

SIWI Management response to NIRAS evaluation of “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”

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 including authorities, industry associations, media and others in Sweden, the production countries and internationally.

NIRAS was procured to perform an independent evaluation to assess the results, design, implementation and lessons learned from the project and provide input to the programme model aimed at addressing cost efficiency, outreach and impact. STWI was set up as a Public Private Development Partnership (PPDP) between Sida and SIWI. Because of the novelty of this approach, specific learnings from the partnership are particularly desirable as they provide useful input regarding the systemic changes that are needed to achieve sustainability in developing countries. The specific objectives were defined as:

- Evaluate the effectiveness of the implementation of all components of STWI projects at all levels (local, national and international).
- Evaluate the impact and sustainability of STWI projects.
- Evaluate to what extent STWI projects have influenced cross-cutting issues such as poverty reduction, transparency and integrity.

The evaluation points to many lessons-learned and we recognise the opportunity for funders, and other stakeholders to learn from the experiences highlighted in this evaluation. In the management response we address the six specific recommendations. In Annex 1 we address lessons learned and how these could be harnessed in continued pursuits.

Recommendations from the evaluation:

Recommendation 1: *“SIWI should immediately secure the raw investment, savings and contact data for all supported factories for all three years and put it in an accessible form such as Excel.”*

SIWIs reply: The global database, a key part of component one of STWI Projects, provided the basis for a “data highway” which would not only collect all contacts and data from the project, but also provide ways for companies to report and compare results with the baseline. The aggregated data is the most up-to-date real time data available, and the intention has been to develop the global database continuously through the project period. The development of this novel database was done by a third party engaged in the project. The database was initially developed based on the experiences of the pilot project SWAR (Sustainable Water and Resource use, 2012-2013), but during the evolution of the project the user-friendliness was seriously questioned as it created a dependence on the consultants to enter the data, rather than the factories doing it themselves. In response, the project management decided to develop a SIWI owned database. This task was bigger and more complex than anticipated, as SIWIs experience was limited. The challenges brought on unexpected pressures exacerbated further by the inconsistent collection and storage of contacts and

program data, which, due to staff changes, created gaps and uncertainty. The project is still trying to resolve these issues and a recent recruitment of a new Country Manager for STWI in India is offering an opportunity to find a solution to the raw data that SIWI has not been able to process and therefore could not make available to the evaluators. The database is at the core of the strategic development and assets of STWI and is a necessary building bloc for the viability of STWI activities.

Integrity of data is a necessary, yet highly complex, aspect in this kind of project. In today's society, data is an asset which influences the willingness to share data - either to not reveal deficiencies or if there is unclarity regarding the benefits that will be gained. The complexity is further exacerbated by the fact that value chain interaction in the textile sector is intransparent with regard to detailed data as sourcing and pricing can be affected. The integrity of data sets will thus (beyond being archived) be maintained and it is recognized that major trust has been placed on SIWI as the knowledge partner. Transparency has been discussed many times with the STWI network members and the whole industry is taking steps towards increased transparency. Such steps are taken by industry-led initiatives which further adds value to SIWI housing and collecting data, as it provides an unbiased vetting of the collected industry data. Transparency remains one of SIWIs main guiding principles.

Recommendation 2: *“SIWI should also produce or commission a high-quality synthesis and analysis of the results and experiences from STWI Projects. This should be followed up by a reflection on how the experiences gained from STWI Projects can be used to inform the development of practical implementation guidelines for brands and factories”.*

SIWIs reply: The STWI guidelines are being assessed as part of the feasibility study, and reviewed during the no-cost extension (until end 2019) of STWI projects. The learnings from STWI projects will be integrated in future projects, in the STWI guidelines and as amendments in the ideas of a digital platform which is currently being reviewed. The STWI network members collectively updated the guidelines, showing commitment and dedicating time and effort to the process. Yet, the guidelines are a first step and the technical advice to factories frequently moves beyond the guidelines. SIWI needs to have a thorough understanding of what needs to be amended and what value added a new edition of the guidelines can bring. Moreover, SIWI finds that the value added of amendments to the guidelines needs to be specified as the applicability also needs to be assessed - guidelines are useful but need to be applied/used. The engagement with brands and factories in STWI has clearly demonstrated that guidelines alone are not as valuable without attached trainings and “hand holding”.

SIWI agrees regarding the value of a high-quality synthesis and analysis of the results and experiences from STWI projects. Regrettably, funding was not dedicated to this end at the time. Available funding was used for capacity building at the factory level where the main results and long-term impact was generated. SIWI will review if funds can be allocated for a high-quality synthesis as it would undoubtedly be useful.

Although it is outside the scope of STWI projects, learnings from the collective effort of STWI is illustrated in a book describing the journey “The textile challenge” (available <https://thetextilechallenge.wordpress.com/> 2016) covering the whole process from 2010 to 2016.

SIWI and Swedish Water House are in all deliberations proud to speak of the STWI programme as a successful industry collaboration, originating in Sweden. The learnings from this impact story is recognizable and applicable in many subsequent activities that the organisation has undertaken with the private sector, such as the food and beverage and pharmaceutical industries.

Recommendation 3: *“SIWI needs to continue to address the weaknesses in its project management and support systems and implement more comprehensive results-based management, since unresolved these issues may have consequences for future programmes.”*

SIWIs reply: Since the conception of STWI Projects the administrative functions - legal, control functions, project support, IT and finance systems of SIWI have been vastly improved. The lack of robust systems at the start made STWI projects (as one of the largest and most complex multi-stakeholder projects at SIWI) suffer unproportionally. The institutional weaknesses have been remedied through a dedicated action plan implemented by SIWI. All projects and activities now enjoy thorough institutional support, more than adequate for such a complex project. Sida has been closely following the limitations, but also SIWIs process for addressing the challenges. The learnings from STWI projects have contributed to the process and the experiences have been put to use in other PPDPs and project designs.

Recommendation 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. SIWI should not engage in direct service delivery (such as coordinating consultancy support to factories as was done in STWI Projects), as such work is far removed from the core remit and capacities of the organisation. The recommendations of the SWAR evaluation remain relevant.”*

SIWI reply: The STWI network, SWAR project and STWI projects were conceived under SIWIs former strategy where the water-energy-food nexus was a strong theme governed by a dedicated unit at SIWI. During that period, the water governance focus of SIWI was not the core focus. The current SIWI strategy, adopted in 2018, has internalised past experiences and subsequent project proposals are more targeted towards governance aspects, including international textile policy processes in addition to capacity building on water related issues. Worth noting is that, STWI Projects and its predecessor SWAR, has been highlighted as one of the few programmes delivering tangible results on the ground, and thus worth supporting and learning from.

As actions soar on development agendas (recently with the launch of a UN initiative for a sustainable textile industry) and private sector strategies trying to contribute to the SDGs, only stakeholders that have a proven track record of delivery earn recognition in the sector. STWIs push to deliver measurable results through capacity building has been crucial for the success of STWI, recognizing fully that some of the other components did not deliver comparably. But all decisions were discussed in the STWI projects steering group and decided on collectively.

The experiences with STWI demonstrate that in order to interest industry in water governance issues, particularly in developing countries, governments need to be interested in providing a “level

playing field”, yet it is very difficult to access government dialogue unless there is demonstrable impact which functions as a “lever” and is able to generate interest. Despite the fact that STWI was a large project by SIWI standards, it was still too small to create the needed access to the governance level. Well-meaning policy dialogue does not generate access to policymakers, as it is not considered sufficiently relevant. STWI experience indicates that the way to achieve relevance is:

- To develop activities that are relevant to the industry,
- address water related issues (service delivery) that industry finds relevant,
- link the results/findings with water governance analysis and advocacy (which STWI did not do enough of 2015-2017).
- Without STWI engagement in capacity building on factory level, the technical service delivery become mere audits which do not contribute to change, they merely reflect the state of affairs. In the worst case scenario an audit may complicate or even sever the relationship between brand a supplier as weaknesses are used against the supplier in sourcing negotiations.
- In order to get it right STWI has to continue reviewing, reevaluating and revising the method and the activities to ensure that analysis, systematization and lessons learned are truly integrated.
- Although this is far removed from the “traditional” policy remit, it is necessary to continue industry relevant activities if we are to gain water governance relevance in dialogue with industry. This is not a point to be taken lightly - the private sector is the dominating water user in the world.

SIWI agrees that the results from the scale-up project following the SWAR pilot should primarily be understood as a five-year pilot-study to probe the sustainability challenges of the textile industry. However, SIWI also thinks that it is important to continue the work in order for SIWI to deliver on engagement with the private sector, which uses nearly 85 per cent of the available water resources on a daily basis today. Discontinuing the project and not actively applying the learnings, not honoring the responsibility for investments made by Sida, brands and factories, would truly be a waste of valuable experience. STWI was rather alone in the space when activities started, and the vast number of new partnership opportunities emerging, asking for engagement with STWI demonstrate the current relevance and need for continued work in this area.

Recommendation to STWI brands:

Recommendation 5: *“In view of the sustainability challenges within the sector, Brands should continue their collaboration to find ways to work pro-actively and adapt their core operations towards social and environmental sustainability within the textile sector in production countries, Sweden and globally.”*

SIWI reply: The recommendation to the brands is rather vague. The factory survey undertaken during the evaluation, does stress that sustainability is now used as a sales argument (towards consumers) whilst factories report that they are not able to raise prices. About, 70 per cent of the

factories respond that they now engage in local communities and local government dialogues regarding water risks. These incentives should be harnessed and built on, both by providing additional dialogue forums where also voices of marginalised are heard, but also by further highlighting sustainability concerns in the business models, for example by offering financial incentives.

The sweet spot is found where brands and factories agree. According to the survey in the evaluation these include a forum for exchange of experiences, developing a roadmap with steps for continuous improvement, in-depth tailor-made technical support and an online platform for sharing of learnings and technical solutions. All the specific requests are being addressed in the planned continuation of STWI projects. Brands that have called for these specific developments should as far as possible support the development of the follow-up project, which plans to share the experiences globally, reaching beyond Swedish and Nordic brands, and thereby positioning themselves at the breach of a global textile sector transformation through collaborative approaches and directly contributing to the Sustainable Development Goals.

Recommendation to Sida

Recommendation 6: *“Sida should ensure that PPDPs consider poverty impact and systemic change and incite Swedish and international private sector partners to integrate sustainable development within their core operations.”*

SIWI reply: Sida have several strategies that aim at working with the private sector, PPDPs are merely one approach among many when addressing systemic change. Supporting a network and sector initiative as STWI, with a proven collaborative and transparent plan for how to engage and improve supply chain performance through implementing guidelines, was considered very suitable for the, then, new model. It is noteworthy that the catalytic support in this particular PPDP, despite all its shortcoming, must be considered successful as it has generated a tenfold investment from the factories for each SEK Sida invested. The resource savings themselves, must also be considered a success, as the savings reoccur annually from when they were implemented.

One of the design flaws that the evaluation points to is that the project grew too vast in scope - five countries (several more country states), and too many levels of government addressing water resources. If complexity is a fact of the landscape of manufacturing and sourcing of the textile industry should the project not have been undertaken? In order to address challenges of complex realities we need to develop complex solutions. Sida is trying to contribute to systemic change. Truthfully, this means that a 3 year, 50MSEK project in 5 countries is not enough. (We naively thought so in the application, but the project has demonstrated how limited the initiative actually is, despite the complexity.) Which also explains why there is little evidence that the efforts have contributed to systemic change within the textile sector at national level.

On international level STWI has generated noted results, which now results in various organisations and actors contacting SIWI, interested in working with the supply chain. The most notable such current dialogue is with Apparel Impact Institute and GIZ's regional programme in Asia. The GIZ funded a political initiative, Textilbündnis, which has had a significantly larger budget (three times

that of STWI) working with German brands and their internal sustainability work and aiming to ensure support from CEOs, during the same period. But they have not implemented activities in the supply chain which is where the negative environmental impacts significantly affect the poor communities in developing societies in general.

The nature of a PPDP is finding the common ground in the development agenda, (which is urging for more private sector engagement) and actual business risk mitigation in sourcing areas (in STWIs case thirty or so companies of which most are SMEs). SIWI is of the opinion that the uniqueness of STWI and the complexity of the project design emanates from the number of stakeholders with differing priorities. The Sida PPDP portfolio has previously not included so many stakeholders with such vastly differing challenges, needs and aims. The catalytic support has been vital for the project implementation and has leveraged the opportunity for SMEs to work systematically with suppliers, where they normally would have had no or very limited influence. Although there were requests for to introduce the programme in additional countries, SIWI was reluctant to introduce the programme unless there was a critical mass of factories.