

**What happened that was unexpected?**

Evaluation of STWI Projects 2014-2018 by Niras commissioned by Stockholm International Water Institute (SIWI) regarding the project "STWI Projects: Improving water efficiency in production processes for suppliers and sub-suppliers to STWI brands in India, China, Bangladesh, Ethiopia and Turkey 2014-2017" (henceforth referred to as "STWI Projects"). (Sida Reference No: 10458) points to many lessons-learned and areas of improvement. Some of which concern the design and execution of the programme. Others concern the organisational preparedness of SIWI.

In combination with the SLSD evaluation also commissioned to Niras by Sida, presented to the SLSD network end of 2018, the focus is set on how private sector networks contribute to action for the 2030-agenda, and the value of sharing experiences.

**Why is this significant? What problem did it cause to the project/to our rep?**

*Think about why addressing this issue is important. What are the long-term effects? Which populations are affected?*

STWI Projects aims to improve water efficiency in production processes for suppliers and sub-suppliers to STWI brands in production hubs in India, China, Bangladesh, Ethiopia and Turkey. STWI Projects is a partnership between Sida, SIWI, STWI network brands and suppliers and sub-suppliers in major production hubs. In addition, STWI Projects extends its impact to a wider base of stakeholders such as relevant authorities, industry associations, media, etc. in Sweden, the production countries and internationally.

As per the agreement, SIWI commissioned an external evaluation to reflect on the success and lesson learned from the 3-year STWI projects design and implementation and provide input to develop a programme model which address' cost efficiency, outreach and impact. It is also a large programme set-up as a Public Private Development Project (PPDP) by Sida and SIWI, and specific learnings from this type of partnership are desirable.

The evaluation provides an opportunity for stakeholders, funders and the international textile industry to learn from reflections regarding the Swedish experience with the initiative. In the management response we address how SIWI and STWI internalise the recommendations in follow-up programmes that harness suggestions for improvement and continued activities. In addition, there are six specific recommendation in the report.

In conclusion the evaluation concludes that STWI:

1. High relevance and comprehensive approach, but too ambitious given complexity
2. Largely effective at factory level (savings and capacity building) based on PPDP approach
3. Limited evidence of contribution beyond factory gates
4. Cross-cutting issues not actively considered
5. Notable issues with project management, support systems, data management, monitoring and evaluation, reporting, financial management, follow-up and trust within the STWI network
6. Weaknesses have reduced wider learning and influence of the project

The SLSD evaluation was directed towards Sida, and SLSD members and SIWI is one of the expert organisations in this network together with SRC and SEI. The responsibility of representing SIWI in the network was transitioned from Finance/Administration to the Swedish Water House department while the evaluation was undertaken. Despite the criticism of the SLSD network, (which

is somewhat similar to the criticism of STWI) focused mainly on the fact that the network had limited value if there was no action, and that Sida, support this with public funds was not creating visible value. One observation during the years has been that some of the associated projects under SLSD have been conceived and managed by SIWI with funding from Sida. STWI, a large PPDP is one project, and the food and water project the other, a smaller project inspired by private sector dialogue like STWI. The evaluation of the SLSD is not damaging SIWI's reputation but shows that there are still a strong opinions against supporting collaboration and catalysing change in private sector actors.

#### **What actions were taken?**

*Explain what you did to address the problem. Did you learn anything? Do you expect the project to expand or continue?*

SIWI has responded to the recommendations in a management letter that will accompany the report. Many of the recommendations were known to SIWI and project partners and have been addressed, either as part of the internal processes, or as part of the next project phase. The project is concluded - Sida support received for the period 2014-2017 and a no-cost extension during 2018 and 2019 to review and assess activities and funding structures.

From the specific recommendations it is worth noting that several have contributed to SIWI's system review and have been addressed organisation wide, strengthening capacity in and development of the project planning and administration.

From the SLSD evaluations, SIWI merely followed the process as the private sector actors own the network. However, SIWI supported and suggested using the network as platform for influence, and concrete actions. The response was high, and several workshops were organised during the autumn 2018. SIWI offered to be part of the working group developing a new structure for working more action oriented but was declined. SIWI and Sida had bi-lateral discussions during spring 2019. Support for participation in the network rely on core funding and a small but separate budget for SLSD should be set aside as the network will mature and SIWI is one of three expert organisations to take part.

#### **What were your achievements/results?**

*Try to be specific and use numbers when possible. Results do not need to be positive, you can also report on things that did not go well and what the lesson learned is.*

#### **Who was impacted and how?**

*Think about your boundary partners, what kind of influence you've had and Theory of Change*

#### **Additional information**

*Links, related projects*

#### **Cross-cutting issues**

*List any cross-cutting issues that this project has addressed/integrated. What was the outcome?*

#### **Testimonials**

*Include any testimonials from partners, affected population, boundary partners, etc.*

NA

#### **Please attach any relevant images**

## Lessons learned from STWI project as summarized in NIRAS evaluation

### Strategic fit

The evaluation concludes that the strategic fit within SIWI was very low. This encompasses numerous nuances. The STWI programme was part of the food-water-energy nexus theme organisationally connected to the Knowledge Services department. At that time the Knowledge Services department was to develop and manage projects financed by other partners than Sida core. The strategic fit at the start of the programme 2014 was thus very comfortable. SIWI undertook an organisational change in 2015 in which the water-food-energy nexus theme was closed as. The adoption of the new strategy in 2018, and the NIRAS evaluation has resulted in discussions regarding the relevance and scope of private sector collaboration. The focus on the factory component in STWI has unquestionably contributed to the success and environmental impact of the project for the stakeholders in the textile supply chain, but less on national governance. However, those expectations were set too high from the beginning, as it seemed that the size of the project stood a chance to influence governance practices. As a water institute specialising in governance SIWI is very aware that national (and state) wide policy making requires tenacity and investment. The launch of a new project with Ethiopia with a focus and a strong textile component is a spin-off of working with STWI factories there. **One lesson-learned for SIWI is to explain the limitations clearly in the project proposal.**

Disconnect between poverty reduction focus countries of Sida, compared to the manufacturing countries of Swedish brands, led to initiatives beyond bi-lateral support. To be able to meet the scale-up requirements following the pilot project in India, working in five countries in parallel made sense despite being very ambitious and ended up causing unforeseen administrative difficulties. Despite the challenges, working to improve the supply chains to Swedish brands and the continued resource savings in the five countries would not be a reality today if the approach had been different. **The lesson-learned for SIWI is rather to have a project team which is properly staffed to deal with the administrative burdens and handle the various complexities of the project, headed by an experienced project manager with strong institutional capacity to support complex projects.**

With regards to recommendation no. 4: “In the follow-up of STWI Projects, SIWI should focus on its core business in water governance, experience sharing and relationships with national and international processes, while remaining relevant to the textile industry”, the bottom line is the second part of the sentence, *while remaining relevant to the textile industry*. The relevance to the textile industry (not just the brands) is to show that environmental investments align with social and economic gains, and vice versa. This has been proven through the STWI project implementation in the supply chain, again and again. It is the actual savings in resources, risk reduction and capacity building in environmental management systems that is the driver of the behavioural change and leads to impact. The NIRAS report on the evaluation of Sida’s SLSD programme follows somewhat along the same lines, that development aid is supporting Swedish private sector improvements, but does not directly achieve poverty reduction. This is a complex issue and the evidence provided is short term. For the long term the evaluation has no recommendation and no results to analyse. **The lesson-learned from the STWI example, is that the implementation of projects, and the catalytic financing would not have happened without the networking, common methodology, and sharing which built trust and knowledge throughout the Swedish Water House cluster group (which was made possible through public funding). It is an ideological standpoint that public aid is not supposed to be supporting what companies and suppliers should deliver within the scope of business-to-business dependencies, and transactions.** Being part of an implementing organisation, SIWI can attest that the complexity of changing mindset and isolating drivers of stakeholders requires more. If it was easily

done, everyone followed regulation, had the knowledge, set and measured the targets and improvements, or even had a plan, everyone would do it – global and SMEs alike.

One of the problems in the communicative way SIWI has framed it is (ironically) the focus on water. The guidelines and subsequent projects on the implementation stage clearly state that water efficiency, water pollution prevention, and wastewater re-use are the three considerations. But since water has no “price”, but carries “value” in terms of chemicals, salts, dyes and heat, it is possible to trace these inputs and improve on energy and chemical efficiency. The mitigation and climate implications of the energy dimension has not been understood or communicated as clearly as could have been. **The companies have not understood the STWI programme as a strong implementor of both “clean” water and “climate” mitigation, delivering on several of the sustainability goals in their strategies. The linking to the SDGs should have been much more thorough, linking to each of the targets, together with a demonstration of how companies should use it in their reports to investors.** Efforts to do this were undertaken in setting-up a communication focal group consisting of a SIWI lead and companies communication staff. The interest was extremely low on behalf of the companies since the internal brand recognition of STWI was not high enough, and all results have to be framed as brand specific. The collective thinking did not penetrating the other departments of the company, and the sustainability department was not “strong” enough to assert the relevance nor need.

The narrow definition of governance in the evaluation ignores that the value chains are largely driven by decisionmakers that part of the formal national or sub-national government structure. In the countries where STWI was active, there are serious limitations to the competence in government agencies and even less incentives to support positive change. The SIWI approach has therefore been to do both - direct influence, and in-direct influence. And, underlining the importance of correcting the misconception, the core business was when the project was developed not water governance, but water-energy-food nexus, which addresses sustainable consumption and production. The expressed focus on good water governance as an overarching core business was introduced in the SIWI strategy after the conclusion of the STWI project original project end. **When water governance was recognised as overarching goal for the entirety of SIWIs projects, the recognition was that private sector i.e. brands, suppliers and sub-suppliers, are decision-makers that make up water governance as resource users and need to be targeted for governance dialogue.**

### On project design

The activities of the STWI network should have been more aligned with STWI projects. It was the platform on which the companies shared experiences and ideas, took difficult decisions. But the main STWI project stakeholders were eager to use it for project discussion and follow up, leaving some of the other stakeholders at a loss of why they needed the network. A balance was attempted through capacity building for all, ownership of the guidelines as such, recruitment of brands and sectors to expand the network, as well as establishing the governmental leverage aspects of the network-brand-Sida-Siwi relationship to find the most effective decision-making process and accountability, whilst not having SIWI take on too much of the responsibility for the programme other than implementation. Throughout the programme, it was decided to keep an expensive, but neutral, consultant as process secretary. The need for this was particularly requested by the brands. The platform and face-to-face meetings do build trust, knowledge sharing and the sense of common goal. However, the main lesson is that while the approach has been successful over time in Sweden, the Nordics, European and not least textile hubs need the same opportunity, and the focus of the Swedish network should be to facilitate the value chain discussion and encourage the collaborative efforts among the suppliers. That understanding has not penetrated the network as fully as it should, at least not in financial terms. **SIWI**

could possibly have been engaging the brands more in the local discussions in order to build that understanding. This would have been feasible if the STWI network had been incorporated as a key component in the STWI projects program, rather than an associated project supported by SWH in the design of the STWI project. The alignment of goals and reporting of behavioural change in stakeholders would have been much more visible, as would the integration of the component no. 4, which relied heavily on the network experiences, and relationships. The evaluation is limited to the STWI projects, and thus have not had access to the results and behavioural change that have been observed within the brand stakeholders in the network.

Language wise the use of increased profits and reduced costs, rather than saving population and environment creates misunderstanding. **SIWI has over years adapted its use of language from a development lingo to more of a business lingo in order to isolate and communicate along the drivers of the private sector, especially the ones that are not philanthropic or see themselves as part of a polluting industry.**

Most of the findings from the field show positive results, the remaining challenges are related to accountability and systemic changes, such as the opportunity to access financing for larger investments. This would require more interaction with the financial sector than STWI projects was able to take on. An advanced theory of change could possibly have picked this up as one of the drivers for the mills and sub-suppliers. **Even though the value of water and pricing of the resources has been considered, the issues of access to investment was not part of the original thinking. SIWI as a whole has since started to integrate financing in several programmes and projects, notably TIARA; NIAD; SWH cluster group on water and finance.**

### On results

**Remember and keep communicating that this is one of the very few global programmes that have actual results on resource savings as results from “only” capacity building on factory level. The savings are continuous and will probably increase in the future. The neighbourly competition in a textile hub is strong, and resource savings will spread – that contributes to change of the textile sector, albeit not transformational on its own.**

The breakdown of the relationship to the first global consultant procured for the project created some issues with the storage of data. SIWI was the “guardian” of the data, but the actual database was housed with the consultant. Procuring and getting a database ready to allow a move of the full content of the data was a priority, including the recruitment of the person supporting it from the consultant, procuring a new technical provider and then populating the new database. At this point, all details regarding data loss are not known as the project manager is no longer with SIWI. The collection of raw data was driven by consultants which currently is being analysed and retrieved, but it is doubtful that behavioural change was methodically collected and stored. There was no proper methodological framework to measure the behavioural change in stakeholders qualitatively. **With a more robust qualitative framework, SIWI would have been able to substantiate the behavioural change, including cross-cutting issues. The competence in this area has been developed more in SIWI since, but the support system (including cross-cutting areas) was not in place at SIWI at that time, even though STWI was one of the flagship programmes. The program manager relied on developing support systems that were “home made” and did not stay true to them systematically due to staffing changes and other priorities during the program period. The project cycle and robust system for project development that SIWI has now is supposed to rectify that.** For the evaluation a thorough data, document and email mining was undertaken and everything structured. The evidence is at times

difficult to harvest, but in line with the outcome-mapping process of Sida. However, the two brand and factory reports carried out in the end of the programme show that the stakeholders view it as a very helpful and successful programme. The evaluation is more sceptical to these surveys than necessary.

**An update of the STWI guidelines was made but not published.** This was due to the lack of resources in the communications component, partnered with the STWI network secretariat. The network (and project) members have during the project time, reviewed and revisited the guidelines. The harmonisation of STWI methodology has only disseminated the guidelines, but also in the contribution to Higg index (facilities environmental module 2.0) which is the “new” global baseline of the industry.

### On future projects

Lots of time and energy has been invested in setting up a viable and sustainable business model and to set up the right incentives for all stakeholders. The business model is developed by SIWI, but the scope is essentially done with input from the stakeholders (current STWI members) in an iterative process, to build buy-in and make sure it is viable. The willingness to pay from the current stakeholders is determining the willingness to pay from stakeholders to be, fashion brands and textile mills. **The lesson learned from STWI projects which was meant to be a catalytic investment, is to start the discussion at an early stage, perhaps from the get go, on financing models at different stages of the programme. One component could have been targeted solely on this topic.** However, it was a first for SIWI (and possibly Sida) to engage with the private sector in co-financing. The three-year project was co-financed by in-kind contribution from the companies involved, and very much based on the experiences of SWAR where three brands were exceedingly engaged and invested significant time. In STWI projects the estimations were “negotiated” during the preparation of the application. Time and travel were not measured, not reported, nor compiled. As such, it is not possible to verify the actual in-kind contribution of brands or their suppliers. It should be noted that supplier investment in factory improvements (surpassing the Sida SEK investment by 10) does not reflect time spent on the project.

The limitation with the NIRAS evaluation of the program is that recommendations are rather general in nature, yet all recommendations have been considered in the subsequent development of the programme, showing that SIWI is a learning organisation with the ability to revisit and adapt methodology. There are very few similar programmes which can demonstrate decreasing environmental pressure, significant private sector investment in developing countries, and capacity building that raises awareness among tens of thousands of persons in the implementation stage. As such SIWI stays strong, even if the approach of the evaluation deemed that the factory bias should be considered, and thereby ignoring many of the results all together. It seems that the authors’ personal interpretation of the evidence in this highly complex programme, misses the target when criticising SIWI in on not delivering on the Swedish development agenda and private sector engagement.