

## Executive Summary of Evaluation

<i>Name of Evaluation</i>	Process Evaluation of Component III of Bangladesh Water PaCT: Partnership for Cleaner Textile (Midline assessment)
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<i>Author of Final Evaluation Report</i>	Ernest & Young
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<i>Author of this Executive Summary</i>	Sumit Manchanda, IFC
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<i>Executive Summary Approved for public disclosure by (name) and (date)</i>	Mohan Seneviratne, Program Manager – PaCT, <a href="mailto:MSeneviratne@ifc.org">MSeneviratne@ifc.org</a> , February, 2017 Hulman Soaloon, Results Measurement Specialist, CEDVP, <a href="mailto:hsoaloon@ifc.org">hsoaloon@ifc.org</a> ; February, 2017

Public-Private Dialogues (PPDs) are known to convene policy makers, regulators, administrators and private sector participants to the same table and collaboratively address particularly stubborn issues relating to business-enabling reforms. PPDs foster a culture of democratic problem-solving, drive awareness and consensus among participating stakeholders and aid the transcendence of reform impacts beyond the handful few. The Component III of the “Water PaCT: Partnership for Cleaner Textile” or PaCT Program in Bangladesh was modeled on similar tenets of PPD. While the first two components targeted a finite set of beneficiaries (“participating or PaCT” brands and textile factories), Component III strategized to build on these findings and to create a wider sectoral impact (thereby, impacting even “non-participating or non-PaCT” brands and textile factories). Ernest & Yong (EY) was appointed by the International Finance Corporation (IFC), which manages the PaCT Program, as an independent process evaluator of Component III.

This report follows up on EY’s baseline analysis, completed back in May 2014 and presents the findings from EY’s midline assessment. The midline analysis explores (i) how the processes of Component III have evolved since the baseline study and how they are expected to evolve going forward, (ii) what are the present levels of perceptions and attitudes among different stakeholders on the issue of water management practices and (iii) what have been the key observations around the dialogue process adopted by IFC for Component III and how it can be fortified to further the agenda under discussion. The report was developed based on:

- ▶ A series of consultations with IFC staff members and Policy Research Institute (PRI)<sup>1</sup>, who were probed on the evolution of the dialogue processes, the rationale behind chosen design approaches, course corrections and way forward

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<sup>1</sup> The Policy Research Institute of Bangladesh (PRI) is a private, nonprofit, nonpartisan research organization dedicated to undertaking and disseminating policy-oriented economic research among public policymakers, business professionals, and the academic community. PRI was appointed by the IFC to anchor the research-driven public-private dialogue under Component III of the PaCT Program.

- ▶ A Perception Survey (comprising questions around attitude, perceptions and trust between stakeholders on the issue of water sustainability) of a sample of respondents across stakeholder categories including Government Policy Makers, Brands, Textile Factories, Banks & Financial Institutions, and Opinion Leaders (including civil society organizations (CSOs), research institutions, think tanks, *etc.*)

The development of the above methodology involved detailed discussions with IFC PaCT team to understand the full scope and design of the assignment and went through a thorough vetting process with the IFC Monitoring & Evaluation team.

The baseline assessment had revealed the general circumspection among stakeholders about the utility of dialogues in Bangladesh, especially in solving issues of environmental sustainability. Common pitfalls identified were: (i) lack of adequate knowledge and awareness on water sustainability of textile operations, (ii) distrust between stakeholders impeding collaborative engagement and (iii) absence of connection between relevant stakeholders. The midline assessment, however, revealed the following about the Component III PPD process and its participants:

- ▶ *The PPD process has been unprecedented in its ability to bring together a wide group of stakeholders like textile factories, brands, national policy makers, banks and financial institutions and think-tanks on the subject of water sustainability in the textiles sector thus adequately addressing concerns around connection gap.*
- ▶ All Component III participants agreed that the dialogue processes have been successful in elevating the general awareness and consciousness levels of stakeholders around water sustainable practices, thereby implying *knowledge could be built through the sensitization efforts of PPD and ground could be laid for informed problem-solving.*
- ▶ All the participants claimed to have seamlessly collaborated with each other and contributed towards problem solving on textile water sustainability of Bangladesh. *This suggests that a well-orchestrated PPD can effectively overcome trust issues, if any.*
- ▶ The original Component III design has evolved organically to focus exclusively on national-level policy reforms. *With a singular focus on identifying enabling environment improvements and strengthening affordability of sustainable technologies, the dialogues have successfully managed to bring about one key reform – establishment of a national fund for environmentally friendly technologies – and set in motion two other focusing on penalizing hazardous chemical discharge and incentivizing import of environmentally friendly technologies. This clearly demonstrates the Component III’s success in defeating the common rhetoric that dialogues are merely for show.*

*The midline assessment concludes that Component III has succeeded in establishing the necessary institutional architecture and processes to drive meaningful dialogues around sustainability-oriented policy reforms in Bangladesh. In fact, the current pipeline of reforms holds the potential to transcend the impacts of Components I and II; without Component III, the other components’ outcomes would likely have lacked the necessary institutional framework and relied entirely on word-of-mouth to reach out beyond the targeted PaCT entities.*

In focusing on the above-mentioned policy reforms, Component III acted on the following key recommendations made at the baseline assessment stage:

- ▶ Focus on developing stakeholder awareness on business benefits of pursuing water/resource efficiency
- ▶ Investigating the existing fiscal and market-based financing mechanisms to support sustainable water management
- ▶ Facilitation of direct communication between brands and government – two stakeholders previously disconnected in the Bangladesh industrial water management eco-system – on sustainable practices and solutions
- ▶ Engagement of think-tanks – PRI as the anchor of the dialogue processes – to support dialogues with research-based, data-driven solutions

Despite its concerted focus on policy reforms, however, Component III continues to be challenged by the difficult political economy of Bangladesh. *There is still a lack of sufficient number of forward-thinking decision makers to quickly streamline an environmental policy reform process. This is demonstrated in the lengthy cycle of Component III outcomes, with only one reform seeing the light of the day as of March 2016 and two others still some way from full implementation, despite the reform process starting almost three years earlier.*

Protracted policy reform processes aside, the Component III has also struggled to expand its participation base beyond the core group of participating stakeholders. *The Midline Assessment contends that, beyond policy reforms, Component III should have engaged in sensitization of a wider audience, over and beyond the PPD participants, on the big picture i.e. the need for and viability of water sustainable textile wet processing operations. A dedicated communication channel, print and video media publications beyond official PaCT website, could have been established to achieve this purpose to influence public perception and behavior.*

The outcomes of the Trust survey, a component of the Perception Survey which was conducted on wider group of stakeholders involving both Component III participants as well as external members, indicated that there have been no sizeable change in trust perceptions from the baseline stage. This was expected as Component III made little effort to reach out to the broader public – in fact, the impact of Component III on driving public trust cannot be measured. *This suggests another potential shortcoming of PPD in its current form - it has struggled to be a truly inclusive and democratic process by adopting limited advocacy efforts to disseminate dialogue findings and potentially failing to invite and influence general public perception on textile water sustainability. However, greater public participation in a politically complex context as Bangladesh would likely have dragged the policy reform process even further.* Here, it can thus be admitted that IFC and PRI likely compromised on inclusivity and focused on a result-oriented approach to arrive at achievable outcomes within the project life-cycle of PaCT Program (within June 2017).

The midline assessment recommends the following measures to take the dialogue processes to their logical conclusion by the end of the PaCT Project in June 2017:

1. Pour resources to ensure fruition of the two outstanding policy reform areas focusing on (i) penalizing non-compliance of zero discharge of hazardous chemicals and (ii) waiver of tax and duty on import of environmentally friendly technologies by end of June 2017
2. Enhance existing research capacity of the PPD platform to further facilitate analytical insights around environmental and technical aspects (quantification of water savings, chemical usage,

wastewater discharge profile, technological specifications of environmentally friendly equipment, etc.) of potential policy reforms, especially the two outstanding ones

3. Explore the possibility of including technology suppliers within the dialogue process to allow hand-holding of textile factories in choosing appropriate technology partners
4. Ensure continuity in the participation of stakeholders – specifically, delegation to non-decision making subordinates to be avoided
5. Foster a culture of dialogue-driven collaborative problem-solving in working group participants to ensure the legacy of PPD beyond the PaCT Program lifetime
6. Component III should explore opportunities for conducting outreach and advocacy efforts and attempt higher inclusivity and democratization of their processes – this, however, should continue to be treated with caution so that reform processes are not derailed.

It is recommended that the following synergies between different components and stakeholders of PaCT and the role of World Bank Group, as a whole, be explored further till the end of Component III’s lifetime:

Stakeholder Category	Recommendation
PaCT PPD (Component III) Team	<p>As have been noted in the aforementioned recommendations in this chapter, the PPD team can potentially take a larger role towards the following:</p> <ul style="list-style-type: none"> <li>▶ engaging, especially, the government stakeholders, ensuring the continuous participation of decision makers in the dialogue process, and</li> <li>▶ developing consensus around the pending policy reforms among the higher echelons of the national administration</li> </ul>
PaCT Project Team	<p>As also noted earlier, Component III should explore opportunities for conducting outreach and advocacy efforts. Such strategic efforts should be initiated by the PaCT Project Team to ensure that the progress of Component III is publicly disseminated.</p>
Brands	<p>It has been noted that sustainability is yet to gain any major precedence in the buying behavior of brands, which in turn calls for a wider sensitization and consensus development among the brands operating in Bangladesh. This may be achieved through wider participation of brands in Component III.</p>
Donors	<p>Donors continue to play a catalyzing role in promoting the public and private sector development in Bangladesh. The role of donors is particularly critical in driving public sector policy reforms – this may be leveraged by Component III to drive some of the outstanding reform agendas. Per se, the involvement of donors in the dialogue processes has been minimal, with only a World Bank official attending the initial exploratory meetings.</p>

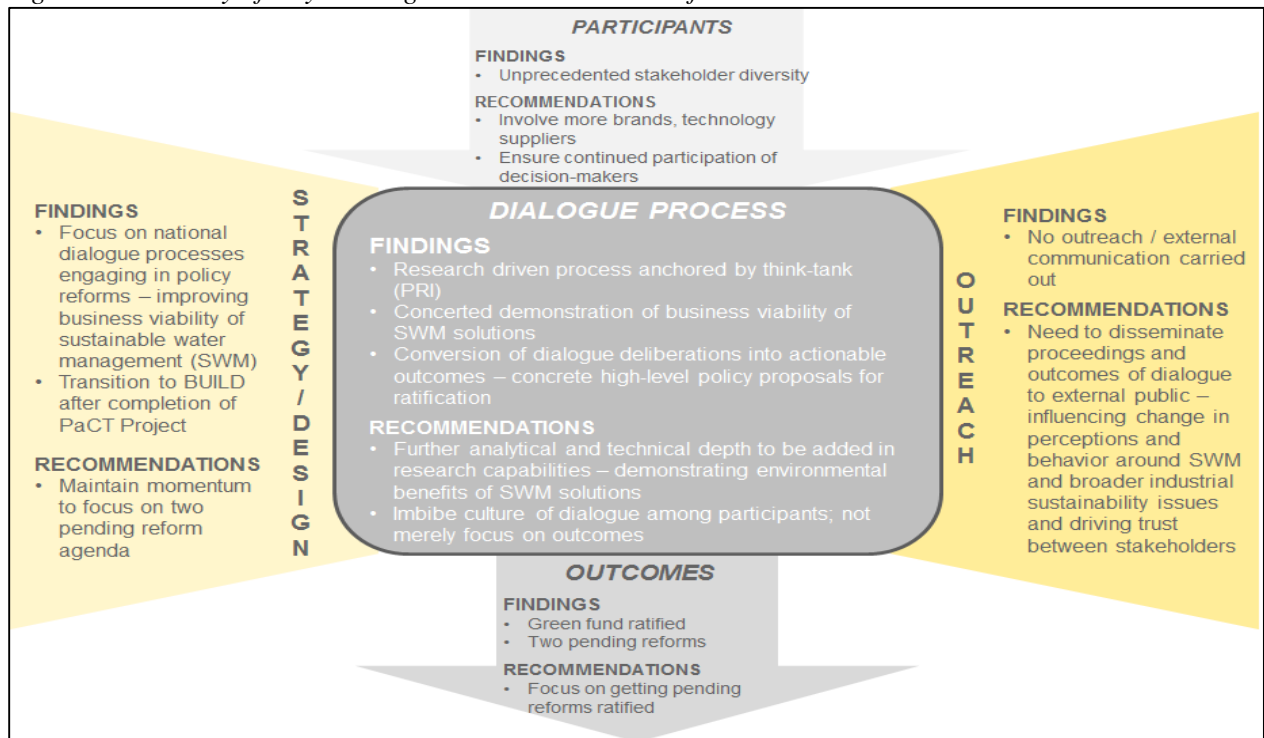
*Without drawing definitive conclusions, it can still be noted that PaCT Component III has put in motion the processes necessary for some much-needed enabling-environment reform supporting water sustainability.*

However, it would be remiss to call PPD a success just yet, especially with two pending reform proposals in the pipeline. It is crucial to understand and ascertain the continuity of PPD going forward. As it stands on June 2016, IFC will likely transition the dialogue processes to Business Initiative Leading Development (BUILD)<sup>2</sup>. BUILD has established a Working Committee on Sustainability & Green Growth with a particular focus on textiles sector. The committee is expected to be co-chaired by BGMEA and MoEF and will focus on tackling reform areas relevant to climate and other resiliency issues of the textiles sector through the dual mode of awareness creation of the private sector and taking up of policy reforms to the Government.

BUILD’s successes around policy reform using PPD suggest that, as an institution, it would be able to attract a wider group of stakeholders within its ambit, build on the culture of dialogue that it has already fostered among key government decision makers and private sectors alike and drive a focused outreach effort to be increasingly inclusive and democratic in its policy reform agenda. This augurs particularly well for Component III and aligns with recommendations 3, 4, 5 and 6 mentioned above. Also, BUILD’s close working relationship with the Policy Coordination Unit in Prime Minister’s Office (PMO) of Bangladesh suggest that it is perfectly positioned to lead the pending reform agenda from Component III to fruition, which aligns well with recommendation 1.

In sum, the following diagram summarizes the Midline Assessment findings and recommendations:

Figure 1: Summary of Key Findings & Recommendations from Midline Assessment



<sup>2</sup> Business Initiative Leading Development (BUILD) was launched jointly by the Dhaka Chamber of Commerce and Industry (DCCI) in partnership with the Metropolitan Chamber of Commerce and Industry (MCCI) and Chittagong Chamber of Commerce and Industry (CCCI) in October 2011 as a Public Private Dialogue (PPD) platform to facilitate structured dialogues between the public and the private sectors under an institutional framework. BUILD facilitates the connection between the public and private sector for better communication, coordination and collaboration in bringing reforms in business policies and procedures to improve the country’s investment climate in Bangladesh.

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