



Netherlands Enterprise Agency



Sustainable service delivery – FDW & partnerships



>> Sustainable. Agricultural.
Innovative. International.



Introduction



- Selected water programs at RvO.nl
- FDW: the sustainable water fund
- Why PPP's
- Financial sustainability and the business model
- Business case and revenue model considerations



Selected int'l water-related programs at RvO.nl

- **PvW - Partners voor Water** – *improve water safety and security in urban delta's & supplying systems*
- **DRR - Disaster Risk Reduction** – *reduce the risk of water related disasters*
- **DSS - Dutch Surge Support** – *water-related support in emergency relief campaigns and recovery*
- **DHI - Demonstratieprojecten Haalbaarheidsstudies Investeringsvoorbereidingsstudies** – *Demonstration and feasibility studies*
- **DRIVE – Facility for (water) infrastructure development**
- **FDW – Fonds Duurzaam Water** – *Sustainable Water Fund*



What is the Sustainable Water Fund (FDW)?

A fund supporting PPPs in emerging water sectors:



- WASH
- Efficient and sustainable water use, (particularly within agriculture)
- Safe deltas and improved river management.

FDW is financed by the Ministry of Foreign Affairs (BZ). The programme is executed by the Netherlands Enterprise Agency (RvO.nl).





FDW-Requirements

- Sustainable solution through a PPP format
- PPP: minimum 3 partners (NGO, company, governmental)
- Maximum 6 partners
- At least one Dutch partner
- Working on water-related issues
- Business model
- Match development objectives



FDW development objectives

Sustainability



Gender



Pro-Poorness





FDW - Efficient and sustainable water use (esp. agric.)

IWAD – North Ghana

Aims: modern irrigation (flood irrigation, pivot, drip irrigation and sprinklers) and rain fed (conservation) farming. 3,000 outgrower smallholder farmers on 6,000 ha. Conservation farming includes water retention & improved crop management techniques.

JENIN - Palestinian territory

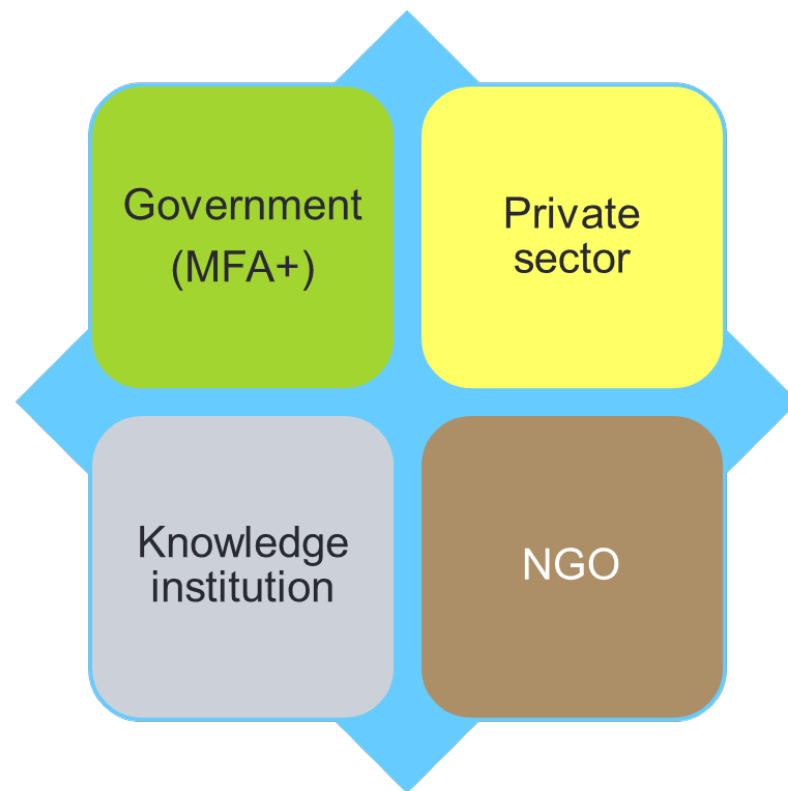
Aims: utilize partially purified communal wastewater for irrigation purposes (orchards and grassland). The project consists of a post-treatment facility, a reservoir and a 2 x 3 km piped distribution network. 7,000 m³.d⁻¹ water will be produced by 2020.





Why partnerships?

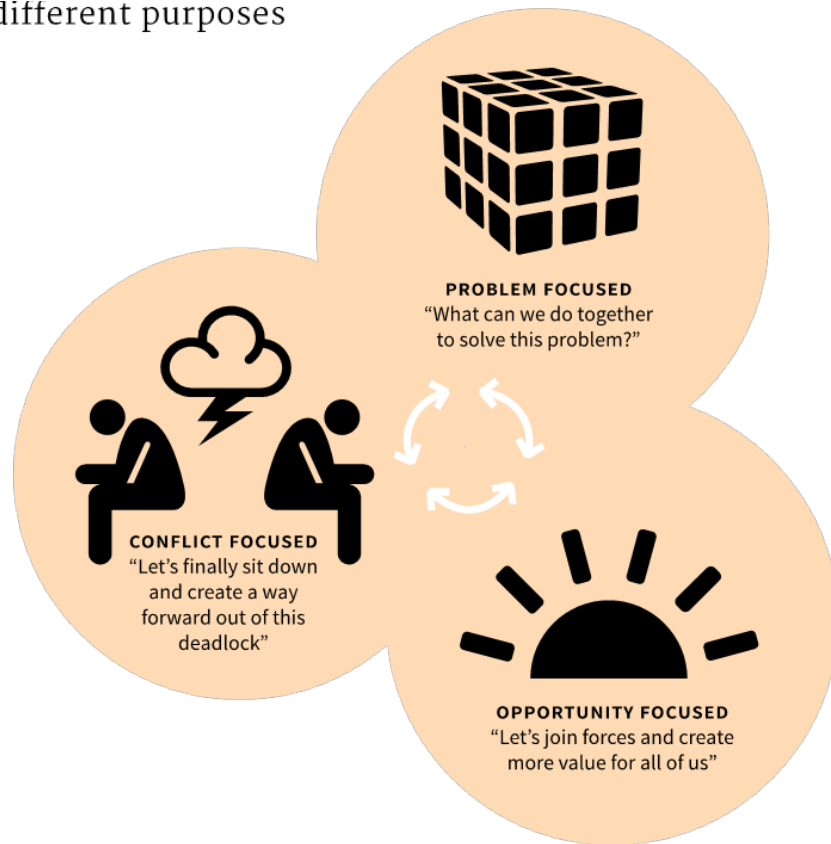
- Mobilise/transfer added value of private sector (e.g. innovation, technology, marketing).
- Complexity of related problems in water and food sectors
 - System change & scaling
- Leverage; attract additional funding
 - *Via business models*
 - *Via co-funding*





Reasons for partnering

different purposes

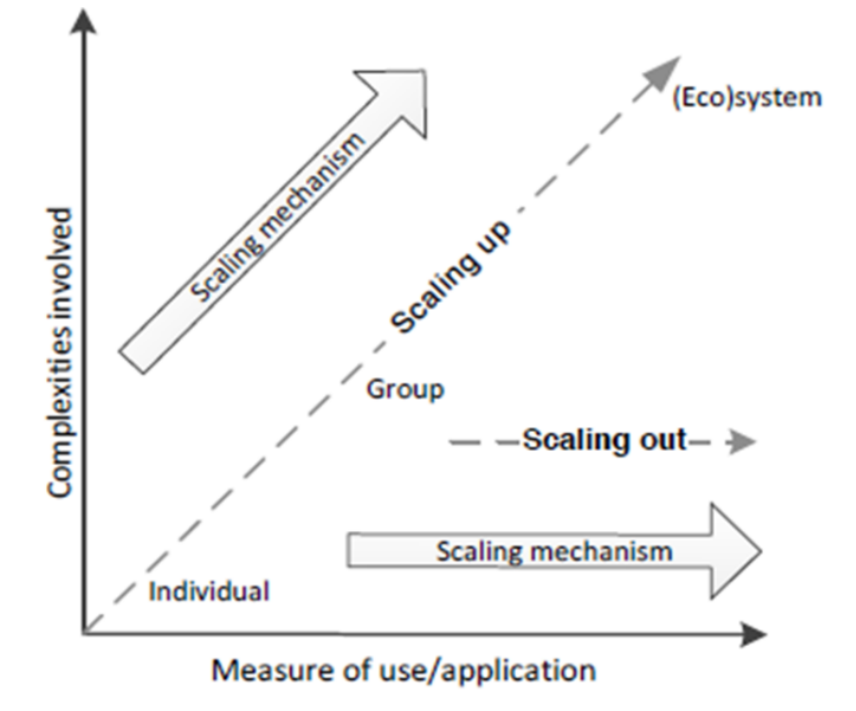


- State: government has difficulties to fulfill mandate
- Market: Companies require stable markets and reliable demand
- Civil society: NGOs, universities may need leverage to share knowledge
- Development: 'Wicked problems'



A pragmatic partnership I.

- Long term change
 - Solves one or more crucial bottlenecks
 - Different approach (new in local context)
 - New partnerships
- Strongly linked to sustainability and upscaling potential





A pragmatic partnership II.

PPP is relevant and has sufficient capacity

- Logical allocation of roles and responsibilities
- Most relevant stakeholders are part of PPP
 - Keep partnership compact;
 - Less relevant partners as external (third-party) partners: no responsibility, but no or limited subsidy/budget
 - Long term interest: responsibility and ownership





Financial Sustainability



- Projects or businesses must continue without external funding
 - Build up in project period to sustainability
 - Current and future trends?
- Demand and system change
 - Willingness to pay
 - Preparedness to pay
- Role of innovation
- Business model - business case - revenue model(s)
 - Profit orientation?



Business case – basic design criteria

- Operational and financial sustainability of initiative
- Risk reduction in service delivery
- Profit: in or after project period?
- Capacitating of local partners (incl A2F)
- No distortion (no harm) of local markets and interest



Source: <http://cms.iwadghana.com/small-holders/>



Revenue model(s)

- What if a business case is *too much to ask*?
- Revenue model for the primary business case or the beneficiaries (or both)?
- IWRM: It is challenging to have private companies sustain public goals
- (Likely) lasting involvement public party:
 - Revenue model with public party e.g. with taxes
 - Innovative financing sometimes possible (availability agreement)



Summary

- PPPs can be a powerful means to offer sustainability in water service delivery
- An efficient water method is only as strong as the *vehicle* to carry it
- Design a cooperation model that utilizes strong assets to cover weaknesses
- Allocate tasks and responsibilities optimally amongst the partners
- Collaboration and dialogue



Water efficiency mini-assignment

- Design a basic PPP to facilitate small-scale, commercial-level smallholders
- Use your own organisation as the 1st partner
- Project subsidy: partial (50%)
- Which partners are there for
 - Financing?
 - Knowledge transfer?
 - Local integration?
 - Upscaling and/or linking to market?



Thank you for your attention!

Recommended links

- <https://aiddata.rvo.nl/>
- <http://www.rvo.nl/subsidies-regelingen>
- <http://english.rvo.nl/fdw>