2nd Mid Term Review of the Sustainable Water Fund

Summary of the Final Evaluation Report

2023-0855/AK/dv/mo
October 2023

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We report on the evaluation of Sustainable Water Fund in accordance with our Contract dated June 13th, 2022. This document is a summary of the Final Evaluation report on the 2nd Mid Term Review of the Sustainable Water Fund (FDW) of October 2023.

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Why this evaluation

This second mid-term evaluation of the FDW programme was commissioned in the summer of 2022. This document presents the final evaluation report, including overall conclusions and recommendations, as well as the underlying analyses.

The main objective of this second mid-term evaluation (MTR) is to independently review the ongoing work of the FDW programme and projects. This is the second MTR; the first mid-term evaluation was completed in 2016. Complementing previous evaluations, this second MTR is meant to focus on the long-term results and sustainability of the FDW programme. These results are expected to be achieved through direct effects and systemic changes resulting from the PPP interventions of FDW projects

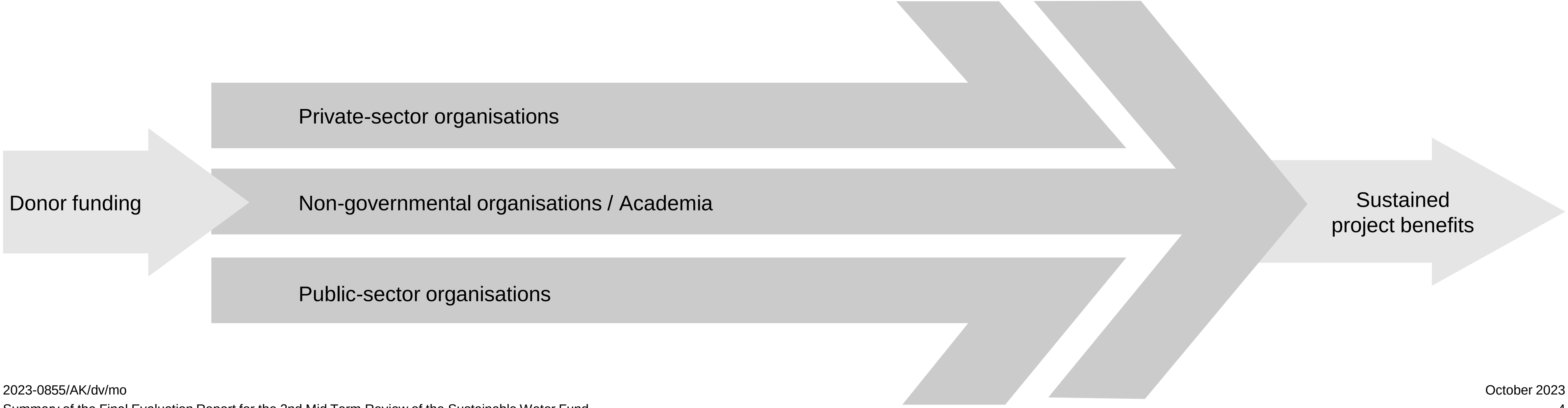
This evaluation is guided by questions of effectiveness, impact, sustainability, efficiency, and relevance & additionality, according to the OECD-DAC criteria.

The MTR has a clear learning ambition and should lead to 1) strategic policy lessons for NL-MFA on PPP and market-based approaches in development cooperation and 2) lessons at project level to improve the effective operation of ongoing projects and the programme as a whole. The timing of the study also aligns with broader initiatives of MFA and RVO to reflect on the use of PPPs as integrated intervention strategy.

About the FDW programme

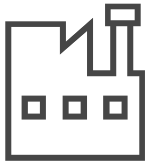
The Sustainable Water Fund programme (FDW) is a Public-Private Partnership (PPP) facility that aims to contribute to water safety and water security in developing countries. The FDW programme is designed by the Dutch Ministry of Foreign Affairs and is being implemented by Netherlands Enterprise Agency (RVO) since its start in 2012. FDW has used its budget of EUR 150 million to support 42 public-private collaboration projects in 24 countries. Some projects that started in 2012 (first tender) or 2014 (second tender) have been completed. Other projects, mainly from the 2016-2017 (third) tender are still in implementation and continued until 2025-2026 .

The figure below depicts that the FDW programme provides donor funding to public-private partnerships. These partnerships typically comprise organisations from the private sector, organisations from the public sector, NGOs and/or organisations from academia. The interplay of activities by these organisations through the partnerships and with guidance and support from RVO is intended to generate benefits that are sustained beyond the period in which RVO offers donor support.



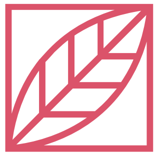
Roles in the Public-Private Partnerships

Each of these types of organisations plays an important role within the partnerships, and an archetypical division of roles can be observed. Naturally, the allocation of roles and responsibilities within each partnership is tailored to specific details of the project they implement. Overall, we identify the following archetypical roles:



Private sector

Implementing cost-efficient solutions to real-world problems at large scale (e.g. hardware, infrastructure, facilities)

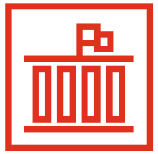


NGOs

Mobilising local communities and stakeholders, and generating the deeply needed trust and cooperation

Academia

Providing state-of-the-art knowledge and insights on long-term solutions



Public sector

Strengthening the enabling environment for projects to thrive

Exit strategies to sustain project benefits

The public-private partnerships attempt to implement exit strategies to sustain project benefits after donor funding ends and project activities cease. Here also, archetypical strategies can be observed. Naturally, each PPP will pursue a tailored exit strategy relevant to the specifics of the local context. Overall, we identify the following archetypical exit strategies:

Viable business case

A commercially viable business case is developed for activities that sustain project benefits. I.e., beneficiaries are reconceptualised as users or clients that pay for a service.

Government hand-over

Local government decides to fund activities that sustain project benefits as part of their public expenditure, e.g. by cutting expenditure in other areas or by raising taxes.

Community hand-over

Community bodies such as farmer cooperatives, water user groups, and parent-teacher associations, take on the costs for activities that sustain project benefits.

Sustained donor support

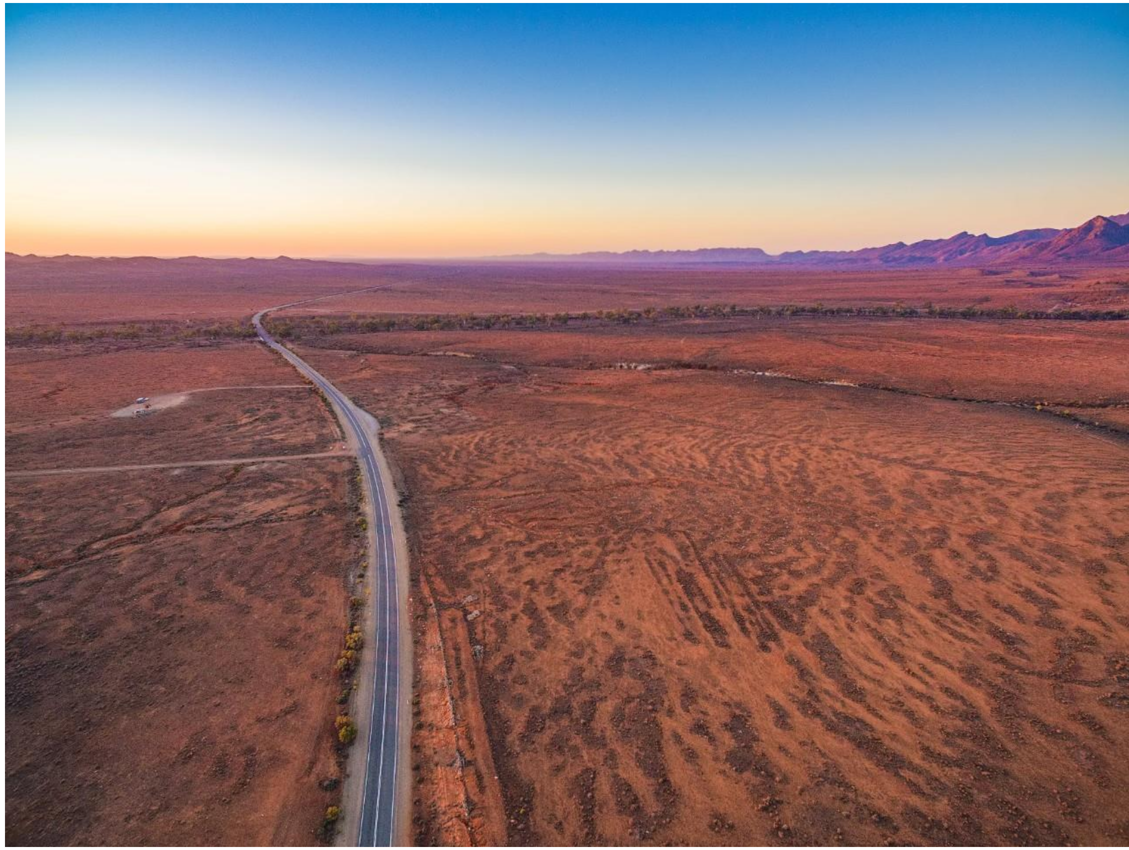
Activities that sustain project benefits are funded by a donor. E.g. by the same donor extending their involvement, or by another donor that leverages the capital investments already made to increase positive impact.

Effectiveness of the SWF (1/3)

Our evaluation shows that the FDW programme is effective in getting public-private partnerships off the ground and that these partnerships conduct the activities to which they agreed. The programme is also effective in the sense that these activities produce the tangible results they were expected to deliver.

Our analysis shows that in this regard WASH PPPs are generally more effective than IWRM and WEA PPPs, while private PPPs are more effective than mixed PPPs.

- The WASH infrastructure established by the PPPs is typically working well.
- WEA projects are effective in increasing knowledge of water/climate proof practices. They also succeed in establishing drip irrigation and wastewater re-use systems, though on a rather small scale.
- While not all targeted beneficiaries are reached by the projects, case-study level analyses demonstrates that the beneficiaries who are reached are generally satisfied with the activities carried out by the project and feel involved with the project.



Effectiveness of the SWF 2/3

However, the positive outcomes that are expected to occur as a consequence of these results are a more challenging aspect to FDW effectiveness.

- FDW project partners typically succeed in implementing the activities foreseen in their project plans. They conduct trainings, design and implement infrastructure, contribute to capacity building, perform activities that aim to leverage additional financial investments, and attempt to devise inclusive business models to sustain project benefits.
- In many cases, FDW projects are effective in generating tangible results at output level. Infrastructure is put in place, stakeholders and communities are consulted, technical solutions are tailored to local challenges, and water systems such as drip irrigation are provided to project beneficiaries.
- Noticeable change at outcome level yet remains challenging for project partners to achieve. Implemented WASH infrastructure does not always result in increases in affordable and reliable water, and associated services are not always maintained. IWRM projects typically do not yet result in alignment across institutional borders or in the development of integrated plans. Subsequently, further investments are not (yet) mobilized and decision making is not (yet) more inclusive in nature or more informed compared to the period before the project started. WEA projects do not always result in increased cohesion of water use practices or better regulations in terms of water and land rights, nor do we observe a consistent widespread application of water-saving techniques.

Effectiveness of the SWF 3/3

Three aspects appear to be important causes for the desired changes not (yet) coming to the fore:

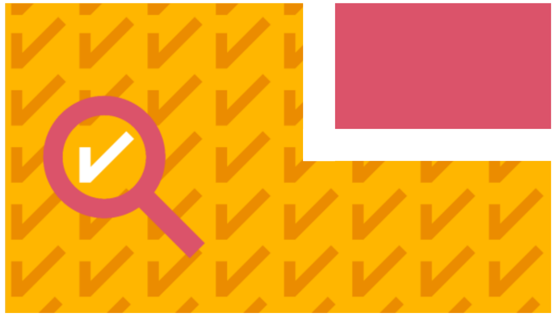
- Maintenance of WASH infrastructure requires funding that in FDW projects typically is foreseen to come from revenue streams from users of the infrastructure (e.g. households that use clean water). Generally, the poor segment of these users is not well positioned to pay for their water use to the extent needed for the infrastructure operators to break even on maintenance. As such, the water provided is typically not affordable for the bottom of the pyramid, and maintenance of the infrastructure remains dependent on external funding.
- Government actors at the ministerial level are generally not involved enough to remove bottlenecks to project effectiveness and to improve the enabling environment that would allow the project to thrive. Organizing alignment across institutional borders may require a strong stance from national-level government actors. Water affordability and the viability of business cases may require state-level interventions in country- or district-wide water tariffs or alignment with development programs that aim to increase purchasing power of local households. Water and land rights are typically subject to legislation at the national level, just as certification and registration processes are overseen by national-level bureaucracies.
- For some projects, sustainability of project benefits rests on successful handover of tasks and responsibilities to local communities. These local communities are not always in a position to effectively conduct these tasks and take on these responsibilities, e.g. in terms of building financial resources, and scheduling, coordinating and overseeing maintenance work.

Impact of the SWF

Our analysis shows that the FDW rationale at programme level is highly relevant to water safety and water security in developing countries, and that also individual project-level interventions are relevant in their design. Also, in our analysis, the support provided by the FDW programme to the public-private partnerships to conduct project-level activities is additional to the activities they would have otherwise undertaken. As such, the FDW programme appears to hold great potential for long-term impact.

Still, achieving significant impact is a challenge for FDW projects. Project partners find it hard to realise noticeable change at the outcome level of the Theory of Change. As these outcome-level project results are not always in reach, it is difficult for FDW projects to contribute to standard of living for target groups in terms of health, water access, food production or income generation – i.e., to make development impact. Moreover, the market-based approach makes it challenging for PPPs to combine the intention to develop commercially viable business cases with the intention to reach the most vulnerable groups.

Also, as a result from project-level challenges at the outcome level, systemic change in the local water sectors is still difficult to achieve. Lasting professionalization of local water markets and structural improvements of the institutional framework of local water sectors will benefit from demonstrable success of FDW projects at the outcome level, with noticeable long-term changes for the targeted communities and vulnerable groups. Furthermore, project benefits could be sustained through commercially viable business cases, successful handovers of project activities to local communities, or multi-year commitments from local public-sector institutions.



At project level, FDW projects contribute to improving access to drinking water and water productivity, yet increasing yield or income appears to be more difficult. For IWRM projects, limited direct impact can be observed. Indeed, part of the projects did lead to improved access to water, better hygiene, or increased income.

However, the interplay of local challenges is often not properly identified beforehand. As a result, projects often do not contribute substantially to the standard of living, or only on a relatively small scale. Also, reaching women and vulnerable groups is confirmed to be challenging and in need of more effective approaches. PPPs could pay more attention to a clear identification of their ultimate beneficiaries. Furthermore, allowing for more flexibility in the programme could strengthen its impact.

Several projects have the potential to bring about systemic change in the institutional framework and the lasting professionalization of the local water sector/market. To contribute to systemic change, acquired knowledge should be institutionalized and local knowledge and governmental institutes could be more actively involved in PPPs. Finally, FDW generally induced few unintended effects.

Efficiency of the SWF

Our evaluation offers three important insights with regards to the efficiency of the SWF programme:

- The great differences between FDW projects in theme, type of intervention, and local context, make it difficult to evaluate the efficiency of FDW at programme level.
- Additionally, the link between projects and the number of direct beneficiaries is not always clear, especially for projects that focus on integrated water resource management or water-efficient agriculture.
- For WASH, general cost estimations can be made. On average, EUR 26 per beneficiary is spent, which is fairly congruent with spending on WASH interventions at other programs or institutions.

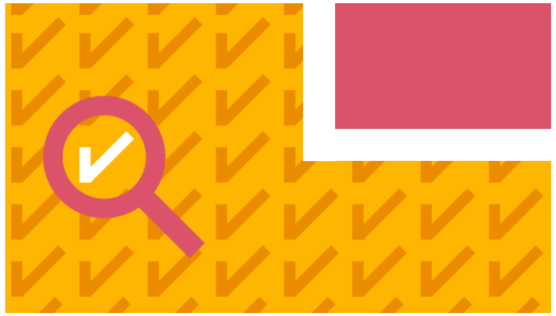
Relevance and additionality

FDW projects predominantly focus on essential issues in the local water sector, and in their design they have high development relevance. Understanding of the local context, through preliminary analysis of the local specifics, is a key determinant of both subsequent success and failure of projects. The PPP requirements of FDW may, but do not necessarily increase local relevance.

Despite their best efforts, FDW interventions may not always be capable of effectively addressing problems. Problems in the water sector are complex and often interlinked with other development challenges, thereby increasing the need for a holistic approach and strategic cooperation. Linking FDW projects to other water related or livelihood funding instruments can enhance the influence and possible impact of FDW projects.

Actively engaging private partners within FDW PPPs for the long term and at strategic levels remains challenging, as the profitability of the water sector in developing countries is low, especially in a pro-poor context. To strengthen private partner involvement, it is important to build on solid existing business cases, and, include partners that, for example, want to expand their market. In addition, the following factors are found to have the most significant influence on the interest of private partners in FDW PPPs.

FDW funding was essential for the projects to occur; hence the contribution of the programme is considered additional. Typically, private-sector partners in the PPPs would not have undertaken their project activities without the donor support from the FDW programme. FDW funding reduces the level of investment risks for project partners and FDW projects offer a platform for cooperation. Yet, FDW funding does not by default guarantee that commercially viable business cases are developed around FDW projects. Business cases that have been observed are often fragile, hence these projects are generally still reliant on donor funding after project completion.



Factors reducing private partner interest

Local and international private partners

- Administrative burden
- Financial uncertainty in FDW procedure
- No opportunity for a viable business case in a public domain

Factors enhancing private partner interest

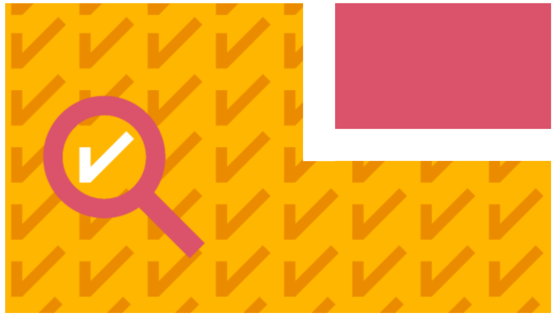
International private partners

- Building a scalable business case or entering a new market
- Opportunity to start a pilot / demonstration project with donor funding
- CSR or intrinsic motivation

Local private partners

- Ability to learn from Dutch technological or institutional expertise
- Access to seed capital
- Expanding an existing business case and/or getting access to new markets

The multi-stakeholder approach (1)



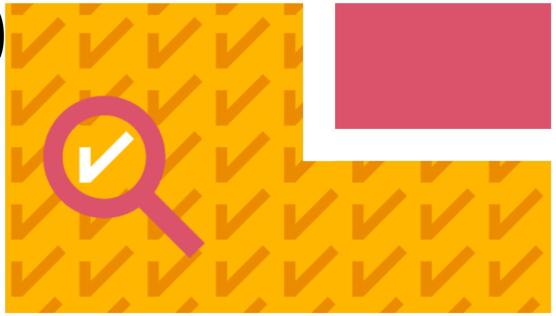
The complementary multi-stakeholder approach in the PPPs and the FDW programme contributed modestly to solving constraints and opening new opportunities for development goals in the water sector. FDW has surely been effective in establishing new partnerships and strengthening existing ones, yet ambitious FDW calls in which many different requirements were demanded may have evoked partners to overpromise on project goals, while time-boundedness restrict importance of a thorough problem analysis in the inception phase. Indeed, only a few projects fully met their project goals, or initial project goals are revised downwards during project implementation.

Nonetheless, our portfolio analysis shows that private-led PPPs are generally more effective and efficient compared to mixed PPPs. Furthermore, WASH PPPs are generally more effective than IWRM and WEA PPPs. Stronger involvement of the private sector in water sector projects could thus certainly have a positive impact on achieving project goals, yet the type of water project seems to be an essential element to consider in this regard. For IWRM projects, which are executed in a typical public-sector domain, a PPP approach is generally not instrumental to achieve development goals. For WEA projects, this applies to some extent as well.

Although projects do not always reach all targeted beneficiaries, the beneficiaries reached are generally satisfied with the project activities and feel involved with the project as well. Yet, projects often take place in a difficult context with large and complex local challenges. As a result, most projects only contribute to the standard of living on a relatively small scale. Hence, projects often do not meet the impact goals they have set.

The multi-stakeholder approach to solve constraints and open new opportunities for development goals

The multi-stakeholder approach (2)



Despite the PPP approach of FDW, engaging strong business driven commercial partners remains difficult. As the profitability of the water sector in developing countries is low, private partners do not always play an important role in the sector, especially in a pro-poor context. Hence, many projects find it challenging to develop a commercially viable business case that fits well with both the interests of a (local) private partner and the bottom of the pyramid.

Projects often remain dependent on public funding. For WASH and WEA projects, this evaluation highlights the importance of including private partners that can build on existing business cases and for example want to extend their market. Funding then reduces level of investment risks for project partners and offers a platform for cooperation. As many IWRM activities take place in the public domain, the PPP approach of FDW is not effectively resulting in increased local private-sector investments.

On the other hand, FDW funding was surely essential for most projects to occur, so the contribution of the programme is considered additional. Furthermore, most projects have high development relevance and address essential issues in the local water sector. Preliminary knowledge and analysis of the local sector is a key determinant of both success and failure. Investing in an upfront analysis of the local context can pay off in terms of efficiency by helping mitigate risks during the project. The PPP requirements of FDW may, but do not necessarily increase local relevance. If local private parties consistently and actively participate in addressing the water-related issues, this certainly strengthens the development relevance of the projects, but so far this has not often been the case. By linking FDW to other water related funding instruments, the involvement of the private sector could be enhanced.

The multi-stakeholder approach and increased private sector involvement/investment

The multi-stakeholder approach (3)

Continuity of interventions and impact is yet achieved in only a few projects. To date, the ability and/or willingness of both local and Dutch partners to continue project activities is often limited. Also, in the long term, projects are not always backed well by the local government and private parties.

Transferring local responsibility is generally challenging, due to perceptions amongst local communities that ‘water is a right’. Aside from poverty, this compromises the willingness to pay. Thus, to enhance sustainability and upscaling, PPPs could be set up to align with local developments, while local partners could have stronger presence in the partnership. By institutionalising knowledge of and capacity for the interventions at local partners, this may help induce systemic change as well.

Furthermore, despite the requirement of including private partners within PPPs, revenue generation is not central or even relevant in a number of FDW interventions. Hence, these PPPs did not achieve a financially sustainable business model at the end of the project period. Moreover, projects often lack an exit strategy. Upfront risk analyses regarding both the financial and institutional sustainability of the PPPs can be conducted more extensively. Post-project financing opportunities or demands are essential elements for the exit strategy, thus should be taken into account at the early stages of the project

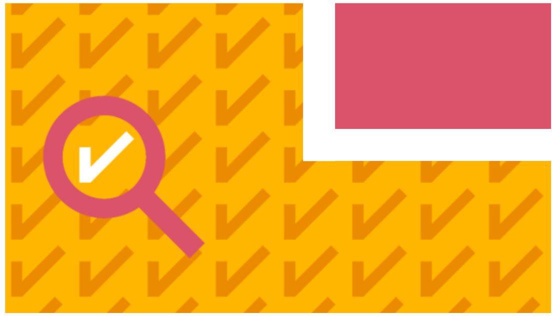
The multi-stakeholder approach and the continuity of interventions and approaches after projects end

Combining public & private efforts

To date, the combination of public and private sector contributions has not been convincingly instrumental to reach FDW objectives. In most PPPs, partners had complementary roles and the intention of working towards a shared goal. However, initial expectations of partners' roles were not always met during the project. This especially holds for the contribution of public partners. In some cases, projects did not include public partners at the needed levels, i.e. with the necessary mandate to play a decisive role in the local water sector.

PPPs could align interventions more systematically with other public sector activities and initiatives, yet are challenged by ambiguities in institutional responsibilities, staff rotations, and limitations to public budget expenditure. In addition, the role of the private sector in a pro-poor context is not always as evident as could be expected. Establishing a sustainable business case in this context is challenging. The most successful business cases (for WASH and WEA) are built by aligning project objectives to an existing business case of a local partner – yet these business cases are still fragile.

For IWRM projects, private sector contributions are particularly difficult as the potential for a business case in this institutional context is limited, as the foreseen project benefits of IWRM interventions are typically non-rival and non-excludable in nature. Moreover, private-sector provision of such benefits may result in underprovision. If private technical expertise is needed, contracts can be made between government institutions and private-sector organisations, yet this is different from trying to sustain project benefits through a commercially viable business case. As such, IWRM projects primarily rely on public-sector contributions and the role of public sector institutions as custodian of the project.



While the PPP structure has potential to contribute to reaching FDW objectives in WASH and WEA domains, the structure does not seem to bring clear benefits to IWRM interventions.

This evaluation also highlights the importance of including strong local lead partners within the PPPs. An upfront problem analysis is essential to determine which partner(s) are capable and willing of locally embedding the interventions at the institutional level, and if the intervention could bring long-term benefits. As the water sector is strongly affected by the public sector, it is crucial to set clear expectations on the roles and responsibilities of local public partners within the PPP.

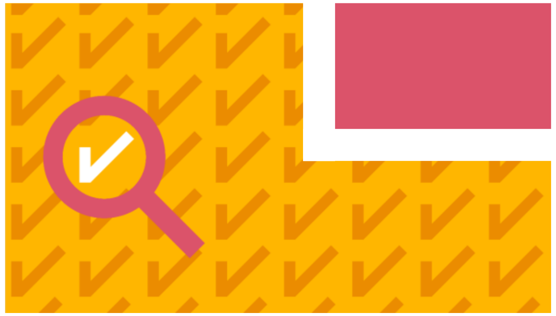
Finally, FDW projects do not seem to make use of strategic collaborations with other international, national or local development instruments. Embedding projects in national development programmes or linking projects to existing programmes could significantly increase the influence of FDW projects

Recommendations at project level

The analysis presented in this evaluation report has provided the following general learnings and recommendations. We distinguish between recommendations 1) for current FDW projects and 2) for future projects.

Recommendations for current FDW projects:

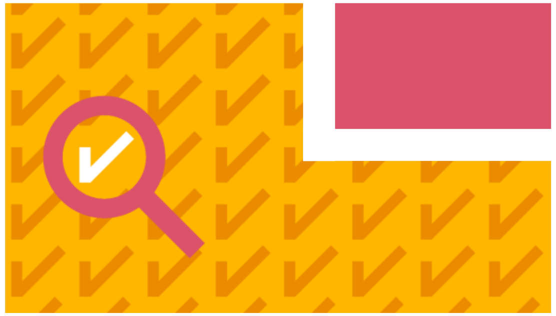
- Continue a strong presence and commitment of local partners – Maintain relations between partners by sharing project learnings during project meetings. Make sure there is a clear agreement on the roles and level of involvement of partners after project completion.
- Design exit strategies to transfer responsibility to local communities and partners – Exit strategies should include all activities that are needed to ensure a continuation of project results. This includes ensuring the sustainability of the business case and/or transferring responsibility to local communities or local partners. For instance, building the capacity of local communities or organisations to maintain the established infrastructure or making arrangements with public-sector partners to include continuation of project activities as part of their mandate. When still possible, include a 2-3 year transition phase at the end of the project. Carefully monitor the project-specific maturity level of communities or organisations to ensure long-term success after project completion. This also includes a period of follow-up monitoring and evaluation post-project (at least annually).



Recommendations for future FDW projects:

- Ensure strong presence and commitment of local partners – Because the water sector is still mainly a public-sector domain, commitment from public-sector partners is key. This includes collaboration at the local, regional or district and national level. Finding a suitable private-sector partner can be challenging. Look for a partner that has a clear interest in the partnership (e.g. because of alignment with existing business activities) and has the capacity to take on a large role. To get local communities engaged in the project, an established NGO with an extension network is essential. A track-record in the particular region in which the project is active can help the project by acting on a trusted relationship.
- Allow time to carefully prepare in the inception phase – Allow time to understand the local context and test key assumptions prior to the start of a project. This may increase alignment with the local context, increase project relevance, and increase the likelihood of success. The upfront problem analysis should include a needs-based assessment (involving local beneficiaries), an institutional / stakeholder analysis to find the right public-sector partners, and risk…

Recommendations at project level



Recommendations for future FDW projects (continued):

…analysis and contingency plans to mitigate anticipated risks. Allow time before setting KPIs until the inception phase is finished. Ensure the design of an suitable exit strategy should also be included in the inception phase. To ensure the successful transfer of responsibility to local communities/public-sector partners, include a 2–3-year transition phase at the end of the projects where this will be the case.

- Build a strong relationship amongst partners – Make sure to include the most suitable organisations in the partnerships. Find partners with complementary expertise, specify the role of each partner, set the right expectations, and assess commitment of the organisations before the start of the project. Work together based on a trusted relationship and on equal footing. A defined governance structure is helpful to ease decision-making (especially in challenging circumstances).
- Ensure partners have a shared goal and are committed at the start of the project – This also encourages partners to feel shared ownership and responsibility for delivering project results. These shared goals should be mindful of the local context and aligned with the national development strategy. In most areas, there are multiple other (donor) programmes who work towards a similar goal. Opportunities should be explored to link the shared goals other likeminded stakeholders and programmes, e.g. by collaboration across programmes and exchanging learnings. This could also improve sustainability and increase scaling potential of individual projects.
- Focus on continuous monitoring, evaluation and learning (MEL) – Embed a continuous monitoring, evaluation and learning framework in the project design and collaboration with partners. Focus on outcomes instead of outputs when conducting monitoring & evaluation. When collected and structured properly, the M&E data can facilitate intermediate learning. Furthermore, gather feedback from end beneficiaries. This is a valuable source of information to assess the effectiveness and impact of the project.
- Adopt an agile approach throughout the project – The project should have a well-defined outcome and goal in mind, yet should allow for flexibility to adapt to contextual changes. Regular collaboration and consultation with RVO can help to explore the best or additional opportunities to make impact.

Recommendations at project level

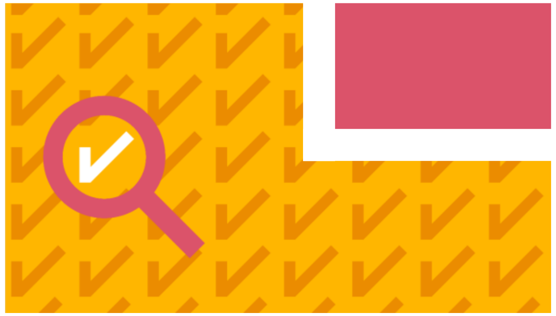
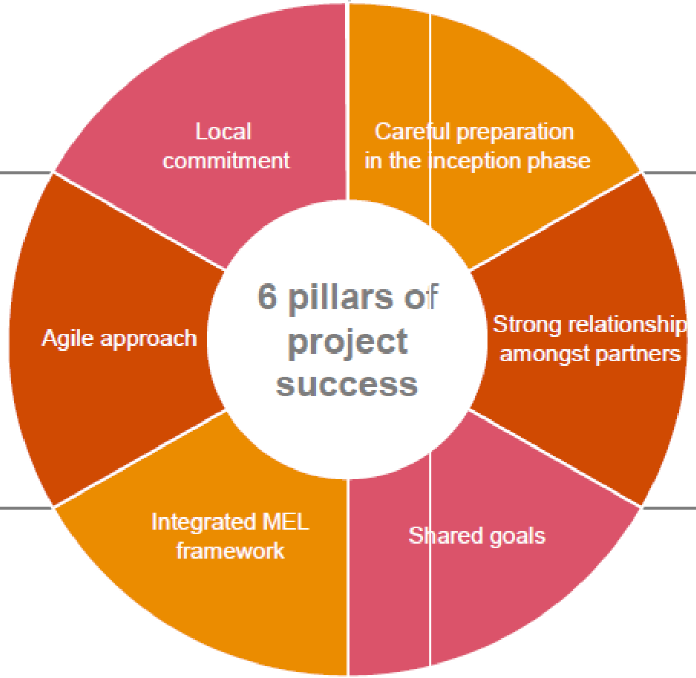


Figure 1 below summarizes the 6 pillars of project success for the FDW programme.
Factors in black are existing success factors, factors in orange require more attention

Strong and continued local commitment
- A responsible public partner (preferably at local, regional and national levels)
- Private partner with interest and capacity
- NGO with relevant track-record and extension network

Agile approach
- Well-defined outcomes but flexibility to adapt intermediate steps when needed
- Regular collaboration and consultation with RVO to explore the best / additional opportunities to make impact

Integrated Monitoring Evaluation & Learning (MEL) framework
- MEL framework embedded in project design and partner collaboration
- Facilitate an open feedback structure to learn from end-beneficiaries
- Use MEL data to support continuous learning and agile project management



Careful preparation in inception phase
- Building the relationship with partners
- Problem analysis with local experts
- Stakeholder mapping
- Validating assumptions
- Risk analysis and mitigation strategy
- Exit strategy to increase sustainability

Strong relationship amongst partners
- Long-standing relationship
- Equal and trusted relationship
- Clear definition of roles
- Shared ownership
- Managing expectations at the start
- Defined governance structure
- Regular partner meetings (preferably in person)

Shared goals
- Partners are all committed to shared goals
- Partners' roles fit well with their 'natural role' and capacity
- Goals are aligned with national development strategy
- Collaboration and/or exchange of learnings with other likeminded stakeholders or (donor) programmes

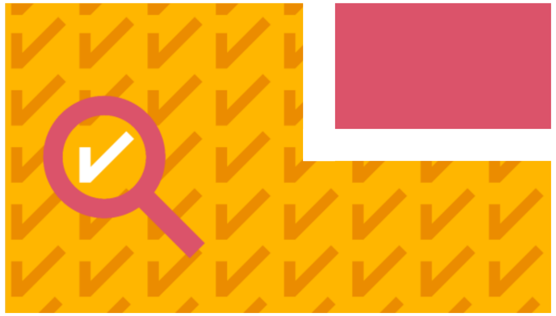
Programme-level recommendations

The following recommendations can help improve the effectiveness of future policies and programmes.

Recommendations for current FDW programme-level activities:

- Support partners in formulating an exit strategy – Focus on embedding the project in the local context and on how project benefits can best be sustained. Ensure RVO is timely consulted and informed of the project's exit strategy. Provide support where needed (e.g. by providing examples or by helping projects find access to potential sources of finance).
- Support partners with the institutionalisation of acquired knowledge – Establish best practices with project partners on the continued availability of individual project staff and the institutionalisation of project knowledge. Also pay attention to partners' willingness to transfer knowledge and technology.
- Facilitate targeted exchange of knowledge and experience amongst project partners and similar RVO programmes – Provide various platforms (in addition to the FDW inspire sessions) to share knowledge and project learnings not only amongst FDW projects but also with similar (water or PPP) programmes.

Programme-level recommendations



Recommendations for future FDW programme-level activities:

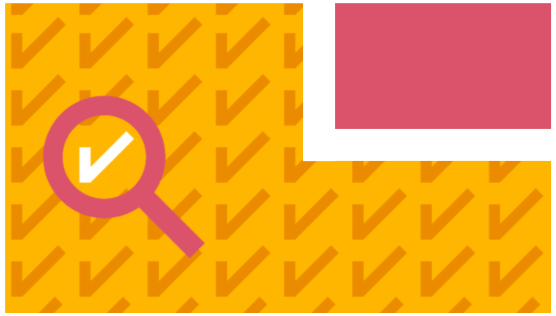
- Extend the inception phase to at least one year to facilitate a thorough problem analysis and thereby increase the likelihood of project success and sustainability. The inception phase proves critical to building a trusted relationship between partners, determining if the partnership is set for success, and whether project designs optimally align with the context. This recommendation adds to those mentioned in earlier studies (e.g. Caplan et al., 2022).
- Support partners with setting up a monitoring, evaluation and learning (MEL) framework and generate a data system to keep track of portfolio impact – Make sure to focus the M&E system on development impact and sustainability, rather than on project outputs only. Simplify the reporting requirements, yet at the same time do more serious checks on the quality of the data provided. Ensure partners report on DGIS related indicators on poverty alleviation and inclusiveness. Additionally, do not only focus on traditional M&E yet also ensure learning is embedded in the project designs.
- When needed, allow for flexibility to make intermediate adjustments – In line with previous evaluations, this evaluation also emphasized the need for flexibility and more risk-taking. Partnerships are evolving and need to be able to respond to contextual changes. Encourage partners to focus on sustainable (and if needed smaller) results, instead of promising ambitious targets that have limited chance of success after the project funding ends. A 5-10 % contingency fund in all project budgets in future programmes could be considered in order to address unforeseen project obstructions and to deal with the dynamics and risks observed in and around FDW projects.
- Improve the measurability of IWRM projects by including indicators that reflect IWRM's comprehensive approach, including indicators related to (changes in) water management, stakeholder involvement, (economic/environmental) cost and benefit analysis and (changes in) institutional arrangements as well as legal frameworks. For a more detailed overview of exemplary KPIs to measure IWRM impact.
- Focus on the PPP framework as a means to achieve impact, not as an end goal – The PPP framework should serve as an instrument to achieve societal impact in the water sector. The key question when developing a new programme is: To what extent should a new programme focus on the PPP framework as instrument (focus on the instrument), or the water problems to be addressed (focus on the objectives)? This evaluation has demonstrated that while the PPP is a helpful instrument in the WASH and WEA themes, it is not relevant to addressing IWRM issues. When focusing on the objectives, we recommend choosing 'traditional' development programmes to address IWRM issues. Additionally, reconsider the mandatory requirement of including a Dutch partner. Instead, increase emphasis on the participation of local government and check the level of contribution and commitment in advance - in the proposal stage and also after inception as a 'decision to fund'.

Programme-level recommendations

Recommendations for future FDW programme-level activities (continued):

- Future programmes could consider a phased funding approach and/or offering various funding modalities – We recommend adapting different funding modalities to the needs of the different project stages. For instance, the inception phase could be financed as a separate tranche to allow for more flexibility needed for scoping and piloting. After the successful completion of the inception phase and a 'decision to fund', the remaining project period can be financed. This recommendation builds on the recommendations of previous studies (e.g. the MTR (2016) and Caplan et al (2022)).
- Future programmes could consider context-specific frameworks – The findings of this evaluation also confirm a favourable stance towards considering context specific frameworks (as shared in a reflection by RVO in 2018). Success is not guaranteed by adopting a 'one size fits all' approach, as specific regions require differentiated instruments. Future programmes could experiment with different types of funding modalities by assessing which funding modality matches the project context. For instance, alternative financing models or smaller subsidy sizes can be considered for fragile states. However, when allowing more (co-financing) flexibility in financing projects in fragile states, the sustainability of the business case is a point of attention. Therefore, developing a viable business model and exit strategy is critical to the success of this approach.

Recommendations at policy level



The following recommendations can help improve the effectiveness of future policies and programmes:

- Exploit synergies between different programmes (such as health, water and circularity) – Water issues are multidimensional and require a holistic approach. In order to optimize their outcomes, FDW projects should exploit synergies between different programmes. For instance, water quality and sanitation issues are interlinked with health issues and with poverty issues. Exploiting synergies increases FDW's relevance and additionality.
- Increase coherence of FDW and other development programmes – Improve the embedding of the programme in national/international strategic development agendas as well as alignment with other donor programmes. FDW projects only have limited influence in isolation, but when placed in a larger framework or linked to existing programmes they may have a higher chance of success.
- Encourage learning exchange between all water & PPP MFA programmes – Continue to pay attention to aligning project activities in the field, and also start activities that put platforms in place that facilitate knowledge sharing. In addition to FDW Inspire sessions, exchange can be encouraged between the various water programmes funded by the MFA.
- Future programmes could consider country-specific calls to increase focus and/or efficiency tailored to programme objectives. Ideally the programme first identifies the most urgent water related problems in a specific country. In close collaboration with the EKN network, partners are invited to submit proposals that come up with potential solutions. For instance, focus on one or only a few target countries (such as the Ghana WASH programme) and make sure to be present for a longer time period (for instance 5 to 10 years). By adopting a regional or country specific approach, it is also easier to align and leverage its efforts with other stakeholders and programmes (for instance, UNICEF, Blue Deal, and others). This recommendation builds on previous reflections (e.g. by RVO, 2018).
- Focus on the key development themes that have highest priority to the Dutch MFA – FDW's focus on multiple water themes, multiple development goals and various PPP requirements leads to overambitious projects that are complex to manage in a dynamic development context. Specify realistic development outcomes at the start of the programme that can easily be operationalised (and monitored during project implementation). This evaluation shared a similar observation as the MTR (2016) that "key issues like poverty alleviation, inclusiveness and sustainability have generally not been sufficiently translated in operational terms with special reference to institutional sustainability issues".

Recommendations at policy level

The following recommendations can help improve the effectiveness of future policies and programmes (continued):

- Future programmes could consider a phased implementation approach and/or offering various funding modalities – We recommend adapting different funding modalities to the needs of the different project stages. For instance, the inception phase could be financed as a separate tranche to allow for more flexibility needed for scoping and piloting. After the successful completion of the inception phase and a ‘decision to fund’, the remaining project period can be financed. This recommendation builds on the recommendations of previous studies (including the MTR (2016) and Caplan et al (2022).
- Future programmes could consider context specific frameworks – The findings of this evaluation also confirm a favourable stance towards considering context specific framework (as shared in a reflection by RVO in 2018). Success is not guaranteed by adopting a ‘one size fits all’ approach, as specific regions require differentiated instruments. Future programmes could experiment with different types of funding modalities by assessing which funding modality matches the project context. For instance, alternative financing models or smaller subsidy sizes can be considered for fragile states. However, when allowing more (co-financing) flexibility in financing projects in fragile states, the sustainability of the business case is a point of attention. Therefore, developing a viable business model and exit strategy is critical to the success of this approach.

Thank you

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