Photo: SWITCH-Asia Network Facility

The Role of Non-State Actors in Advancing Global Development Commitments

The right to development must play a central role in the post-2015 global partnership for development. A new global partnership for sustainable development should aim to make progress in all dimensions: inclusive social development; environmental sustainability; economic prosperity and well-being; as well as peace and security.

(UN System Task Team on the Post-2015 UN Development Agenda, 2013)

On 2-3 June 2016, the EU-funded SWITCH-Asia Programme held a regional roundtable and networking meeting in Ulaanbaatar, Mongolia, to discuss the role of non-state actors (NSAs) in development cooperation. The event provided participating organisations with an opportunity to share their experiences in the context of SWITCH-Asia grant project implementation. Following the launch of the Sustainable Development Goals (SDGs) and the successful conclusion of the Conference of the Parties 21 (COP 21) to the United Nations Framework Convention on Climate Change (UNFCCC) in Paris towards the end of 2015, there is a realisation of the need for inclusive participation in the implementation of the ambitious global agenda that these agreements address. The involvement of non-state actors, particularly private sector actors, in promoting these goals is essential.

The SWITCH-Asia Programme was launched in 2007 by the European Union and since has been working with non-state actors in 16 Asian developing countries. Focusing on the promotion of sustainable consumption and produc-

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tion (SCP), SWITCH-Asia has disbursed grants supporting 95 grant projects, which address sustainability issues within various industries and sectors in Asia. These grant projects work mainly with and are implemented by Asian small and medium-sized enterprises (SMEs), civil society organisations (CSOs), non-governmental organisations (NGOs), consumer organisations, and other key stakeholders, thus collating substantial knowledge on challenges as well as drivers of non-state actor engagement in Asia.

Photo: SWITCH-Asia Network Facility

Non-State Actors and Global Development Commitments

The post-2015 development agenda and Paris agreement reaffirmed that addressing major global challenges, including transforming currently unsustainable consumption and production patterns, requires the strengthened engagement of a diverse spectrum of governmental and non-governmental actors. While debates on the implementation of inter-governmental agreements remain focused on nationally-organised development cooperation channels, non-state actors will also play a crucial role in translating global commitments to action through their independent activities and in partnerships with public actors. The term "non-state actor" covers a highly heterogeneous group of organisations that, in the most simple definition, are not states. If applied strictly, the term can encompass governmental actors such as international organisations or local authorities, multinational firms or SMEs, academic institutions, or civil society organisations. The term may, however, be used primarily to distinguish organisations from governmental actors, either to stress their autonomy in decision-making or their challenge to state authority. These distinctions do not always hold in practice, as many NGOs are dependent on public entities for financing, and hybrid organisational forms combining characteristics of public and private entities are common. The different funding bases and internal organisational characteristics of non-state actors contribute to variation among them.

NSAs fulfill a variety of roles and may be advocates for change in policies or business practices, knowledge or training providers, implementing agents, or some combination thereof. They operate within diverse political contexts and sectoral areas of specialisation.

The Changing Context for Non-State Actors in Development Cooperation

NSAs face and shape the changing global development financing landscape. Development assistance funding has increased in real terms in recent years. In 2015, net official development assistance (ODA) flows from member countries of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) totalled EUR 116.4 billion. However, there are indications of stagnation among historically-important sources of aid funding within the OECD-DAC community. At the same time, funding sources are diversifying in light of the expanded role of state actors beyond the DAC and the rise in philanthropic giving across world regions. Domestic resource mobilisation is also becoming increasingly important and the central role of national governments as agents of development has been reaffirmed. This context may imply both more choice for non-state implementing partners and the possible need to reorient partnership priorities away from traditional funding sources.

Globally, the stagnation of funding from public donors has encouraged a stronger orientation toward mobilising funding from the private sector. Many aid providers themselves seek to increase private financing for development under the header of blended finance, which offers a way of combining the public sector's appetite for risk with the private sector's access to capital. In the context of stagnant aid, NGOs implementing development projects increasingly turn to corporate philanthropic programmes for support. Yet, the ability to attract resources for non-state actors' work programmes likely differs depending on their mandates. An advocacy-oriented organisation may face greater challenges in pursuing business models attractive to private funders than organisations focusing on service delivery. A second strategy for coping with challenges is to engage with a broad range of stakeholders to promote common goals. For example, an NGO can engage with public and private actors, facilitating voluntary partnerships to address a particular economic, social or environmental issue. Many SWITCH-Asia projects involve various NSAs and contribute to SCP promotion through this type of engagement, bridging the public and private sectors.

A Role in Creating an Enabling Environment

During the last decade, growing attention on SCP in the Asian region has resulted in a number of good examples of how to apply the SCP approach effectively in the Asian industries (covering a range of topics including resource efficiency, cleaner production, environmental management systems, occupational health and safety in the workplace, and sustainable product standards and certification). Various tools have been developed and an initial network of intermediary service providers has been established. However, despite these encouraging developments, the SCP approach has not been replicated comprehensively, in particular not within SMEs who lack access to finance and information as well as the capacity to interpret information necessary for customised implementation of SCP measures. This is mainly due to the lack of appropriate exchange mechanisms, nonexistent or inefficient business networks and dialogue structures between industry, financial intermediaries, government and civil society, and an inadequate enabling environment (insufficient legislative, economic and voluntary incentives to stimulate the uptake of SCP). While policies and legis-

lation with regard to sustainable production quite often exist, their effective implementation and enforcement is lacking. The awareness for sustainable consumption is still at nascent stage and needs to be developed further.

Against this backdrop, the SWITCH-Asia projects have been working

Photo: SWITCH-Asia Network Facility

with Asian as well as European NSAs to engage closely with Asian SMEs. Being a backbone of the economy, Asian SMEs adopting SCP practice will accelerate the absorption of SCP principles within Asian countries and eventually contribute to their national SDG realisation. Addressing multiple challenges faced by SMEs, such as lack of environmental and related technology knowledge or capacity, lack of finance for SCP-related investment and lack of policy support, SWITCH-Asia projects work with national and local governments in respective countries to create incentives among businesses to adopt SCP and among financial institutions to identify new, innovative financing schemes to cater to companies' needs to invest in new technologies.

SWITCH-ASIA PROJECT CASE STUDY FROM NEPAL

Photos: PPP for 4Gs project

Promoting public-private partnerships (PPP) in waste management in Nepal (PPP for 4Gs project)

In Nepal, Winrock International, a US-based non-profit organisation, drew attention to the relevance of mobilising governmental support as a mechanism for increasing private sector engagement in addressing the country's waste issues. It first sought to establish an innovative PPP between Ilam Municipality and the private sector that jump-started a commercially-driven cycle of solid waste management. The project "Sustainable Production of Commercially Viable Products from Municipal Wastes through Public-Private Partnerships in Green SMEs, Green City, Green Agro Products,

and Green Employment Generation (PPP for 4Gs)" integrates four dimensions: green SMEs, green city, green agricultural products and green employment generation. SMEs will create a streamlined waste management system for degradable and non-degradable waste that incorporates segregation, collection, recycling, final disposal of the residual and management of a composting plant that produces compost fertiliser for vegetable and tea cultivation. The project currently capitalises on Ilam Municipality's "Green City" initiative in creating new green jobs within SMEs.

An underlying challenge in relying on municipal government as a lever for wider change is that the division of responsibilities among diverse line ministries and across jurisdictions can expand the scope of needed outreach to ensure that consistent policy frameworks exist to signal the value of engagement to private sector actors. The absence of an overall national policy for the promotion of SCP is another obstacle. Nevertheless, governmental engagement and mechanisms to incentivise private sector and community participation are essential in the promotion of the public-private partnerships that the project encourages. The government's endorsement of a project provides a positive signal to companies of its value. Such demonstration projects in which governmental actors are involved offer a wide avenue for publicising the benefits of SCP through public-private partnerships.

A Role in Promoting SCP among SMEs

Having a neutral position without any affiliation to public or particular for-profit organisations may place NSAs in a better position to engage with the private sector in driving a certain cause forward – including in the promotion of the sustainable consumption and production concept within industries. In this case, showcasing the economic benefits of SCP implementation within SMEs' operation is essential since most Asian SMEs have limited financial resources to invest in new technologies. SMEs may have different reasons for implementing SCP, all however have to be directly or indirectly related to their profit-making objective.

Incentives for SMEs to adopt SCP range from addressing risk to exploring new business opportunities. Addressing risk normally takes place in response to consumer or civil society pressures on the companies due to their poor product performance or their impacts on the environment. Risk mitigation takes place to address social factors affecting the SME workers, their families and surrounding communities. Incentives for the creation of convincing business cases include an increased focus on innovations that respond to new demands and societal needs. Clearly incentives can be both internally (benefitting the workers) and externally driven (new business opportunities).

A Role in Increasing Access to Finance

Banks and financial institutions (FIs) are another type of NSAs which are essential in any development or sustainability projects. Their involvement in a project usually attracts other stakeholders looking for funding. However, innovative SCP solutions requiring new or high technological equipment require banks and FIs to create equally innovative financing schemes. Industries are often slow in taking up the SCP concept due to their limited financial capacity to update their operations or to acquire new technologies.

Despite the fact that banks and financial institutions offer financing for a variety of businesses, SMEs often struggle to obtain funding due to their small size, limited capacity in maintaining financial reports, and lack of collateral. Introducing the SCP concept to financial institutions, coaching financial officers and engaging with them to identify new financing schemes for SMEs adopting SCP measures is therefore increasingly critical. Governments can play a role in favour of the SMEs by providing a policy framework or financial guarantees to financial institutions providing loans to SMEs.

Photo: ACIDLOOP project

Sustainable production through market penetration of closed loop technologies in the metal finishing industry in India (ACIDLOOP project)

The Energy and Resource Institute (TERI), a non-profit organisation based in New Delhi, coordinated the ACID-LOOP project from 2012 to 2016 with six other partners, to promote resource efficiency cleaner production (RECP) in the metal finishing sector in India. In the initial stages, the project reached out to local industry associations and created a clear business case to companies in order to convince them to adopt more sustainable business practices. The project faced an initial reluctance among targeted SMEs in being involved in the project and in giving external actors insight into their operating processes. However, the local consultants who were trained by the project continuously engaged with individual metal finishing units, providing resource efficiency recommendations, supporting implementation, training both owners and workers and measuring the resulting impacts.

The project also arranged consultative policy dialogues, technology roundtables and fairs, customer roundtables and financing events, allowing different points of view from various actors (associations, government bodies, financial institutions, customers of metal finishing products, etc.) to be presented and exchanged. Feedback on the training topics and mode of delivery was sought from the participating SMEs for fine-tuning the content and approach (for example, training of workers was based on needs expressed by SMEs). This in turn helped to build trust and convey information on the benefits of the proposed resource efficient measures. Other activities, including showcasing of resource efficient practices, were perceived to be useful in demonstrating their economic as well as environmental benefits. The demonstration plants and multiple workshops proved the feasibility of recycling recovered acid/water as well as disseminating the clean technologies to 106 participating SMEs.

A Role in Strengthening Local Capacity

Due to the relative novelty of the SCP concept in some countries in Asia, a development project might have to consider involving universities and research institutions to identify strategies to promote particular SCP approaches to the local industries. This can involve designing new training materials, creating new curricula offered to students to educate a pool of local experts, up to adapting technologies to fit local needs of the industries ("appropriate technology").

SWITCH-ASIA PROJECT CASE STUDIES
FROM CAMBODIA, LAO AND VIETNAM

Photo: SPIN-VCL project

Photo: GetGreen Vietnam project

Sustainable Product Innovation in Vietnam, Cambodia and Lao (SPIN VCL) and Get Green Vietnam

The Delft University of Technology (TU Delft) based in the Netherlands was involved in two SWITCH-Asia projects, namely SPIN VCL (2010-2014) and GetGreen (2012-2015), as technical lead partner (Design for Sustainability Programme of the university), providing methodological development, knowledge generation, and innovation approaches coupled with practical implementation. In general, universities focus on the front-end of innovation, which requires local partners for the actual implementation.

In development cooperation projects like those supported by SWITCH-Asia, TU Delft highlighted the benefit of involving a university since sustainability projects like SPIN VCL and GetGreen required innovative ways of thinking which are different from, for instance, (international) consultancy-type NGOs, as universities can fall back on a large community of experts and scientists at home and globally. Despite the challenges due to the different organisational set up of a university and a SWITCH-Asia project, TU Delft could capitalise on its experience and establish its presence in Asia, and has now established the 'Delft Global Initiative,' offering more international study as well as working experience to its students and researchers.

The SPIN VCL project engaged with 100 local SME companies (70 in Vietnam, 20 in Cambodia and 10 in Laos) and aimed to contribute to an improved innovative power of industry and an improved environmental and societal quality of products made in Vietnam, Cambodia and Laos. The Get-Green project engaged with 17 SMEs in training activities, 16 SMEs in co-creation sessions, and 5 consumer organisations in various project activities. The project also established a pool of change agents consisting of 1,099 participants and 56 trainers in sustainable consumption. It sought to move consumers in Vietnam towards sustainable consumption and products.

Role in Bridging Various Interests of Key Stakeholders

Expanding NSA outreach with a wide range of stakeholders is an essential component of ensuring that successful project approaches can be scaled up or replicated over time. Reaching new audiences may require a diversification of communication and outreach strategies to target the governmental actors that influence the character of the enabling environment that creates a framework for the wider uptake of sustainable production and consumption goals and to raise awareness among economic actors of the relevance of specific policy choices.

Adapting outreach strategies to new contexts is especially crucial when grantees seek to transfer their project models across national borders. In new country settings, organisations can encounter differences related to the status of existing regulatory measures, the responsibilities of governmental actors within a given policy field, the state of knowledge and technology available to address specific problems, the openness of the local media landscape, the motives of businesses to change behaviour, and the nature of opposition from organised interests to proposed policy changes. Implementing organisations thus need to ensure that dissemination and outreach approaches are well-adapted to the local political context and available leverage points for influence. This point was well-illustrated by the work of the environmental NGO, Toxics Link, which promotes knowledge on toxic waste management issues in numerous cities within India and in other countries within the region.

CONCLUSIONS &
THE WAY FORWARD

Within the broader context of development financing and the promotion of the transformation of production and consumption models towards improved sustainability, the SWITCH-Asia Programme contributes to this agenda by focusing on the provision of technical assistance to support a wide range of activities in diverse geographies. The networking event provided non-state actors within the grant projects to reflect on how to improve both the Programme's priorities and the effectiveness of the projects implemented.

With respect to priorities and practicalities of the SWITCH-Asia Programme, participants pointed to a potential tradeoff between the scope of the Programme's goals and the visibility or impact of activities carried out under its umbrella, suggesting that greater focus could possibly amplify results in selected areas (e.g. sustainable textiles, green building and construction, sustainable agriculture), where the Programme's funding could be further concentrated in the future.

Although NSAs are generally perceived to have an advantage due to their small scale, which enables them to address specialised issues and to be flexible in adapting to challenges in local contexts, their limited scale also creates challenges in terms of linking dispersed activities together. Funding proposals generally encourage applicants to identify how they will organise their work and involve partners to promote complementarity of activities, how-

ever in practice the emphasis on coordination and complementarity appears to diminish as projects evolve. Funders, such as the EU Delegations, could help to address this issue by remaining engaged with the coordination agenda after funding proposals are approved and by providing support to facilitate continuous information sharing between projects under their jurisdiction, while grantees could increase their commitment to communicating lessons from their project work to other stakeholders participating in the SWITCH-Asia platform.

The discussions during the workshop in Mongolia revealed that project sustainability represents a key concern for funders and grant projects alike. However, there may be differing understanding of what strategies can place projects on a more sustainable footing. From a grantee perspective, the possibility of renewing funding beyond the given project cycles would often be welcomed, whereas the funder links the notion of sustainability to the ability of grant projects to seek and find external funding sources to continue project work beyond the project's contractual duration. The common interest in securing long-term funding to support project goals should encourage a stronger focus on long-term planning at the early stages of the project cycle and the clarification of potential strategies for improving chances of obtaining follow-up funding at the project's outset.