paperwork (from MoUs to tax arrangements) organised.

Business as usual meant working on service delivery through short-term projects, whereas in the case of this PPP, a commitment to maintain services for at least 15 years, carried the promise that the project design was meant to last. Getting to grips with a private party bringing in funding for long-term change needed continuous consultations with government at all levels.

Although paperwork is in place and implementation is now ongoing, regional and local agencies still sometimes refer to Vergnet Hydro as an NGO, whereas strong understanding and guidance from both national and local government to ensure a regulated private sector would avoid this confusion.

2. Impact on public sector: local government involvement

While not an official partner, local government is a key stakeholder in this PPP. The primary incentive for local government to be involved is to increase access to drinking water in their areas, fulfilling their mandate in line with the national water policy. And to improve health outcomes in their area.

“This project will improve the level of access to drinking water in my commune. The commune of Koumantou has 37 villages and 183 pumps. The rehabilitation of all the pumps will have a very positive impact on the sanitary state of the commune.” – Sidi Coulibaly, Mayor of Koumantou, Mali

Although challenges still exist, local government has recently become more involved. According to Mali regulations, 3% of the total revenue of Vergnet Hydro needs to be paid to local government, which they in turn need to spend on water.

Once a year, mayors are invited to a presentation of results. In 2020, the revenue was not yet significant and therefore project buy-in was also limited, while 2021 showed increased results. The positive news changed the whole atmosphere of the meeting, mayors were in a good mood and shared testimonials on how important it is to improve and manage water infrastructure, and especially to involve the private sector.

These workshops are held because of the PPP nature of the project. Even though the first meeting might have happened too early, the fact that it did, now helps partners to understand how local government incentives work.

Private sector incentives

1. Nature of private sector involvement: reshaping the rules through leadership and taking risk

A key premise of the project is to approach the rural water sector as a business sector and to attract funding for it. The approach proposed by Vergnet Hydro and partners is quite common in urban areas but not in rural. To convince donors of its potential, Vergnet Hydro invested 40% of its own resources in the project.

*“We wanted to prove that a business model for rural areas can be designed.”
- Thierry Barbotte, Managing Director of Vergnet Hydro and UDUMA*

Vergnet Hydro is lead partner as well as the manufacturer, and main risk bearer, driving this initiative. While there is a clear role to bring new services to the market, and provide technical assistance to institutions, the level of commitment and leadership by the private sector partner is typical of a reshaping the rules partnership. Committing to a 40% contribution within a moderately flexible subsidy arrangement in FDW has posed challenges. An example of this was the change in the planned service delivery models as people in rural areas were only willing to pay for services that were an improvement on earlier solutions (manual pumps), causing a more costly investment in project plans, but resulting in higher service (solar pumps) infrastructure. The original target of 1,400 pumps could not be achieved (due to lack of uptake), the project strategy needed to be modified. This challenge required flexibility from FDW as well as partners to adjust the intervention strategy to remain economically viable. This included attracting additional financing to include both piped schemes and standposts into the mix.

A private sector partner in a lead role means being entirely committed to the success of the approach, driven by a guaranteed return on investment (unless purely driven by CSR). Investing in a sector, identified as social, with the ambition to transform it into a business, requires conviction, resilience, adaptability and flexibility. Vergnet Hydro – by taking on a significant risk and being in the lead – was motivated to continue amidst significant challenges.

“The partnership with public sector and NGOs gave us the human and technical means to collect information, identify issues and adapt our approach. But being the only partner investing cash, we were responsible for the decisions to be taken based on the information provided. We therefore submitted proposals to government and communities and got their approval before reorienting the project.” - Thierry Barbotte, Managing Director of Vergnet Hydro and UDUMA

Through proper observation of what was happening locally and close collaboration with government, readiness to learn and evolve



The commune of Koumantou, Mali.

to implement a successful and replicable model, Vergnet Hydro was able to reposition its approach to continue towards realising an economically viable (and therefore sustainable) enterprise. Slowly, as they are starting to see that the model works, local NGOs are requesting UDUMA to take on the management of their infrastructure.

A combination of all three partnership types makes this PPP an interesting example of how private sector incentives coupled with a leading role can result in a market-driven partnership that reinforces institutions and by doing so, starts reshaping the rules of rural water service delivery in Africa.

Partnership processes and NGO involvement

The partnership relationship with government and NGOs (Akvo, Aqua for All, SNV) has ensured greater attention to the process. SNV's expertise with managing government relations has been essential to focus on explaining to each party what is included in the contracts. Their attention to content, having the right people – from national to local levels - being part of the process, has made it possible that all contracts were signed.

“As a private sector lead, we would have focused on the signature, not the process, whereas it's the process that bends the rules.” - Alinta Geling, Operations Assistant, UDUMA, Mali

In the end, it is key for government to be part of a project, especially when there are challenges, as local agencies are the ones that give the private sector legitimacy. Companies are often thought to come in to sell water for a high price, exploiting poor villages. So, it is essential for government to be partners, to join meetings and to exchange knowledge.

“If this was a purely NGO project, it potentially could have gone on and on without results, and if purely private, we would have not been pushed to continue amidst challenges. This PPP has provided the groundwork needed to eventually make examples like the story of Benin possible” - Alinta Geling, Operations Assistant, UDUMA, Mali



Announcement of the UDUMA project in Benin.

Box 2. Benin: a story of scale

With many lessons learnt, and as partners are on a path to long-term change, Vergnet Hydro sees the PPP's innovative work, made possible by FDW in Mali as the basis for others to follow suit.

The FDW PPP in Mali provided the first opportunity to pilot the UDUMA model – created in 2015 - at a regional scale from 2017 onwards. While insecurity in the country poses significant challenges with regards to the potential of national-wide scale, the PPP continues with the ambition to achieve scale in the Bougouni Region – a relatively safe area to work in – being the first to reach economic viability in the country.

Following the PPP work in Mali on the UDUMA approach, in April 2022, the government of Benin signed a 10-year country-wide agreement with ERANOVE, UDUMA and Vergnet Hydro for operating 421 piped systems by 2033. The service area assigned to this private company represents 9.3 million of the 12.5 million inhabitants of Benin, all living in rural areas.

While this programme in Benin has been under construction for almost 10 years, the UDUMA experience in Mali has provided the groundwork for legitimacy, reference and lessons learnt for replication and continuation.

“The objective of the investment programme of the Government of the Republic of Benin is to ensure universal access to a quality drinking water service, at an affordable price, [...] by 2030. This challenge requires a strong and combined commitment from public authorities and private sector professionals. We are happy to be able to count on the solid experience of reference operators such as the consortium made up of ERANOVE, UDUMA and Vergnet Hydro to support us and meet this challenge in the long term”. - Sylvain ADOKPO MIGAN, Managing Director of ANAEMR



Tannery involved in optimizing production process and reducing pollution.

4.7 Pollution prevention and water reduction in the Leather Cluster of India

Partnership type: market-based solutions, with increasing elements of reinforcing institutions and reshaping the rules

Project title: Pollution prevention and water reduction in the Kanpur Unnao Leather Cluster

Project code: FDW16007IN

Lead partner: Solidaridad Network Asia (NGO)

Public partners: Ganga Pollution Control Unit, Uttar Pradesh Jal Nigam

Private partners: Stahl Holdings B.V., Small Tanners Organisation, Uttar Pradesh Leather Industries Association

NGO: Stichting PUM Netherlands senior experts

Theme: IWRM

About the project: Granted in 2017, this project focuses on establishing effective cooperation through a partnership platform between tanners and local water authorities to address pollution of the Ganga River Basin in Northern India. The partnership platform aims to provide agreements for the tanneries to reduce water consumption and pollution, and the government to enhance the capacity of the common effluent treatment plant (CETP). The PPP model aims to serve as a blueprint for other projects and programmes under the 'Clean Ganga' river basin programme. The project works on establishing a leather and tanning laboratory-cum-knowledge centre Kanpur – Unnao and demonstrates waste and water reduction technologies.

Interestingly, this project shows signs of all three partnership typologies. While starting out as a market-based solutions partnership, it is now increasingly showing elements of reinforcing institutes and reshaping the rules. The case reflects on some overall partnership characteristics and partnership processes as presented in Tables 1 and 4, as well as on public and private sector incentives to partner.

Overall partnership characteristics and partnership processes

1. Lead partner and facilitation

As this project shows elements of each partnership typology, this has an effect on how partnership coordination and processes are set up. Being recognized as a professional programme leader with a clear role to bring partners together and facilitate processes, Solidaridad Asia is well positioned as a PPP lead (Source: Participatory Assessment of RVO-funded PPP Programs in Water and Food Security of Solidaridad Asia). However, without previous experience in the leather industry, Solidaridad put significant effort into bringing technically skilled people on board, providing sustainable solutions and convincing partners in the value chain that their goal is sustainable sector transformation. Experience with partnership facilitation coupled with real, technical, scientifically sound solutions have supported in earning the trust of the other partners. Solidaridad has supported the establishment of a multi-stakeholder platform (including industry and public authorities), which is meeting on a quarterly basis and is chaired by the National Mission

for Clean Ganga and co-chaired by the Pollution Control Unit. Therefore, it has potential to be sustained after the PPP project ends.

2. Governance aspects

“This project is a unique PPP model which is ambitious in nature and one of the first tangible deliverables towards the bilateral MoU between the Netherlands government and the state of Uttar Pradesh on the subject of Ganga Cleaning.” - Ms. Cora van Nieuwenhuizen, Minister of Water and Infrastructure, Government of the Netherlands 2017-2021 (Source: Pollution Prevention and Efficient Water Use in Tanneries [video](#) by Solidaridad Asia)

An MoU between the Government of India and the Netherlands was signed in 2017, initiating the work of partners, bringing different complementary skillsets to the project. In 2019, King Willem-Alexander and Queen Maxima travelled to India, and the project was highlighted in the presence of the royal couple. All this has contributed to increased credibility and has given partners the confidence to stay involved.

“We formed a strong consortium with Stahl, the leading supplier of chemicals globally, and the technical experts from PUM Netherlands who provide technical support to small businesses in developing countries. Then we got some tannery associations on board. We also work with India’s Central Leather Research Institute and the regional government. With this consortium, we started analysing the entire chain. We aimed to understand where we could reduce pollution and which production processes we could optimise.” - **Tatheer Zaidi, Solidaridad** (Source: [More cooperation, less pollution: Stimulating Motivating the leather industry in India_article_2022](#))

3. Channels for input and voice

Previously, small tanneries were struggling to raise their voice in front of senior government officials. This project is creating a bridge so they can raise their concerns through the multi-stakeholder platform. A digital portal sharing information about the tanneries environmental practices has been launched in December 2021 and endorsed by the National Mission for Clean Ganga.

The aim for the industry is to take ownership of the portal. Consumers can also raise their voice and hold tanneries accountable through this channel.

Public sector incentives to partner

Driven by market-based incentives, the partners started working together by looking for sustainable technologies with a short payback period to support the tannery sector in achieving national water quality standards. In this case, government has a strong interest in protecting the Ganga River as the tanneries are one of the main polluters. Government is expected to play a key role in ensuring environmental compliances for the leather sector.

The project’s agenda directly aligns with central and state government missions to reduce pollution. When Solidaridad first entered the leather sector, the NGO had no prior experience with this sector. Therefore, government first took a passive stance, but when

the project started yielding results, both senior policy levels and technical, implementation levels got involved.

While largely focusing on improving the practices of the leather industry, the project also has potential for reshaping the rules. This is the first time that the industrial sector (here the tanning sector), NGOs, and the enforcer (pollution control board) are actively working together. The Indian government is showing interest in scaling up this model to tanneries operating in other regions and also for other sectors.

“The approach in the ongoing Kanpur Leather project of Solidaridad is complementary with the objectives of the Ganga Pollution Control Board. We endorsed Solidaridad’s efforts as they are making successful demonstrations to reduce the pollution from tanning processes through viable practices.”
– **Additional Director, Central Pollution Control Board (public partner in FDW Leather)**

A further sign of government commitment is that during implementation, the National Mission for Clean Ganga became a formal member of the partnership. They help in bringing the experiences of this project to scale, leading to replication of the partnership and project in leather industries in Kolkata and Tamil Nadu. There is also potential for scaling to other sectors, like the bleaching and textile sectors.

Private sector engagement

The engagement with private sector has characteristics typical of all three types of partnerships.

For the main private sector partner Stahl, the key incentive to work through a PPP approach is to achieve more impact. With Solidaridad as NGO in the lead, they are supported in reaching out to small tanneries and government agencies at all levels. Working through this project will help expand their client base and increase customer loyalty through providing better services and also creates opportunities for bringing new products to the market. An example of a joint product the PPP has developed is converting leather scraps to bonded leather, a viable product suitable for export. This all helps them to respond to a public need with the help of market-based solutions.

The project also aligns with their corporate sustainability strategies while at the same time providing potential to improve their business cases. The creation of links with other stakeholders with whom they were previously not connected are also considered highly valuable to improving their institutional practices. This focus on private sector involvement is typical of reinforcing institutions partnerships.

In addition, and showing signs of reshaping the rules, they strongly believe that the value chain needs to become more sustainable. If this does not happen, Stahl itself will be out of business and the livelihood of half a million people associated with the leather sector will be impacted as well. Stahl has established a centre of excellence,



The project was awarded the 'Water Sustainability Award 2021-2022' for its innovation in water technology (retrofitting of fleshing machines, which help to massively reduce the water consumption in tanning processe.

which is building capacities of tanneries locally. This institution is expected to continue beyond the project's completion, and as such sustain capacity in the leather industry. Stahl sees this partnership and its interventions as essential for supporting its business case and is not primarily involved because of its CSR objectives.

"As a leading supplier of special processing chemicals for leather, we believe it is our responsibility to actively promote the safe use of these chemicals. It is our priority to contribute to making the Ganges River cleaner." - Michael Costello, Director of Sustainability at Stahl (Source: [PUM Magazine Winter Edition, 2017](#))

The project was awarded the 'Water Sustainability Award 2021-2022' for its innovation in water technology (retrofitting of fleshing machines, which help to massively reduce the water consumption in tanning processe.

5. Recommendations

In this report we have presented the findings from a research and reflection exercise that has sought to better understand a broad portfolio of 42 different public private partnership projects.

We hope to have (re)presented the portfolio in a way that stakeholders will find both new but also familiar. Familiar in the sense that we will have highlighted known issues and challenges faced by project implementers at all levels, and new in the hope that by using a partnership lens, we will have provided a fresh perspective on how each type of partnership relates to larger issues and policy objectives in the water sector.

As stated in Section One, this report is not the product of an evaluation exercise and any recommendations we make at this stage should be taken as suggestions and are not necessarily appropriate for all implementers.

However, we can recommend a number of actions, based on the methodology used and information collected during the reflection exercise. These are intended to stimulate further discussion and, we hope, effective actions, which can capitalise on the time remaining, and the opportunities provided by the FDW fund and the PPP approach.

For Project Lead Organisations

1. Sense check your project's classification in the partnership typology and assess if it sits firmly or less firmly within or across the categories.
2. Use the tables developed in this report to undertake a more detailed review of the state of play of your project – identify strengths and weaknesses.
3. Consider whether the broad strategic goals associated with the project are a good match for the institutions involved and the activities currently planned.

For Public and Private Sector Partners

1. Incorporate the three recommendations above from an organisational or role perspective.
2. Share results with other colleagues, especially those involved in similar partnerships in the WASH and/ or other sectors.
3. Engage in a critical review of strengths and weaknesses in relation to the impact and legitimacy of your partnerships.
4. Consider the status quo and enabling environment and opportunities for positive action, either to assist an existing project or to facilitate new opportunities.
5. Give equal attention to all partnership types under your remit – legitimacy is collective, and we would like to stress that all three approaches and scales of operation are effective and valid under the right circumstances.

For NGOs and their Representatives

1. Consider your position in the partnership agreement and sense check your project's classification through a partnership lens as per the recommendations for project leads.
2. Ensure that the voices and perspectives of community members and those most in need are actually taken into account by more powerful stakeholders.
3. Using your unique perspective, when appropriate, will help facilitate dialogue between partners, community and government at critical junctions in the timeline of the project.

For Funders and Policy Makers

1. Think in partnerships and not in projects. Aim for system change and longer-term perspectives instead of quick wins for specific projects, which may not lead to sustainable results in the longer term.
2. More deliberate funding windows could focus on purpose driven partnering or on the stages of partnership building and business case development. The three categories above reflect the different purposes like 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 than for moving towards policy implementation or commercial viability.
3. 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 also provide time to build trust and an understanding of each of the partner's needs and priorities. The starting point would be mapping the system, with emphasis on a power analysis that identifies the leverage points for transformational change. A funding window could allow an initial yearlong process to explore and bring all stakeholders on board.
4. The creation of partnership indicators needs to be thought through carefully (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) and should accompany 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 assess how systems have been or may still be influenced and how partner behaviours and priorities may have shifted as a result of the interaction.
5. The creation of systems change indicators (or behavioural change of the most important actors) should give more balanced insights into results and cost effectiveness.

As noted, in many contexts, working in partnership has become an accepted way of approaching complex challenges. PPPs and MSPs are more mainstreamed now and are part of the everyday lexicon of development work. As seen in this portfolio review, “the devil is in the detail”, however, the challenge remains on how to ensure that a partnership is best designed to achieve its purpose in a particular context.

Three key areas are worth further exploration:

1. the investment readiness of the project or institution to scale as a contribution and impact of the partnership,
2. the incentives and appropriate modalities to engage the private sector as effectively as possible, and
3. how best to assess the effectiveness of different approaches to partnering.

The main benefits of looking at the portfolio through this partnership lens are to understand what to expect from these relationships, to identify more specifically where challenges may emerge, and thus to more realistically assess the resources (financial, human and otherwise) and capacity that may be required 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 at an early stage what types of financing, and from where, can be used at later stages to take the project to the next level.

About this paper

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