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CSR in the Chinese Textile Industry Evaluation Report

Isabelle Schaller, 23.09.2008

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First published 2008

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1. Executive Summary

This evaluation is an independent final evaluation of the project “CSR in the Chinese Textile Industry”, conducted by Isabelle Schaller of BSD Switzerland.

The purpose of this evaluation was an overall assessment of the project with a special focus on identifying best practices and recommendations for the second phase of the project. The report is structured according to the questions posed in the terms of reference of the evaluator.

The methodology used for this evaluation consists of the following elements:

- Document Review
- Team Planning Teleconference
- Individual Interviews, field visits and stakeholder discussions

Overall it can be said that the project was very well managed and implemented within its very tight budget and time-frame. The good communication of the project management with partners and stakeholders was highly appreciated by all partners and stakeholders.

The project has achieved an increase in motivation of the participating companies to make changes happen in the five areas that were taught throughout the training and to increase to a certain extent the productivity and competitiveness of the companies. A clear distinction has to be made though between Model A and Model B companies. Companies participating in Model A, received individual training and consulting (5 companies), while Model B was based on group training (25 companies). Although the results cannot be clearly documented due to a lack of data on the performance of Model B companies it is evident that the results achieved under Model A training were much better than under Model B. Unfortunately the Model A approach is very resource intensive and not an option to be continued in the next phase.

In a nutshell, the evaluator had the impression that most of the companies have realised that CSR is important and that it can improve their competitiveness and productivity and would be happy to participate in further trainings even at their own cost.

The project has reached and even exceeded its target in number of participating companies. It has reached the target of training five trainers who have carried out the training of the enterprises. Unfortunately the quality of training was not entirely satisfactory due to difficulties in the recruitment of the trainers as well as too little time during the training of trainers.

The strategy to work in a partnership of ILO, UNIDO and CNTAC has proved to be very valuable. The collaboration has resulted in activities and training materials that are well adapted to the requirements of the sector and country, although improvements of the material are still needed. It also has to be pointed out that the holistic approach to integrate environmental, social and economic issues was very well received by the companies.

The project has further increased the awareness on CSR issues within the Chinese Government on national as well as on local level that will be very valuable for the next phase of the project.

Based on the findings during the evaluation the recommendations by the evaluator can be summarized as follows:

- A new approach has to be defined either solely based on group training that includes as much practical advice for the companies as possible or a combination of group-training (awareness raising) and on-site factory consulting. This would imply that the companies pay for selected in-factory consulting and the role of the project would be to build the capacity with consultants so that they are able to provide these services commercially.
- A strategy for financial sustainability for the activities without donor funding should be developed. Research has to be done to find out the willingness to pay for such services by the following groups: participating companies, buyers, local industry associations, government etc.
- The training material still needs improvements before being widely distributed, a mechanism to ensure the quality of the material has to be developed as well as a marketing strategy.
- The selection of trainers and companies should be more transparent and based on clear criteria. The training of trainers should be more extensive and also includes a teaching methodology workshop. To ensure the quality of training in the future, especially when considering a further roll-out, it should be considered to introduce a certification for the trainers.
- Key performance indicators should be defined that would allow a better measurement of the improvements within the companies and maybe even a benchmarking between the companies.
- The collaboration of ILO and UNIDO should be continued and more use made of the experience of UNIDO in the area of productivity enhancement.

2. Acronyms

CEC	China Enterprise Federation
CNTAC	China National Textile and Apparel Council
CNCPC	China National Cleaner Production Center
CSR	Corporate Social Responsibility
EDA	Federal Ministry of Foreign Affairs (Switzerland)
FIP	Factory Improvement Program
GRI	Global Reporting Initiative
HR	Human Resources
ILO	International Labour Office
KPIs	Key Performance Indicators
MoFCOM	Ministry of Commerce
MoHRSS	Ministry of Human Resources and Social Security ¹
NCPC	National Cleaner Production Centres
PAC	Project Advisory Committee
RSCA	Responsible Supply Chain Association
SCoRE	Sustainability through Competitive and Responsible Enterprises
SECO	State Secretariat for Economic Affairs (Switzerland)
SMEs	Small and Medium Sized Enterprises
UNIDO	United Nations Industrial Development Organisation
WTO	World Trade Organisation

¹ Former Ministry of Labour and Social Security, MoLSS. In March 2008 MoLSS has been renamed to MoHRSS. To avoid confusion the report will use MoHRSS even if referring to dates before March 2008.

3. Background and Project Description

BACKGROUND

China is experiencing a rapid transformation of its labour market as it moves from a system of central economic planning to a more open, market oriented economy. This has led to a large increase in the export of consumer products made in China. Since 2006 though the concern about the conditions under which consumer goods are produced in China has increased substantially. The Chinese government, international organizations, civil society groups and consumers' associations and brands are more than ever concerned about the labour and environmental conditions in Chinese enterprises. This development has put unprecedented pressures on Chinese enterprises to improve these conditions. The developments show that in particular small and medium-sized enterprises (SMEs) struggle to comply with the new requirements mainly due the following reasons:

- Lack of management culture regarding Corporate Social Responsibility (CSR) -based management
- Lack of awareness that CSR can enhance
- CSR is often seen as philanthropic activist (cost) or even as a trade barrier
- Growing international pressure through supply chains regarding the implementation of CSR-based management is facing limited knowledge about how to implement the international standards and codes of conduct.
- Lack of CSR-based training material & management tools, adapted to China
- Lack of professionals and competent consultants in the area of CSR-based management.
- Lack of resources for developing necessary management tools, especially among SMEs.

SMEs therefore desire to increase their ability to incorporate labour-related and environmental standards into their core business operations.

The Chinese government also promoted enterprises' responsibility through implementing the national development strategy of "building a harmonious society". This concept was emphasized in the Chinese government's 11th five-year plan, where the government committed to sustainable growth by moving away from over-reliance on cheap labour and instead focusing on research, development, worker education and fair treatments

The current project builds on an earlier project titled "Improved Human Resource Development and Management and Labour management Relations in Chinese Economic Development Zones" which was implemented by the Economic Reform Office in China with the support of the Swiss State Secretariat for Economic Affairs Switzerland (SECO).

PROJECT SUBJECT TO EVALUATION

OVERVIEW

With support of SECO, the ILO in collaboration with the United Nations Industrial Development Organization (UNIDO), who was approached to partner in the current project to ensure that the environmental aspects of CSR would be covered, has implemented this project titled "Corporate Social Responsibility in the Chinese Textile Industry". The project sought to build capacity within SMEs in the Chinese Textile Industry to achieve the demanded CSR by improving their labour and environmental performance including productivity, labour management relations, working conditions, and environmental management. The strategy focuses on the development and pilot testing of comprehensive training and advisory support services for managers and workers in selected companies. Two different models of training were tested. Model A is an individual training and consulting of one factory at a time. This service was provided to 5 companies. Model B is based on group training. It was provided to two clusters of 10 and 15 enterprises respectively. The validity of the approach was verified through action research. The results of the project should feed into the further development of the SECO supported ILO project "Sustainability through Competitive and Responsible Enterprises, SCoRE".

The project partnered with the China National Textile and Apparel Council (CNTAC). CNTAC is the national federation of all textile-related industries, and is a non-profit organization formed on volunteer basis.

The project had initially been planned for the duration of 12 months starting on 1 April 2007. Due to problems in the first phase of the project the duration was extended to 15 month.

SECTOR BACKGROUND

The project focuses on the Chinese textile industry. The industry characteristics can be summarized as follows:

- The industry directly employs about 20 million people and around 100 million people are indirectly employed.
- Production is predominately located in the greater region of the Yangtse & Pearl River Delta.
- 90% of the enterprises are privately owned, of which most being SMEs.
- The industry is high labour intensive, based on low-skill and low-tech production
- The industry reports high labour turnover rates.

ORGANIZATIONAL ARRANGEMENTS AND ROLE AND PROJECT PARTNERS

The project was managed through the ILO office Beijing. For development of the training material and certain parts of the implementation ILO worked in partnership with UNIDO and CNTAC. The project employed a National Project Manager and an Administrative Assistant. Both were employed under ILO contracts and the ILO office in Beijing provided office space. The main tasks of the three organizations can be summarized as follows:

ILO:

- Project management

- Technical and administrative support and backstopping
- Development of training programmes and resources materials (for modules 1,2,4,5)
- Programming and administrative support from the ILO's Country Office in Beijing
- Technical support and backstopping through the ILO's Sub regional Office in Bangkok
- Linkages with international practice and resources through the ILO's Enterprise Department in Geneva.

UNIDO:

- Technical backstopping for module 3 on Cleaner Production and Environmental Management
- Development of training programmes and resources materials on environmental management and cleaner production
- Technical support and backstopping through the Regional Office in Beijing
- Linkages with international and national practice and resources through the UNIDO's Cleaner Production Programme in Vienna and the UNIDO founded Cleaner Production Centre in Beijing.

CNTAC:

- Supported ILO and UNIDO in the development of training material and the adaption of the material to the needs of the textile industry in China
- Selection of national trainers
- Provided direct access to enterprises for conducting pilot activities
- Provided access to local industry organizations

A tripartite advisory committee (PAC) was constituted to provide guidance to the project and to support the dissemination and replication of the lessons learnt through the project. The advisory committee consisted of representatives of the following organizations: CEC, CNTAC, MoFCOM, MoHRSS, ILO, the Swiss Embassy in Beijing and UNIDO. The committee played an important role in supervision of the project management and in providing guidance and advice during the implementation phase. The Government, employer organizations (CEC) and trade unions are important partners for the project to increase its outreach into new sectors in the future. Important impact was also given by CEC and trade unions during the development of the training material.

On a local level industry organizations gave important support for the organization of meetings and the selection of participating enterprises. (E.g. Chamber of Commerce of Xiaolan)

OBJECTIVES

Development Objectives:

To support the creation of a viable industry wide framework for high quality business management (in labour-management cooperation, productivity and quality up-grading, environment, human resources management, working conditions and occupational safety and health) for a sustainable development of the Chinese textile industry.

Immediate Objectives:

1. At the end of this project, CNTAC will have a team of national consultants/experts who will have the resources and competencies to provide enterprise level productivity and competitiveness upgrading programmes and services through improved workplace practices.
2. At the end of this project, the productivity and competitiveness of selected enterprises will be increased through the application of improved work place practices.
3. At the end of this project, the experiences, materials, and practices developed through the project will have been widely disseminated.

Targets:

- A team of 5 national consultants/experts
- 25 enterprises for the pilot phase (5 on Model A and 20 on Model B)
- 25 plans of action (respectively for the ones in the pilot phase)
- 200 enterprises selected for the rollout (should be considered in the work plan of CNTAC in the following year of the project)

FUNDING ARRANGEMENTS

The project was entirely funded through the SECO.

IMPLEMENTATION

The project consisted of the following implementation phases:

1. Recruitment of local trainers through CNTAC. Initially 6 national trainers were selected of which one dropped out.
2. Development of training material with the support of national and international experts of ILO, UNIDO and CNTAC
3. Two workshops to train the trainers on the newly developed material (3 days in total)
4. In-factory trainings (Model A) and group training (Model B)
5. Dissemination of developed material, case studies and lessons learnt.

4. Purpose of Final Evaluation

The purpose of the final evaluation was to:

- a) Determine if the project has achieved its stated objectives and explain why or why not;
- b) Take stock of what has worked and what has not worked in the project
- c) Evaluate effectiveness, efficiency and relevance of impact accrued to target groups, implementation status, project management and performance monitoring;
- d) Document best practices that could be used as models for activities in other projects;
- e) Provide recommendations for the next phase of the project with particular emphasis on strategies for replicability and sustainability.

In addition, the final evaluation should provide the project management team, ILO field and headquarter staff, project stakeholders, and the donor with the feedback and information needed to assess: policies, strategies, data collection methods, objectives, institutional arrangements, work plans, and resource allocation.

The evaluation mission took place from 19-28 June 2008. Detailed information can be found in annex 3.

National evaluator: Lydia Zhang of the China Textile Information Center.

5. Evaluation Methodology

The evaluation methodology contained, as mentioned in the terms of references, the following elements:

Remark: A general problem that occurred during the evaluation was the language barrier. Many of the documents were only available in Chinese and could not be translated into English as the time and effort would have been inadequate. This refers mainly to the data collection which had been done during the project through baseline surveys (only English summary available for the evaluator) and so-called action plans (no translation available due to the large amounts).

Document Review:

The evaluator reviewed the following documents before the mission:

- Project document
- Quarterly reports
- Work plans
- Other project reports or papers

The training materials were only provided to the evaluator on the first day of the mission and could therefore only be reviewed during the field-trip.

Team Planning Teleconference:

The evaluation team conducted a Team Planning teleconference with Valérie Berset Bircher (SECO), Karl-Oskar Olming (ILO Geneva), Satoshi Sasaki (ILO Beijing), Zhang Xubiao (Project Manager) The main objective was to reach a common understanding among the evaluation team and SECO regarding the priority evaluation questions, the available data sources and data collection.

Individual Interviews, field visits and stakeholder discussions:

The evaluation mission contained individual interviews, field visits, stakeholder discussions and the participation in the final project conference. For a detailed list see annex 3.

Remark: Due to unforeseen circumstances only four companies could be visited instead of five as it had been scheduled. A further downside was that three of the four companies visited were Model A companies and only one Model B company was represented. The results of Model B could therefore not be adequately assessed.

Debrief in Field:

On the final day of the field evaluation, the evaluation team presented preliminary findings to the ILO project staff and representatives of CNTAC, MoHRSS, CEC and the Swiss Embassy in Beijing.

Post-Trip Meeting: Upon completion of the report, the Team Leader provided a debriefing to representatives of Seco (Hans Peter Egler and Valérie Berset Bircher) and the ILO on the evaluation findings, conclusions, and recommendations as well as the evaluation process.

The evaluation norms, standards and ethical safeguards have been followed throughout the evaluation.

6. Project Status

The project is now completed. The elements implemented in each part of the project are summarized below:

1. Preparation

In the first phase of the project the national consultants were recruited in collaboration with CNTAC. The results were participation agreements with 5 consultants of different commercial service providers; TÜV NORD, Det Norske Veritas and Beijing JIngdian Consulting firm.

With the help of CNTAC 30 companies were identified to participate, 5 in Model A, 25 in Model B.

The training material was mainly developed on the basis of the material of ILO's Factory Improvement Programme and UNIDO's Cleaner Production Programme. National and international experts gave support to adapt the material to the sector and country requirements. The results were a training of trainer as well as a participants handbook.

The material is divided into 5 modules:

Module 1: Workplace Cooperation and Factory Improvement

Module 2: Quality and Productivity

Module 3: Cleaner Production and Environmental Management

Module 4: Workplace Production

Module 5: Human Resource Management

2. Training

In total 3 days of capacity building for the trainers were held by experts in the respective areas.

For Module 3 the capacity building for the trainers was additionally continued in the factories during the factory training, whereby the trainers/consultants from the Cleaner Production Centre conducted the training at factory level together with the CNTAC consultants.

Concerning the factory trainings, the Model A companies received intense in-factory training while Model B companies were trained in group workshops.

Baseline surveys were conducted at Model A companies which served as basis for the following action research. After the completion of the training of Model A companies case studies were written to document the improvements and best practices.

3. Dissemination

The dissemination of the project material, experiences and practices has not yet been terminated.

An important venue in this respect was the final conference where approximately 70 interested professionals participated (E.g. Ministry Officials, Representatives of Buyers, Swiss Embassy etc.). Two journalists came to the meeting but to the knowledge of the evaluator no articles have appeared.

The training material has been printed informally and a CD has been produced. Both have been disseminated to the participating companies and partners in the project.

Additionally, a website containing further information is under construction that will be used to facilitate the access to the training material,

7. Findings

A) Validity of project strategy, objectives and assumptions

Were the project strategy, objectives and assumptions appropriate for achieving planned results?

The project strategy, objectives and assumptions were appropriate to achieve the planned results to a certain extent:

1. The strategy to collaborate with UNIDO and CNTAC to develop the training material and to adapt it to the local needs was appropriate.
2. A team of 5 national consultants/experts has been established and the consultants have been trained on the material. The set target has been reached. The assumption that the trainers will be able to gain profound knowledge on the content of all five modules within three days of training was inappropriate though. The recruited trainers are mostly specialised on one of the subjects and were not able to provide equal quality in the training of all five modules.
3. The set strategy to use CNTAC as a partner to identify potential participating companies was appropriate to reach the target of 25 participating companies and even exceeded the target. 25 companies participated in the Model B and 5 in the Model A, all in all 30 companies participated in the offered trainings. First steps towards an increase in productivity and competitiveness of the companies can be observed. But due to the short duration of the implementation cycle², bad timing of the training³ for certain enterprises and financial restrictions within the companies to invest in improvement strategies, the results have been limited.
4. The strategy to use Model A companies for the development of best practices was valid. Questionable is if the same results can be achieved without the intensive on-site consultation received by Model A companies.
5. The target of wide dissemination of the training material, experiences and practices developed during the project could only be reached partially as a clear strategy was missing. It would have been useful to receive more media attention, especially for the final event of the project as the success of the project was demonstrated at this point.
6. All companies fulfilled the target of developing an action plan.

² The duration of the implementation cycle was only 7 month.

³ Especially export oriented companies show big fluctuations in workload according to the seasons. The training started in November which is one of the busy seasons of production. For this reason it was more difficult for the companies to let employees participate in the training.

Were the activities appropriately adapted for the needs of the country? Where appropriate, did they take into consideration or build upon existing donor, government, and private initiatives in the country?

The activities were properly adapted for the needs of the country. The issue of CSR is gaining more and more importance in China due to the pressure of international buyers and general raise of awareness on CSR issues. It was the right decision to focus the activities on SMEs as they generally don't dispose over good management practices due to the fast development of an open-market economy and the rapid growth of their business. There is therefore an increasing need for more knowledge in the main areas of CSR.

The project built strongly on existing initiatives in China. The most important ones were:

- The employment of national consultants with experience in different areas of the training.
- The collaboration with CNTAC, who already has gained experience in providing on-site training to improve compliance with their own CSR standard CSC9000T, and the large network and influence of CNTAC in the Chinese textile sector contributed substantially to the success of the project.
- UNIDO collaborated strongly with the Cleaner Production Center in Beijing to adapt the training material and trainings for Module 3 to the national circumstances.

Do the government / employers / unions / Project Advisory Committee (PAC) members understand the project's objectives and approach? How have they supported these objectives over the life of the project?

All parties understood and supported the project's objectives and approach. All members of the PAC participated in at least two of the three meetings that took place and contributed to the solution of upcoming problems. Additionally the local governments of Xiaolan (Chamber of Commerce) and Shengze (Economic Service Center) contributed substantially to the promotion and organization of the activities of the project.

Also the local representatives of the union were very supportive and gave substantial input in the part of worker participation of the training material.

B) Benefits/Impact Accrued to Target Groups

What have been the major results/accomplishments of the project?

The following results/accomplishments of the project are based on the interviews and discussions held by the evaluator with different stakeholders and project partners.

1. The project managed to change the view of the participating enterprises on CSR substantially. The project motivated the companies to initiate change and supplied them with the knowledge to implement improvements which lead to a certain increase of productivity and competitiveness.
2. According to representatives of both organizations, the interagency collaboration between ILO and UNIDO was a success. Both organizations were able to contribute with their expertise in the relevant fields to the success of the project.
3. Through the collaboration between ILO and UNIDO, the project successfully developed and tested training material which integrates social, economic and environmental issues. The material teaches companies the importance of a holistic

approach to issues of productivity and competitiveness and ultimately CSR compliance.

4. The project managed to substantially raise the awareness for CSR issues. Within the government through the mission of representatives of MoHRSS to England and Switzerland. Within the textile sector especially but also within other sectors that mainly heard of the project through the local governments as well as through the participating companies.
5. Five case studies presenting best practices have been produced and will be disseminated. The case studies will be important for the promotion of the new SCoRE project.
6. The demand for knowledge on CSR issues has been increased. Especially in the areas where Model B was tested due to the fast transfer of information on the project within the local textile cluster. This shows that a market for CSR consulting services can be created.
7. The project showed that projects can be run by national project management given the right institutional arrangements.

To what extent has the project achieved its objectives and reached its target groups?

On enterprise level

Remark: Due to a lack of data the evaluator can judge the following only through her observation in the four companies visited during the field trip and the information available in the case studies. As mentioned above three of the four companies were trained with Model A and only one with Model B.

Outreach in terms of enterprises: The outreach in terms of enterprises was larger than initially planned in the project document. As planned, 5 companies participated in the Model A training whereas in Model B 25 companies participated, 5 more than initially planned. This is due to the popularity of the programme in Xiaolang.

The commitment of all the companies visited during the field trip was significant. An important observation by the project team is though, that the motivation of the two clusters varied strongly. While as mentioned above, the companies in Xiaolang were very motivated, the companies in Shengze didn't show the same level of enthusiasm.

Still, all participating companies have established CSR teams. Managers as well as workers in the visited companies showed eagerness to make improvements and to continue the improvement process after the completion of the programme. The main restrictions to the improvement process within the companies were the very limited time and the lack of financial resources. It has to be kept in mind that the actions that are being recommended to the companies not only stand for costs through the commitment of working-time but also for investments in new appliances etc. Especially the smaller enterprises struggle to free the resources in such a short time-frame. The following should give a selection of examples of improvements that were observed in the companies visited:

Impact in terms of salary levels: Two of the visited companies (Evershine and Fuhua) showed increases in terms of salary levels and increased social insurance coverage and retirement scheme. Fuhua changed their initial salary scheme which led to a higher base salary giving the employees more financial security and therefore increasing the attractiveness of the company. If this improvement is only due to the knowledge transmitted through this project or if it is a reaction to the general increase of competition for workers in the Guangdong and Jiangsu province, cannot be verified as such, but the companies stated that

the module on Human Resource Management helped them to plan and implement these changes. Over all it has to be said that also in this field the time-frame for the implementation was too short. Especially as the workshop on Human Resources Management was only held in March 2008.

Worker-management collaboration: All four companies visited showed improvements in the culture of worker-management collaboration and reported an increase of worker-management meetings. Workers and management reported that the increase in meetings and the introduction of suggestion-boxes have led to improvements in several areas. Workers reported that their suggestions are being taken up and realized by the management. The suggestions are not only related to productivity, quality and safety but also concern living conditions (E.g. improvement of quality of food in the canteen, more female toilets).

Factory Improvement: All four companies have implemented several components of the 5S⁴ management system that are very well visible. The short time of the project though didn't allow the full implementation of 5S which is based on a continuous improvement process. The advantage of 5S is that improvements are easily visible and therefore serve as a motivation for further improvements. A change in the morale of the employees has been observed by the management. The main improvements that were achieved are the following: reduction of waste, reduced time to look for material and tools, improved working efficiency, improved workplace safety, limitation on stockpiling, clear aisles, regularized workplaces, more consistent product quality, clean workplaces, improved environment of workshops and warehouses. The case study conducted in the *Zhejiang Jinda New Materials Co.Ltd.* gives a more detailed overview of the approach and results.

Environmental Management. In many of the enterprises, the module on Cleaner Production was seen to be most relevant, as the training, even in the short term, resulted in clear tangible results.⁵ However, the extent of improvements within the companies was very varied. This is due to two main reasons; 1.) Not all companies had the same potential for improvements as certain productions do not have a big environmental impact as the biggest impact on the environment is located earlier in the supply chain. (production of raw material) 2.) Improvements are often related to relatively costly investments that cannot be done in such a short time-frame. Nevertheless, impressive results can be observed within the companies. In the less polluting productions the main savings are done through savings in energy (lighting, temperature controls, replacement of leaking valves and pipes etc.). Unfortunately, measurements to quantify the reductions were not available for all the companies to the evaluator. A striking example that shows how immense costs can be saved is given by *Evershine*: besides other actions, the company invested 100'000 RMB in a new boiler. The new boiler saves the company 60 barrels of diesel a month which amounts to 70'000 RMB savings in energy costs. Within one and a half month the investment has therefore been recovered. Further impressive results are documented in the case study on cleaner production in company Fuhua Shijia. In all companies savings on energy costs can be observed although often not yet quantified. The savings contribute to an increase of productivity of the companies.

Occupational Health and Safety: In all companies improvements on health and safety for the employees were observed. The measurements range from awareness raising to the introduction of safety equipment (earplugs, protective metal gloves etc.), improved ventilation, replacement of old fire extinguishers, new and more hygienic water dispensers etc. Clear measurements of a decrease in work accidents and fewer sick leaves cannot yet be observed

⁴ 5s is a methodology for organizing, cleaning, developing and sustaining a productive work environment.

⁵ It has to be kept in mind that the results of the other Modules are not as tangible for the companies and that the impacts will rather be visible in the long-term.

due to the short time-frame. In any case the feedback by the employees on the changes is very positive and they feel that their safety has increased.

Living Conditions of Employees: All four companies showed significant improvements in the living conditions for the workers. *Winpower* changed for example the dormitory doors and improved the outside recreational areas while *Evershine* opened a canteen for its employees. The interviews showed that these improvements were very much appreciated by the workers and increased their loyalty to the company.

Improved quality: The in-house training provided to companies through model A has led to certain improvements in quality. Of the four companies visited only *Evershine* though claimed to have a significant decrease in rejects.

An interesting feedback by the management of one company was that through the project it has become much easier to implement changes. Before, workers were often reluctant to change.

As a summary it can be said that although the improvements seem at first glance small, the biggest achievement is that a change of mind has happened with workers as well as with management. The knowledge on CSR issues and the awareness of their importance has been significantly increased. Companies see the inter-linkages of the three issues (economic, social and environmental) and have been made aware of the advantages of investments to improve CSR compliance.

On local trainer-consultant level

Remark: Contrary to the initial assumption that the consultants were CNTAC consultants all of them are employed by commercial service providers but participated in this project on behalf of CNTAC.

The project trained 5 consultants on the material through capacity building workshops. The consultants have further gained experience through the enterprise training. Unfortunately the achieved quality of training delivered was not satisfactory to several of the stakeholders. The reasons were twofold, on the one side each of the selected trainers was a specialist in one of the fields covered by the training and the capacity building workshops were too short considering the extensive training material to close this gap. On the other side due to difficulties in the recruitment process the quality of the consultants was not as high as expected by the project management.

A further observation by the project management was that the consultants' knowledge on teaching methodology was limited. This should be kept in mind for the design of the training of trainers in the next phase of the project.

At the bottom-line it can be said that yes, the consultants have been trained and resourced by the project a loose network of 5 consultants exists. However, the capacity building was not enough to reach the desired level of quality which would allow them to deliver the services on their own. No mechanism exists yet to coordinate future activities of the trainers and to ensure quality in case they use the training material for their own services.

On national expert level

National and international experts have been used to develop and improve the training material. Partners have been identified who are able to build capacity with national service providers.

Is there adequate stakeholder commitment to and understanding of the project?

All stakeholders show high commitment to the projects and have contributed to the positive outcomes. All stakeholders understand the aims of the project and tried to contribute with their means to the success.

Did the project adequately account for the different needs of women and men?

The different needs of women and men were taken specifically into account throughout the project. The training material highlights wherever necessary the equal treatment of women and men.

C) Implementation status

To what extent have planned activities been implemented on time and within budget to the target audiences, in relation to the original project document and to subsequent work plans?

Vagueness of the project document on implementation, roles of implementing partners and budget allocation, as well as unforeseen difficulties that occurred during the first months of the project lead to a three-month delay in the project implementation.

The project was implemented within its initial tight budget and expenditures have been properly documented.

What efforts have been undertaken to ensure that both women and men are able to benefit from project activities?

The participating companies were asked to choose the participants in the trainings based on equal representation of women and men. This was the case in all of the visited companies.

What obstacles were encountered in project implementation? What actions were taken to address any such obstacles?

1. Identification of experts to develop material

The ILO encountered difficulties when searching for international experts with knowledge on the Chinese textile sector to develop the training material for the different modules. UNIDO did not encounter this problem for Module 3.

ILO solved the problem by engaging national experts. Due to their mainly technical knowledge the project manager spent a lot of time revising the material and bringing it into the right format.

2. Selection of Participating Companies

CNTAC struggled in the first phase to find sufficient participating companies for Model A as well as Model B.

To address the problem the project management approached large buyers and managed to find through Burberry two more participating companies for Model A.

For Model B it was decided to hold the first training workshop (module 1) as an open event which resulted in the above mentioned large number of participating companies.

3. Recruitment of consultants

The project management was confronted with difficulties in the recruitment of capable consultants. It was the task of CNTAC to provide a list of 15-20 CNTAC consultants of which 5-6 could be selected according to criteria set up by the project management. As CNTAC only suggested 6 consultants no proper selection by ILO was possible and the quality of certain consultants was not satisfying.

Due to restrictions in time no changes could be made by ILO except for asking one consultant not to participate in the project.

4. Time-frame

The project team was continuously confronted with a lack of time. The very tight time-frame often had a negative impact on the collaboration with other institutions and the impact achieved within participating companies.

Were training programs, manuals and other project materials adapted to the needs of the project, stakeholders and beneficiaries as well as the country situation?

In general it can be said that the training material is of good quality but still needs further improvements based on the comments of participating companies, trainers and other stakeholders.

- Much effort has been put into the adaptation of the material to the context of the Chinese textile industry. Nevertheless, certain trainers still believe that there is room for improvement in the adaptation to the national circumstances and the specific needs of the sector. According to their feedback also the translation needs to be improved.
- A general feedback to the material was that it was too extensive to be covered in such little time.
- Many participating companies mentioned that Module 3 brought the most tangible improvements for the companies. However, the feedback from some of the companies and trainers was that some of the content of Module 3 was difficult to communicate clearly and absorb properly in such a short amount of time⁶ thus more efforts could be made in making the training material more accessible and training trainers in adapting the training to the particular needs of the companies.
- The different needs of companies within the textile sector according to their different positions within the supply chain were not sufficiently taken into account.
- The feedback from the companies showed that the practical examples were the most useful part of the material and would have liked the material to include more.
- Currently the same training material is used for workers and management. It was criticized that the different needs of the two groups were not given sufficient attention.
- There is a need to also include methodological knowledge in the training of trainers.
- It was further repeatedly mentioned in the interviews with workers, management and trainers, that the activities were badly timed as they fell into the high season.

Were they well received and well produced?

⁶ The majority of the companies that participated in the project are located at the end of the supply chain and their productions are not very resource intensive and only show low levels pollution.

The material was well received and different organizations such as CNCPC, CNTAC and the EU-China Trade Project of WTO have already shown interested in using it. The material was well produced and is now available as printed version and as CD-Rom.

Were they coordinated with other government, donor, or private sector activities where appropriate? Did they incorporate existing materials where appropriate?

The project management coordinated the development of the material well with other initiatives such as UNIDO and CNTAC. The material for Modules 1, 2, 4 and 5 was developed based on existing material of ILO.

D) Sustainability of project results

Does the project have a sustainability plan? If so, how was it developed?

No proper sustainability plan has been developed so far. This will be part of the second phase of the project.

What project components or results appear likely to be sustained after the project and how?

The project has proven that the approach works and has established a credibility with the different stakeholders. The good relationships especially with MoHRSS and CEC are likely to be sustained and to play a crucial role in the next phase of the project.

A very good working relationship has been established between the ILO and UNIDO office in Beijing which is likely to be sustained through the planned collaboration in the next phase of the project.

A team of 5 national consultants has been established that is trained in teaching the existing training material in the textile sector. Although not all consultants were capable to deliver the desired quality of training, a lot of knowledge has been passed on to them and can be used in the next phase of the project. The consultants further mentioned that they will use some of the material in their own work.

The training material that had been developed is an important result of the project that is very likely to be sustained. Several organizations have already shown interest in using the training material or at least parts of it for their own CSR training;

1. CNCPC will use the training material of Module 3 to further promote their work on cleaner production.
2. CNTAC has shown interest in integrating the training material into their existing training material. They are mostly interested in the Module 3.
3. The EU-China Trade project of WTO is already using the material to train 40 companies.
4. It planned that the material will be adapted to the need of other industries and used for the second phase of the project.

There are further possibilities to commercialize the material so that it can be used by private sector service providers

How might the approach, products, results and lessons learned from this project be extended to similar projects worldwide? Please, highlight best practices that are replicable.

Integration of social, economic and environmental issues

The project has shown that the integration of social, economic and environmental issues was a big success. The companies felt that all their needs were covered through the project. An important point to highlight is that the tangible results that the companies experienced through energy savings, increased productivity and quality etc. increased the motivation of the companies to make improvements in the other areas. The approach of such a holistic approach should therefore be replicated in similar projects.

Collaboration between ILO and UNIDO

The close collaboration between ILO and UNIDO was also from another perspective a clear value added; while both organizations contributed their expertise, several resources were shared such as promotional activities, administrative support etc.

On-site trainings

The feedback by the companies was clearly that the most useful part of the training were the on-site trainings as they gave them practical solutions to their problems. Although individual trainings or rather consulting services in the companies are mostly too cost-intensive, an approach to integrate this practical, hands-on component in other projects could be to use sample companies to show best practices.

Company Certificate

The approach to award participating companies in the end with a certificate has proved very useful. It increased the motivation of the companies made the companies participate in the whole programme, not only in fractions.

Collaboration with local governments

The collaboration with local governments was a crucial factor for the success of the project. Local governments have been important partners in the project to identify participating companies and to promote the project on a local level. They have further contributed to the organization of events and trainings and have overall been a valuable partner.

Sector Focus

Overall it was a valuable approach to concentrate on one sector and to adapt the training material to the specific needs of the sector. The feedback has shown that sector specific knowledge is very important.

Case Studies

More detailed best practices concerning the implementation of the training were collected by the project management through case studies and can be found in Annex 4. The collection of case studies can be useful for other projects working in similar areas.

Project Material

The project material is of good quality and can be used as a basis for the development of training material in other sectors.⁷

Is the approach financially viable without donor funding?

It should be highlighted at this point that the main focus of the current project was on developing and testing the training material and that the training was delivered at no cost to the companies. As the training material has now been tested, a next step would be to develop a sustainability strategy that allows the project to continue at some stage without donor funding. An important step has already been done with the development of the training material. Nevertheless, if the project should be expanded to other sectors, further resources will be needed to adapt the material accordingly.

The field visits and interviews of the evaluator are definitely not enough to make a judgement on the market potential of the developed tool. To answer the question whether the approach is financially viable without donor funding would require a proper market analysis. The following findings collected during the field-trip can give first indications:

- All of the companies visited are keen to participate in further training to improve their factories. Further to this the word spread within the clusters and more companies are interested to participate in such trainings, also from different industries. A demand for trainings has been created.
- The case studies show that the investments in suggested improvements are often quickly recovered (especially in the field of cleaner production). All companies agreed that the time and resources invested in the trainings were worth it and they would be prepared to invest more.
- All four companies mentioned that they dispose over training budgets. Many of them are even already obliged by buyers to participate in and pay for trainings that are commercially offered by service providers. Companies are prepared to pay for quality services.
- Also local governments are interested in the promotion of CSR and dispose over resources.
- The interest of buyers to be financially involved is not clear and should be further researched.
- A business model has to be developed that makes it attractive for commercial service providers to engage in the activities.

E) Management performance by ILO

⁷ As mentioned above certain improvements of the material are still necessary. This should be taken into account when using the material.

How well does the project manage its financial and human resources and communicate with stakeholders?

The project management managed the financial and human resources very well. All expenditures within the ILO are well documented. It should be mentioned that the budget of 507'347 USD that was available was very tight to implement all the activities included in the project plan⁸.

Further it should be mentioned that for UNIDO extra costs for national project staff occurred as their support was needed during the implementation of the project. These costs were not foreseen in the project document and were therefore covered by UNIDO.

All interviewed stakeholders were very happy with the communication from the project management office side. All felt well informed about the project and project staff was always available to answer questions.

Do partners feel the project meets their needs in terms of services and participation in project planning?

The project was developed on headquarter-level over a long time-span and intensive discussions were held ahead of the project-start. All partners were adequately involved in these discussions.

Is staff time spent in the most effective and efficient manner to accomplish the project's objectives?

Due to the fact that the project document was very general, a lot of staff time was in the initial phase spent on discussions of different aspects of the project in order to clarify uncertainties. Clearer guidelines from the headquarters on implementation, roles of the partners involved and budget allocation could have saved resources.

The project manager had to spend a large amount of time on the revision of the training material as the quality delivered by the experts did not meet their expectations.

Has the project staff received adequate support / cooperation from the Steering Committee, the local partners, and relevant ILO units and offices?

Project staff received adequate support/cooperation from PAC and the local partners relevant ILO units and offices.

F) Effectiveness of project performance monitoring

⁸ It should be mentioned that position Promotion Material (5000 USD) only appeared in the Project Document on page 8, while the position cannot be found in the budget.

What type of project performance monitoring system is used?

The work of ILO/UNIDO was monitored through quarterly reports submitted by the project manager.

The work of the consultants was on the side monitored through a report they had to submit after each module. The report consisted of state of delivery of the material and feedback. On the other side participants filled in feedback forms after each module and project staff (ILO, UNIDO and CNTAC) observed the workshops and on-site training.

On a company level so-called action plans (self assessments) were used by the companies to monitor their own performance. Model A companies presented their implementation results in the subsequent module and the results were collected by the trainers. Model B companies presented their results during the mid-term review and the wrap-up meeting.

What data is collected and how?

For all 5 Model A companies a baseline survey was done through an external service provider. The survey covered all five subjects of the modules and consists mainly of qualitative data.⁹ This is mainly due to the fact that in most of the SMEs had not calculated KPIs before. The calculation and importance of utilization of KPIs was part of the teaching material of module 1.

Five case studies were written which demonstrate successful implementations of the different modules in different companies. The case studies also contain quantitative data. The case studies were written through external service providers.

As mentioned above, action-plans were developed that were used by the companies as self-assessment tools to monitor their improvements. The improvements of Model A companies were collected through the trainer's report. The action plans and reports were collected by the project management but only the data of selected companies was analyzed.

Is the performance monitoring system practical, useful and cost effective for project management?

The baseline surveys are very extensive and have therefore only been done for Model A companies. If a proper monitoring of the impacts of the training should have taken place, it would have been important to have more concise and shorter baseline surveys of all or at least more companies (also Model B) followed by a survey at the end of the project. The current monitoring system did not allow a systematic analysis of the impact on Model B companies.

The self-assessments that have been used are cost-efficient measurement scheme but were mainly aimed at providing the companies with a tool to measure their continuous improvement. The data is therefore not in a format that could be used for project performance monitoring and can therefore only give an indication of the impacts achieved within the companies.

The performance measurement system for the trainers is practical and cost effective for the project management.

⁹ As mentioned above, only a summary of the baseline surveys was available in English for review.

An overall impact measurement system that would allow drawing a conclusion of the success of the entire project is missing.

8. Conclusion

Considering the very tight time frame and budget, the project was a great success and has managed to take CSR in the Chinese Textile Industry a step forward. The project has built a very good basis for future activities in the area of CSR in China. Contributing to this basis are the following achievements¹⁰:

The project has successfully developed and tested training material for consultants (training of trainers) as well as for companies (factory training). The material has been well adapted to the needs of the Chinese Textile Sector, although there is still room for improvement. A website has been set-up in order to make the training material easily available to the trainers for improvements. Further a CD has been produced, to facilitate the dissemination of the training material. Nevertheless, the aim of wide dissemination of the training material has not been reached yet.¹¹

Through the Training of Trainers five consultants have been capacitated to hold workshops of the five modules contained in the training. Unfortunately due to time-limits and difficulties concerning the selection of consultants, the quality of the trainings has not been satisfactory in all companies.

The project has exceeded the target of participating companies. As planned, 5 companies have participated in the Model A training, while even 30 participated in the Model B training, 25 were initially planned.

On company level, improvements have been observed in all areas covered by the training, leading to a certain increase of productivity and competitiveness in the companies. The project has further shown that the intense on-site workshops (as held in Model A) were more successful in initiating change within the companies than the group trainings (as held in Model B). Due to the short duration of the project though, impacts have in general been limited. A collection of 5 case studies has been written, which can be used as best practices for further projects¹².

The project has proven that the holistic approach of integrating economic, social and environmental issues is successful. It was observed that the immediate results and improvements that companies could experience by implementing elements of "Cleaner Production" lead to higher motivation to initiate changes concerning social issues.

Additionally to the immediate objectives of the projects that have mostly been reached, the project has also managed to create further results that will be very useful for the next phase of the project:

¹⁰ As elaborated in Chapter 7 of this report.

¹¹ It should be kept in mind that before a wide dissemination is envisaged, a strategy should be developed in order to ensure that the quality of the material will not be diluted.

¹² Attached as Annex 4 of this report.

- The project has established very good relationships on national and local level, with governmental and industrial organizations and private sector actors.
- The project has contributed to an increase of awareness for CSR within the Chinese Government and MoHRSS in particular. Very important in this respect was the trip of representatives of MoHRSS to Switzerland and England that had been part of the project.
- The project has set a very good example of inter-agency collaboration within the United Nations System (between ILO and UNIDO).
- Besides providing capacity building to national consultants, the project has also contributed to increasing the demand for such consulting services in the areas of CSR in the Chinese Textile sector. It has therefore proven that a market for such services can be created.

Nevertheless, the project leaves room for improvement in the second phase of the project in the following areas¹³:

- For the next phase of the project a **sustainability strategy** has to be developed which should be based on a sound business model that would allow the project to go into a direction of less financial dependence on donor funding.
- Building on the already very good basis resulting from this project, a viable **roll-out strategy** should be developed, that will allow using the achieved results in new sectors and geographical areas.
- Although the **teaching material** is already of good quality, certain parts of the training need to be better adapted to the needs of the companies and participants.
- The **selection process for the trainers** needs to be more transparent and selection should be done based on clear criteria set by the project management.
- In order to reach better training quality, the **training of trainers** should be reorganized and more time invested in their capacity building.
- As the first phase of the project has produced considerable results in terms of case studies and best practices, a social marketing strategy should be developed to ensure the **promotion of the project**.
- The next phase of the project should produce clear performance indicators to facilitate the **measurement and monitoring** of the results in the companies.

¹³ The next section of the report gives more detailed recommendations.

9. Recommendations for the Second Phase of the Project

Financial Viability Strategy

The development of a proper sustainability strategy is crucial for the next phase of the project. The following summarizes the thoughts and conclusions of the evaluator on this issue. Nevertheless, proper research should be done to verify the assumptions:

Due to the lack of data on the improvements in Model B companies the effect on these companies is difficult to verify. The general feedback by project management and trainers was that awareness of CSR issues has increased substantially, certain improvements have taken place and willingness to engage in further activities exists.

A central conclusion that can be drawn from this project is that the approach of Model A has worked and has had a considerable impact on the companies. The interviews have shown that the main impact was due to the in-factory training by the consultants. It is not given though that the results that have been captured in the case studies can be achieved without the intensive consultation received by the companies. This should be taken into account when disseminating the case studies and using them for advertisement for the material/training. What they show is that intensive in-factory consulting works.

Based on this conclusion the most viable and long-term sustainable approach is to see the role of the project in the promotion of awareness of CSR issues, more precisely, the creation of a demand for consulting services in the area of CSR, by using the best practices as examples, while building capacity with commercial service providers who are able to deliver high quality consulting. It has to be kept in mind that a business model has to be developed that makes it possible to pay market rates to the trainers and can therefore secure the quality of training.

When thinking of a sustainable financial architecture of the project, different solutions can be thought of:

- A contribution by the companies would be very positive as it would give them a certain ownership. The interviews have shown that companies are prepared to pay for training that helps them to advance and that they seem dispose over training budgets.
- If the companies are not able to pay the market-rate of such services a solution could be to subsidise them through the project.
- The role international buyers could play is ambiguous to the evaluator. Certain projects do exist that are financed by international buyers with the aim of increasing the compliance of their suppliers with different standards (E.g. Business Social Compliance Initiative, BSCI). The approach of the buyers that have been involved in this project though seems to be more limited. They audit their suppliers and in case of non-compliance advise them to participate in trainings which they have to pay themselves. A proper analysis of the relationship of suppliers and buyers in this context should be done.

To increase the impact on company level it could be valuable to analyse what costs are actually involved for the companies in terms of investments and communicate them to the companies. A participation in the project could demand from the companies to set aside a certain budget for investments in improvements.

Roll-out Strategy

The project has set a good basis for a roll-out of the activities into new sectors and geographical areas in the second phase. For a roll-out of the project the following should be taken into account:

1. Focus

There should be clarity in the next phase on whether the aim of the project is to respond to the pressure of large international buyers (focus on increase in exports), on a general capacity building on CSR issues focussing on producers for the local market or both.¹⁴

2. Role of international buyers

If the focus is set on the compliance with the requirements of international buyers, the role of the buyers in the process should be clearly identified and closer strategic collaboration defined in order to find possible synergies. Possible fields of collaboration could be: Identification of companies, motivation of the companies, financial contributions. A proper analysis of possibilities of collaboration with buyers should be done.

3. Awareness raising & organisation of activities

National and local industry associations have proven to be valuable partners for the promotion and organization of the trainings. Also the trade union has been a good partner for the organisation of workshops on local level. This strategy should be continued in the future. To enter into new industries CEC will be an important partner.

The trip of representatives of MoHRSS to Switzerland and England has increased the interest of MoHRSS in promoting CSR in China. The success of the ILO-SECO project could be used for the promotion of CSR through the Ministry, which would lead to better recognition of the project within China.

4. Geographical outreach

It was understood by the evaluator that there is the intention to roll the project out beyond the costal regions. In this case it should be taken into consideration that until now service providers are only located in the Beijing, Guangdong and possibly Shanghai area. A roll-out into other areas would therefore include very intensive local capacity building or high travel costs.

Project Setup

The last project document was very vague and therefore a lot of time was wasted in the first phase of the project. More clarity on implementation, role of implementing partners and budget allocation would lead to more efficiency in the project implementation and prevent excessive discussions.

1. Project Objectives

The project objectives should be revised for the next phase and should be set realistically:

- The current project has shown that within the short time frame only limited results were achieved in the companies and that the companies actually need in-depth consultancy on certain issues. Depending on the project set-up for the next phase, it could be considered to offer services to the companies that participated in the first phase and build on their knowledge and willingness to make improvements.

¹⁴ An interesting observation during the project was that also companies that mainly supply to the Chinese market are very interested in CSR, mostly in the environmental aspects but also in the others as the competition over employees is increasing and employee loyalty is becoming more important.

- What the current project seems to have managed to do, also with Model B companies, is to raise the awareness of companies for CSR issues and motivate them to act. It has created a demand for knowledge/training in these areas. The role the project has played in this sense is very important and should be taken further through marketing activities.
- As the demand for quality consulting services in the field of CSR seems to be exceeding the supply, the second phase of the project should play a role in the building of this capacity. Currently most consulting companies are only located in Beijing and Guangdong province.

2. Implementation

The current project has further shown that the practical parts of the training were the most useful for the companies. As the approach of Model A will be too cost-intensive for the next phase, a combination of Model A and B that does include practical components should be developed. This could for example be a visit to a sample enterprise that shows best practices.

A big success of the current project was the truly holistic approach which integrated social, economic and environmental issues. The project design of the second phase should try to keep this integration. It was observed that due to the integration, the importance of social issues was raised within the companies and the motivation for the implementation of changes also in this area increased. If the modules are offered separately there is danger that this momentum is lost. A solution could be to offer a certificate upon completion of all 5 modules.

3. Remuneration of local staff

The current project has shown that national project management can be very successful. For the remuneration of the national Project Management team it is important to take into account that the Chinese labour market is very competitive. In order to be able to keep the quality of the personnel employed by ILO on the current level, it is crucial that the salaries are competitive with salaries paid in the private sector, which is currently not the case. Especially since professionals with private sector experience are needed for this kind of project.

Teaching Material

In addition to the recommendation that have already been given on the training material in section 7, the following should be taken into account:

1. Depth of material

A general decision should be taken about the depth of the material, which should be in accordance with the objectives of the project and the time available for training and implementation. Further it should be taken into account that the needs of the companies do not only vary from sector to sector but also at different levels of the supply chain.¹⁵

2. Working hours and wages

The biggest and most sensitive problems of companies in China (and also the problem that was most important for the one buyer involved) are working hours and wages. For a next phase of the project more emphasis should be put on this issue. The most important factors in this context are improvements of production planning, productivity and quality as well as better communication on production capacity and realistic lead times with buyers. As UNIDO disposes over a lot of experience in this field it is recommended that the involvement of UNIDO on the module on quality and productivity is increased.

¹⁵ This is especially applicable to cleaner production.

3. Distinction between material for management and workers

As mentioned above it should be considered to use different material to train workers and management. Certain parts of the material are too complex and abstract for the workers level and are not of much use for them. The participants loose motivation if they are confronted with material they don't understand and trainers are unnecessarily challenged to prepare the material in a way that is understandable for both parties. A solution could be to divide certain parts of the training and adapt the content of the material better to the two target groups. A balance has to be found to provide the appropriate training for each target group and at the same time to improve the worker-management collaboration through common lessons.

Selection of Companies

The project basically used two different approaches to select the participating companies as mentioned above. On the one hand CNTAC selected companies and on the other hand Burberry in the role as a buyer referred to companies to the training. The participation of the companies selected by CNTAC was on a voluntary basis while the other two companies joined due to a certain pressure by the buyer. Both approaches are valid in the eyes of the evaluator and result in a high level of motivation of the companies.

Nevertheless, the selection of companies should be more transparent in the next phase of the project and should be done according to set criteria.

Selection of Trainers and Training of Trainers

Several misunderstandings at the beginning of the project lead to an unsatisfying selection process of the trainers and resulted in mediocre quality of trainers. The selection process of trainers in the next phase of the project should therefore be improved, clearly defined and trainers should be selected according to set criteria. The recruitment should be supervised by the implementing agencies.

It was very valuable for the project management to be able to observe the enterprise training in order to evaluate the quality of the training. A mechanism that ensures the quality of the training (especially if the project plans to commercialize the training) and a strategy to build a sustainable network of trainers have to be developed. A possibility could be to introduce certificates to the trainers.¹⁶

Thought should be given to the fact that the project showed that the consultants are only specialised in the content of certain modules. The result was that the teaching quality of the modules differed largely. The approach to use one trainer to teach all modules is therefore questionable, if the training of trainers will not be intensified and extended substantially. The alternative would be to have specialists for each Module. The viability of this approach depends of course on the scope and geographical dispersion of future activities. Meaning that, if the project is planning to expand to different regions in China, this would either mean to train trainers for each module in each region or training them independently of their location and fly them in for the work shops. Further, it has to be kept in mind that the trainers should have an understanding of the holistic approach and be knowledgeable of the other Modules in order to understand the interlinkages. Of importance is also that in China an understanding of the regional/local situation is very important, as it can differ substantially. It would therefore be preferable to engage local trainers.

¹⁶ An example could be certified trainings of the Global Reporting Initiative (GRI).

As mentioned earlier, an increase of the knowledge of the trainers on teaching methodologies might be valuable in any case.

It further has to be mentioned that the three days of training of trainers was definitely too short to reach satisfactory teaching quality. Module 3 on environmental management and cleaner production was in this regard a good exception as the training of trainers took place throughout the whole process of training in the factories and spanned over several months.

Collaboration ILO and UNIDO

The collaboration of ILO and UNIDO can be termed a success. However, it was surprising to the evaluator that UNIDO did not contribute to the module on productivity increase even though UNIDO disposes over extensive know-how in this field and it had been foreseen in the project document. The next phase should make use of the knowledge and experience available at UNIDO in this context.

Promotion of Project

As the first phase is now completed and has produced considerable results in terms of case studies and best practices, the next step will be how to use the material to promote future activities.

The project has shown that it is crucial to the implementation within the companies that top-management support is given. It is therefore recommendable that the next phase puts special emphasis on using top-management as a target group. Possibilities could be special events that focus particularly on top-management; possibly high-level personalities could be approached to ensure the participation of the right level of company representatives.

A proper marketing strategy should be developed. It should also include a better and more strategic collaboration with national and international media, national and local government agencies and industry associations.

Dissemination of Material and Results

As the initial aim of wide dissemination of experiences, materials and practices developed had not been reached in this project due to the very tight time-frame and the lack of a dissemination strategy. A special focus should be set on this issue in the next phase.

It is important to be able to ensure the quality of the material if a wide dissemination is envisaged. The current quality of the material still needs improvement though before steps into this direction are taken. As there is a constant danger of the material being copied and the quality diluted, a solution would be to go the formal way to getting an ISBN number for the training material.

Measurement, Monitoring and Indicators

1. Key performance indicators (KPIs)

The focus of the current project was set on the introduction of self-assessment tools to the companies in order to give them the means to measure their own performance. Although this approach is very important and useful it would be valuable to have a tool with quantitative and qualitative measurements such as the KPIs that have been introduced to the companies in Modul 1. If such a measurement of the improvements reached in the companies is desired by the donor, it is important that adequate budget is allocated. In the case of the current budget, resources were only allocated for a baseline survey. A survey conducted at the end of the project, which would have allowed a measurement of the improvements was not considered in the project document and has therefore not been conducted.

2. Benchmarking Tool

It is important for companies to see where they stand in comparison to other companies. A mechanism that allows the companies a certain benchmarking could have a positive impact on the motivation of the companies to make changes happen. A basis for this could be something similar like the above mentioned tool KPIs. It could be taken into consideration to develop an online benchmarking tool through which companies are able to measure their improvements on KPIs. A possibility could be an online questionnaire that companies have to fill in on a regular basis, which will calculate the benchmark within the sector. As mentioned before though companies generally have to learn in a first step how to calculate the KPIs. It should also be kept in mind that the indicators should not consist of sensitive data but that as a compromise, measurements should be used that are indicative. Examples could be turnover rate, number of worker-management meetings etc.

Timing

As mentioned several times above 12 month for the entire project and in particular 7 month that were planned to train the companies and show results were too tight planning. Similar projects in China take up to 24 month.

For the next phase of the project the activities should also be better timed in the sense of avoiding busy production times of the sector. Most industries follow yearly cycles. Busy seasons can easily be identified and should be taken into account in the planning of the activities to ensure the availability of participants and resources to implement the changes requested.

Annex 1: Terms of reference for final evaluation

TERMS OF REFERENCE - FINAL INDEPENDENT EVALUATION
Project code: CPR/06/M04/SWI
CSR in the Chinese Textile Industry

Outline

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SUMMARY

This independent end of project evaluation will be carried out on the SECO funded ILO project called "CSR in the Chinese Textile Industry". The project will end on June 30, but a next phase of the project is foreseen. The purpose of this evaluation is to analyze the results of the project and identify recommendations and learning points for the next phase of the project as well as the ILO's wider programme on productivity upgrading through good workplace practices

In light of the purpose of this evaluation it is expected that the outcome of the evaluation is a better informed design and implementation of the upcoming SECO funded project called SCORE, Sustainability through Competitive and Responsible Enterprises. The SCORE project builds on the approach taken in the "CSR in the Chinese Textile Industry".

This evaluation will comply with UN and international evaluation norms and standards and that ethical safeguards will be followed.¹⁷

PROJECT BACKGROUND AND DESCRIPTION

Project duration:	May 2007 - June 2008.
Location :	Guangdong, Zhejiang and Jiangsu in China
Project budget:	507,347 \$
Donor:	SECO
Implementation partners:	ILO, UNIDO and CNTAC

Background

In 2006 there were growing demands for responsible products made in China which put pressures on Chinese enterprises to improve their labour and environmental conditions. It reflected the trend that increasing number of enterprises were participating in the Global Compact and other international initiatives, however, the incentives existed not only in large companies, but also in the supply chains. More and more small and medium sized enterprises desired to build their ability of operational management to improve performance on corporate social responsibility.

The Chinese Government also promoted enterprise's responsibility through implementing the national development strategy of "building a harmonious society."

¹⁷ <http://www.ilo.org/eval/policy>.

This concept was emphasized in the Chinese government's 11th five-year plan, where the government committed to sustainable growth by moving away from over-reliance on cheap labour and instead focusing on research, development, worker education and fair treatment.

With support of SECO, the ILO in collaboration with UNIDO has implemented a project entitled "Corporate Social Responsibility in the Chinese Textile Industry". The project sought to build capacity within Small and Medium sized Enterprises to achieve their corporate social responsibility by improving their labour and environmental performance in the areas including productivity, labour management relations, working conditions, and environmental management.

The project has been managed through an ILO/UNIDO and CNTAC partnership. Project management meetings involving these three parties have been held for the purpose of managing the relationships between the parties involved and the technical delivery, monitoring and reporting of the programme. The donor has been invited to participate in these meetings.

Project objectives

The development objective of the project was to support the creation of a viable industry-wide framework for high quality business management (in labour-management cooperation, productivity and quality up-grading, environment, human resources management, working conditions and occupational safety and health) for a sustainable development of the Chinese textile industry. The immediate objectives were:

1. At the end of this project, CNTAC, [China National Textile & Apparel Council](#), will have a team of national consultants/experts who will have the resources and competencies to provide enterprise level productivity and competitiveness upgrading programmes and services through improved workplace practices.
2. At the end of this project, the productivity and competitiveness of selected enterprises will be increased through the application of improved work place practices. At the end of this project, the experiences, materials, and practices developed through the project will have been widely disseminated.
3. At the end of this project, the experiences, materials, and practices developed through the project will have been widely disseminated.

Key indicators and targets for the project were:

- 5 consultants/experts
- 25 enterprises for the pilot phase (5 on Model A and 20 on Model B), please see the section below for description of the Model A and Model B training approach.

- 25 plans of action (respectively for the ones in the pilot phase)

Training approach

Two types of programmes have been applied as part of the project. Model A is a comprehensive training and coaching upgrading programme. It is delivered to a small number of enterprises (up to 5), essentially as part of an action research programme. These enterprises will be selected based on criteria established by the advisory committee but essential to display good practice. The lessons arising and good practices implemented by the participating enterprises will be documented and disseminated for replication. This approach would deliver:

- Separate training for each of the modules mentioned in the Objectives (2-3 days per topic)
- Support in developing an Enterprise Upgrading Action Plan for each of the topic through self-assessment checklists and factory visits
- Coaching and monitoring on the implementation an Enterprise Upgrading Action Plan
- The complete cycle would take about 7 months to complete.

Model B is an intensive training and coaching upgrading programme. The programme would deliver a single (one-week) training programme covering all of the topics mentioned in the Objectives, support in developing a single but comprehensive Enterprise Upgrading Action Plan, and coaching and monitoring on the implementation of the plan. Model B is delivered in a cluster of garment enterprises (20 enterprises). Depending funds it is envisage that a number of these programmes could be delivered in the cluster. By documenting good practices and disseminating this practice through social marketing techniques such as trade publication and brochures, newspaper, radio and TV it is hoped that other enterprises will adopt these practices.

Achievements to date

So far, the project has produced major outputs as below:

- Training materials developed and tested for Chinese enterprises, Partnership with UNIDO ensures the training materials include environmental management.
- Established team of experts and trainers to disseminate good experiences, materials, and practices developed through the project.
- Established Advisory Committee to provide guidance to the project.
- Built up capacity of local coordination organizations to deliver the project to workers and management in factories.
- Improved productivity and innovation of enterprises in cluster/supply chain through training and coaching the best work place practices.

- Strengthened networking with international buyers and brands companies that have potential SME supplier companies to involve in the project.

PURPOSE, OBJECTIVES AND CLIENTS OF THE EVALUATION

The purpose of this evaluation is to contribute to improving approaches and contents in the ILO's programme on improving enterprise productivity through better workplace practices.

The objectives of the evaluation are to:

- f) Determine if the project has achieved its stated objectives, outcomes and outputs and explain why or why not;
- g) Take stock of what has worked and what has not worked in the project ;
- h) Evaluate effectiveness, efficiency and relevance of the impact accrued to target groups, implementation status, project management and performance monitoring;
- i) Document best practices that could be used as models for activities in other projects;
- j) Provide recommendations for the next phase of the project with particular emphasis on strategies for replicability and sustainability.

In addition, the final evaluation should provide the project management team, ILO field and headquarter staff, project stakeholders, and the donor with the feedback and information needed to assess: policies, strategies, data collection methods, objectives, institutional arrangements, work plans, and resource allocation with particular emphasis on the next phase of the project.

SCOPE / KEY ISSUES

The evaluation will cover the period from July 2007 to present and examine the following key issues:

1. Validity of the project strategy, objectives and assumptions:
 - *Were the project strategy, objectives and assumptions appropriate for achieving planned results?*
 - *Were the activities appropriately adapted for the needs of the country? Where appropriate, did they take into consideration or build upon existing donor, government, and private initiatives in the country?*
 - *Do the government / employers / unions / Project Advisory Committee (PAC) members understand the project's objectives and approach? How have they supported these objectives over the life of the project?*
2. Benefits / impact accrued to target groups:
 - *What have been the major results / accomplishments of the project?*

- *To what extent has the project achieved its objectives and reached its target groups? In particular:*
 - On the enterprise level, what has been the outreach in terms of enterprises and impact in terms of salary levels, culture of worker-management collaboration, continuous improvement, labour absenteeism, staff turnover, improved quality in terms of reduced defects and improved on time delivery, improved productivity through better environmental management (reduced waste and energy consumption) and better workplace management (reduced labour accidents and sick leave)
 - On the local trainer-consultant level, what has been the outreach in terms of active trainers and impact in terms of ability to implement the training.
 - On the national expert level, what has been the outreach in terms of active trainers and impact in terms of ability to implement training and replicate it to other parts in China.
 - *Is there adequate stakeholder commitment to and understanding of the project?*
 - *Did the project adequately account for the different needs of women and men?*
3. Implementation status, specifically as concerns planned activities, materials, schedule and budget:
- *To what extent have planned activities been implemented on time and within budget to the target audiences, in relation to the original project document and to subsequent work plans?*
 - *What efforts have been undertaken to ensure that both women and men are able to benefit from project activities?*
 - *What obstacles were encountered in project implementation? What actions were taken to address any such obstacles?*
 - *Were training programs, manuals and other project materials adapted to the needs of the project, stakeholders and beneficiaries (both women and men) as well as the country situation? Were they well received and well produced? Were they coordinated with other government, donor, or private sector activities where appropriate? Did they incorporate existing materials where appropriate?*
4. Sustainability of project results:
- *Does the project have a sustainability plan? If so, how was it developed?*
 - *What project components or results appear likely to be sustained after the project and how?*
 - *How might the approach, products, results and lessons learned from this project be extended to similar projects worldwide? Please, highlight best practices that are replicable.*
 - *Is the approach financially viable without donor funding?*

5. Management performance by ILO, specifically as concerns project staffing and communications:
 - *How well does the project manage its financial and human resources and communicate with stakeholders?*
 - *Do partners feel the project meets their needs in terms of services and participation in project planning?*
 - *Is staff time spent in the most effective and efficient manner to accomplish the project's objectives?*
 - *Has the project staff received adequate support / cooperation from the PAC, the local partners, and relevant ILO units and offices?*

6. Effectiveness of project performance monitoring:
 - *What type of project performance monitoring system is used?*
 - *What data is collected and how?*
 - *Is the performance monitoring system practical, useful and cost effective for project management?*

7. Cross-cutting issues, were any of the following issues addressed through the project and how:
 - *Gender*
 - *Poverty*
 - *Labour standards*
 - *Tripartism/ social dialogue*

EVALUATION TEAM AND MANAGEMENT ARRANGEMENTS

The evaluation manager of this independent project evaluation is Mr. Karl-Oskar Olming of ILO EMP/SEED, who the evaluation team reports to.

The evaluation team will be comprised of an independent evaluator, Ms Isabelle Schaller who will act as Team Leader and a national evaluator suggested by CNTAC.

The Team Leader is responsible for conducting the evaluation according to the terms of reference (TOR). She shall:

- Review the TOR and provide input, as necessary.
- Review project background materials (e.g., project document, progress reports).
- Review the evaluation questions and work with the donor and implementer to refine the questions, as necessary and to develop interview protocols.

- Develop and implement an evaluation methodology (i.e., conduct interviews, review documents) to answer the evaluation questions.
- Conduct a Team Planning Teleconference (TPT) with SECO and ILO prior to the evaluation mission.
- Prepare an initial draft of the evaluation report, circulate it to SECO and ILO, and prepare a final report, reflecting any comments or additional inputs received.
- The team leader is to submit the final evaluation report after the evaluation mission according to the timeline provided in Section VI. The other members of the evaluation team should be involved in the drafting of and commenting on the final report.

ILO is responsible for:

What	Who
<ul style="list-style-type: none"> • Reviewing, providing any necessary inputs into the TOR 	All relevant stakeholders
<ul style="list-style-type: none"> • Review and approving the TOR 	Regional evaluation focal person
<ul style="list-style-type: none"> • Finalise the TOR 	Evaluation manager
<ul style="list-style-type: none"> • Providing project background materials 	Project
<ul style="list-style-type: none"> • Reviewing the evaluation questions and working with the donor and the Team Leader to refine the questions, as necessary 	Evaluation manager
<ul style="list-style-type: none"> • Participating in the TPT prior to the evaluation mission 	Evaluator, SECO, project backstopping officer, project manager, evaluation manager
<ul style="list-style-type: none"> • Scheduling all meetings 	Project
<ul style="list-style-type: none"> • Provide administrative and logistic support to the evaluation process 	Project
<ul style="list-style-type: none"> • Assisting in the implementation of the evaluation methodology, as appropriate and as approved by the Team Leader (i.e., participate in interviews, observe committee meetings) and in such a way as to minimize bias in evaluation findings 	Project/back stopping officer
<ul style="list-style-type: none"> • Reviewing and providing comments on the evaluation report.[2] Ensuring that the evaluation is conducted in accordance with these terms of reference, discussing it with the other member of the evaluation team, the beneficiaries and the stakeholders. 	Evaluation manager and relevant stakeholders
<ul style="list-style-type: none"> • EVAL will approve the final evaluation report and send it to PARDEV for official submission to the donor 	EVAL, PARDEV

^[2] It is important to review the draft based on the elements of the TOR and to ensure that the draft is factually accurate and structurally sound. The comments should not attempt to change the findings, conclusions, and recommendations / lessons learned made by the evaluator in order to maintain the independence and objectivity of the evaluation report.

WORKPLAN AND TIME FRAME

The following is a schedule of tasks and anticipated duration of each. The total number of working days for the evaluation is 20 days.

Tasks	Work Days	Due	Who
Preparatory Research	3	Before trip	Evaluator
Prepare meetings with stakeholders		Before trip	ILO Beijing
Field Research (incl. Travel)	9	June 19 – June 27, 2008	Evaluator
Draft Report	6	July 14, 2008	Evaluator
Finalization of Document including debrief	2	August 15, 2008	Evaluator
Total	20		

METHODOLOGY

Document Review

The evaluator will review the following documents before conducting any interviews or trips to the region.

- Project document
- Quarterly reports
- Training materials
- Work plans
- Other project reports or papers

Team Planning Teleconference

The evaluator will have a Team Planning teleconference (TPT) with SECO, ILO Geneva and Beijing project staff. The objective of the TPT is to reach a common understanding among the evaluator, SECO and project implementer regarding the status of the project, the priority evaluation questions, the available data sources and data collection instruments and an outline of the final evaluation report. The following topics will be covered:

- Status of evaluation logistics;
- Project background;
- Key evaluation questions and priorities;
- Data sources and data collection methods;
- Roles and responsibilities of evaluation team, and
- Outline of the final report.

Individual Interviews

Individual interviews will be conducted with the following (final interview schedule will be developed by the evaluation team):

- a. SECO in Bern

- b. ILO Staff in Geneva and Beijing.
- c. Selected individuals from the following groups:
 - CNTAC
 - UNIDO
 - Workers and employers who have participated in project activities
 - Employers, unions, and ministry representatives that have received training or otherwise worked with the project, e.g. advisory committee.
 - Swiss Embassy in Beijing
 - Large buyers with linkages to the SMEs trained
 - Other organizations and groups as needed (e.g. labour inspectors)

Some of these stakeholders can also be interviewed in a focus group discussion at the end of project workshop planned for on June 20.

Field Visit

Meetings will be scheduled in advance of the field visits by the ILO project staff, in accordance with the evaluator's requests and consistent with these terms of reference. The Team Leader will conduct all interviews at these sites and will determine if it is appropriate for other evaluation team members to be present. The field visit will include meetings in Beijing and Guangdong, Zhejiang and Jiangsu.

The evaluator will be provided with a baseline survey for each factory. This will be the basis for further discussions about measurable improvements. If no such baseline is available it is suggested that the evaluator makes a recall survey of changes that have happened since the training and counselling.

Debrief in Field: On the final day of the field evaluation, the Team Leader will present preliminary findings to the ILO project staff and if time permits, a debriefing will be held for employer, government, and union representatives.

Post-Trip Meeting: Upon completion of the report, the Team Leader will provide a debriefing to SECO and the ILO on the evaluation findings, conclusions, and recommendations as well as the evaluation process.

All key stakeholders will be involved and have opportunities to provide their inputs and feedbacks on the evaluation TOR and the draft evaluation report before they are finalised.

OUTPUTS

1. Pre-evaluation TPT with SECO project manager and ILO to discuss and clarify roles, responsibilities, and TOR;

2. Draft report submitted to ILO;

3. Final Report, original plus 5 copies, will be submitted to SECO and ILO within one week after receiving final comments from SECO and ILO. The final report should also be submitted to SECO and ILO electronically;
4. Summary of the evaluation according to the ILO template.

REPORT SPECIFICATIONS

Before the end of the field visit, the Team Leader and ILO representative will consult and come to consensus on an outline of a draft report and will review key Findings and Conclusions.

The Team Leader will complete a draft of the entire report following the outlines below. The final version of the report will follow the format below (page lengths by section illustrative only) and be no more than 20 pages in length, excluding the annexes:

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5. Background and Project Description (1-2)
6. Purpose of Evaluation (1)
7. Evaluation Methodology (1)
8. Project Status (1)
9. Findings, Conclusions, and Recommendations (no more than 15 pages)

This section's content should be organized around the TOR questions, and include the findings, conclusions and recommendations for each of the subject areas to be evaluated. All data should be sex-disaggregated and different needs of women and men should be considered in the evaluation process. The quality of the report will be determined by conformance with the quality checklist for evaluation reports used by the ILO.

Annexes

- Evaluation TOR
- Project Workplan
- List of Meetings and Interviews
- Any other relevant documents

PURPOSE, OBJECTIVES AND CLIENTS OF THE EVALUATION

The purpose of this evaluation is to contribute to improving approaches and contents in the ILO's programme on improving enterprise productivity through better workplace practices.

The objectives of the evaluation are to:

- k) Determine if the project has achieved its stated objectives, outcomes and outputs and explain why or why not;
- l) Take stock of what has worked and what has not worked in the project ;
- m) Evaluate effectiveness, efficiency and relevance of the impact accrued to target groups, implementation status, project management and performance monitoring;
- n) Document best practices that could be used as models for activities in other projects;
- o) Provide recommendations for the next phase of the project with particular emphasis on strategies for replicability and sustainability.

In addition, the final evaluation should provide the project management team, ILO field and headquarter staff, project stakeholders, and the donor with the feedback and information needed to assess: policies, strategies, data collection methods, objectives, institutional arrangements, work plans, and resource allocation with particular emphasis on the next phase of the project.

SCOPE / KEY ISSUES

The evaluation will cover the period from July 2007 to present and examine the following key issues:

- 8. Validity of the project strategy, objectives and assumptions:
 - *Were the project strategy, objectives and assumptions appropriate for achieving planned results?*
 - *Were the activities appropriately adapted for the needs of the country? Where appropriate, did they take into consideration or build upon existing donor, government, and private initiatives in the country?*
 - *Do the government / employers / unions / Project Advisory Committee (PAC) members understand the project's objectives and approach? How have they supported these objectives over the life of the project?*

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- *What have been the major results / accomplishments of the project?*
- *To what extent has the project achieved its objectives and reached its target groups? In particular:*
 - On the enterprise level, what has been the outreach in terms of enterprises and impact in terms of salary levels, culture of worker-management collaboration, continuous improvement, labour absenteeism, staff turnover, improved quality in terms of reduced defects and improved on time delivery, improved productivity through better environmental management (reduced waste and energy consumption) and better workplace management (reduced labour accidents and sick leave)
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- *Is there adequate stakeholder commitment to and understanding of the project?*
- *Did the project adequately account for the different needs of women and men?*

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11. Sustainability of project results:

- *Does the project have a sustainability plan? If so, how was it developed?*

- *What project components or results appear likely to be sustained after the project and how?*
- *How might the approach, products, results and lessons learned from this project be extended to similar projects worldwide? Please, highlight best practices that are replicable.*
- *Is the approach financially viable without donor funding?*

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ILO is responsible for:

What

- Reviewing, providing any necessary inputs into the TOR
- Review and approving the TOR
- Finalise the TOR
- Providing project background materials
- Reviewing the evaluation questions and working with the donor and the Team Leader to refine the questions, as necessary
- Participating in the TPT prior to the evaluation mission
- Scheduling all meetings

Who

All relevant stakeholders

Regional evaluation focal person
Evaluation manager
Project
Evaluation manager

Evaluator, SECO, project backstopping officer, project manager, evaluation manager
Project

- Provide administrative and logistic support to the evaluation process Project
- Assisting in the implementation of the evaluation methodology, as appropriate and as approved by the Team Leader (i.e., participate in interviews, observe committee meetings) and in such a way as to minimize bias in evaluation findings Project/back stopping officer
- Reviewing and providing comments on the evaluation report.[2] Ensuring that the evaluation is conducted in accordance with these terms of reference, discussing it with the other member of the evaluation team, the beneficiaries and the stakeholders. Evaluation manager and relevant stakeholders
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METHODOLOGY

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- Project background;
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 - Swiss Embassy in Beijing
 - Large buyers with linkages to the SMEs trained
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Some of these stakeholders can also be interviewed in a focus group discussion at the end of project workshop planned for on June 20.

Field Visit

Meetings will be scheduled in advance of the field visits by the ILO project staff, in accordance with the evaluator's requests and consistent with these terms of reference. The Team Leader will conduct all interviews at these sites and will determine if it is appropriate for other evaluation team members to be present. The field visit will include meetings in Beijing and Guangdong, Zhejiang and Jiangsu.

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Debrief in Field: On the final day of the field evaluation, the Team Leader will present preliminary findings to the ILO project staff and if time permits, a debriefing will be held for employer, government, and union representatives.

Post-Trip Meeting: Upon completion of the report, the Team Leader will provide a debriefing to SECO and the ILO on the evaluation findings, conclusions, and recommendations as well as the evaluation process.

All key stakeholders will be involved and have opportunities to provide their inputs and feedbacks on the evaluation TOR and the draft evaluation report before they are finalised.

OUTPUTS

5. Pre-evaluation TPT with SECO project manager and ILO to discuss and clarify roles, responsibilities, and TOR;
6. Draft report submitted to ILO;
7. Final Report, original plus 5 copies, will be submitted to SECO and ILO within one week after receiving final comments from SECO and ILO. The final report should also be submitted to SECO and ILO electronically;
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REPORT SPECIFICATIONS

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18. Findings, Conclusions, and Recommendations (no more than 15 pages)

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Annexes

- Evaluation TOR
- Project Workplan
- List of Meetings and Interviews
- Any other relevant documents

Annex 2: Project Working Plan

Working Plan
For
Corporate Social Responsibility in the
Chinese Textile Industry

Prepared by
National Project Manager

ILO Beijing
2007.05.18 (endorsed)
2007.11.15 (updated “modules”)

Background

China is experiencing a rapid transformation of its labor market as it moves from a system of central economic planning to a more open, market oriented economy. This transformation has thrown up many challenges including an evident need to build local capacity within its enterprises, and develop its labor market regulatory framework to meet changing circumstances. As one of the most traditional industries in China, the textile industry is experiencing substantial pressure to address these challenges and specifically how to incorporate labor-related and environmental standards into its core business operations.

Under the auspices of Swiss State Secretariat for Economic Affairs (SECO), *Corporate Social Responsibility in the Chinese Textile Industry* aims to facilitate sustainable value growth of the Chinese textile industry by promoting Corporate Social Responsibility, by way of enabling textile-producing companies to adopt good management, labor and environmental practices. The strategy focuses on the development and pilot testing of the comprehensive training and advisory support services for managers and workers in selected companies, verifying the validity of the approach through action research. The results of the project would be replicable in the textile industry and beyond in China.

ILO and UNIDO will integrate and apply their complimentary expertise and resources to develop a comprehensive and integrated program to address the unique challenges faced by the Chinese textile industry. At the same time, the project serves the purpose of integrating ILO's and UNIDO's approaches to improving enterprises' competitiveness with their respective competencies in labor, industrial and environmental domains.

The project will be partnering with the China National Textile and Apparel Council (CNTAC) that will play a key role in developing technical tools and implementation know-how through the project and build its own capacity to expand the CSR practices in the whole textile industry and contribute to other industries by supplying its knowledge base as well.

Objective

The project's overall objective is to support the creation of a viable industry-wide framework for high quality business management (in labor-management cooperation, productivity and quality up-grading, environment, human resources management, working conditions and occupational safety and health) for a sustainable development of the Chinese textile industry.

The project will foster a business development approach to promoting good labor and environmental standards of production – that is the project will promote the business case for good labor and environmental standards and good governance. Specifically the project will build the capacities and capabilities of CNTAC to deliver comprehensive and integrated training/s advisory and information services to enterprises that wish to voluntarily implement labor and environmental upgrading programs.

Target Groups

Ultimate beneficiaries---These are the women and men who work in the export-orientated enterprises (and their subcontractors) in China's textile industry, whose employment and conditions of work will have been improved.

Direct beneficiaries---These are the management and staff of the projects partner organizations (government, employers' and workers' organizations, and management development trainers/consultants) who will be trained and resourced by the project to provide the employment and enterprise improvement monitoring and improvement services.

Indicators

1. At least 5 CNTAC consultants selected, who will have developed the resources and competencies to provide enterprise level productivity and competitiveness upgrading programmes and services through improved workplace practices. For each training visit, there will be at least 2 CNTAC consultants participating. One CNTAC consultant will be responsible for each of the pilot companies and attend all the training session of his/her designated company.
2. 25 enterprises selected for pilot training (5 on Model A and 20 on Model B) and their productivity and competitiveness will have been enhanced through the application of improved work place practices. Eventually, every enterprise will have designed and implemented its own CSR plan of action.
3. A training package with practical material and best practices will have been developed, published and disseminated to other enterprises and sectors. A national workshop conducted at the end of the project attended by a wide range of institutions.

Activities

The project has three stages:

A: Preparation

1. Kick off the project and conduct policy research study

The project started by holding a kick off meeting on 28th of May 2007, and all parties involved in the project were invited to join the conference.

Ministry of Labor and Social Security (MoLSS) is involved in the project through conducting the relevant studies and conferences on policy research for the project.

Results:

- **Kick off meeting, due in May 2007**
- **A study report prepared by MoLSS, due in Aug. 2007**

2. Identify CNTAC consultants and establish participation agreements

CNTAC will recommend consultants to the project office. After advisory committee approved the nominated consultants, participation agreements with those consultants will be completed.

Results:

- **CNTAC consultants' participation agreements, due at the end of Sep. 2007**

3. Identify enterprises and establish participation agreements

CNTAC will help to identify 25 enterprises according to the selection criteria set by the project office. Advisory committee will select the enterprise and finalize selection by completing enterprises participation agreements. CNTAC will select the key participants (workers and management) within the selected enterprises.

Results:

- **5 enterprises in Model A.**
- **25 enterprises participation agreements, due at the end of Sep. 2007**

4. Reviewing ILO and UNIDO training material for Enterprises and CNTAC consultants

The training materials are mainly based on the ILO's Factory Improvement Programme (FIP) and the UNIDO's Cleaner Production programme. International experts and national experts will review the material, give their comments and adapt training program to Chinese/sector context.

Results:

- **Training materials in Chinese are developed. Due at the end of Aug. 2007 and at the beginning of Nov. 2007**

B: Training and implementation**5. Training of Trainers**

The selected CNTAC consultants will receive training to build their understanding and capacity to self-initiate actions on how to improve labor and environment standards within the enterprises while concurrently improving the performance of the enterprises. Training of CNTAC consultants will be conducted on the shop floor in direct contact with the enterprises and possible areas for intervention will be discussed.

Results:

- **Capacity building seminar, due in Aug. 2007 and Nov. 2007.**

6. Model A training at 5 pilot enterprises and regular review of the training materials

Model A would be delivered to 5 pilot enterprises, essentially as part of an action research program. These enterprises will be selected based on criteria established by the advisory committee but essential to display good practice. The lessons arising and good practices implemented by the participating enterprises will be documented and disseminated for replication.

The in-factory training has five sessions:

Module 1: Workplace cooperation and factory improvement

The first module of the project introduces participants to the central themes of the project, including joint problem-solving, increased worker-manager communication, systems-based approaches to continuous improvement. The focus here is on specific ways to collaborate with workers and the benefits of implementing these mechanisms. It highlights the workplace cooperation management practices that support the core labour standards and takes a step-by-step approach to create management systems.

Module 2: Productivity management

The focus of this module is on improvement of Quality and Productivity, which aims to benefit enterprise economic development. It helps enterprises to improve quality and productivity throughout the production process through increased dialogue between workers and management, and changing attitudes, exercising responsible production management and promoting technology change. The training module goes beyond a narrow definition of quality and productivity, and emphasizes how to manage quality, and productivity as a preventive, integrated strategy that involves the entire production cycle.

Module 3: Environmental management

This module will present the participants with ways of bridging the gap between competitive industrial production and environmental concerns. Focus will be on improving environmental performance and production by introducing environmental techniques and Cleaner production methods that control energy and wastage whilst improving productivity. The module will promote adoption of environmental management systems by the enterprises, leading to the gradual replacement of costly end-of-pipe pollution control systems with a strategy that reduces and avoids pollution and waste throughout the entire production cycle, from efficient use of raw materials, energy and water to the final product.

Module 4: Workplace protection

The fourth module looks at how to identify and minimize risks to workers and factories. The focus will mainly be on Health and Safety issues through providing training on how to analyze and improve working conditions step by step in each enterprise. Enterprises will be motivated to take practical actions reflected in the Check List exercise. Moreover, ways in which different kinds of facilities, equipment, working practices, and environmental issues in the enterprise can affect the health, safety, or well being of workers will be described and the benefits of improving working conditions will be explained. This will further motivate enterprises to undertake practical and easy-to-implement practical actions that in turn will increase productivity, quality and competitiveness. Enterprises will commit themselves to design and implement individual Action Plans.

Module 5: Human resource management

Human resources management aims to put people first and recognize that a company's biggest competitive advantage is in their employees. The goal of this module is to start with the basics and encourage factories to implement systems and processes that will help them keep track of who their human resources are, to see if they are meeting current needs as well as planning for the future. This covers the various phases of human resources (HR), from recruitment to separation while also touching on issues such as compensation and promotion. By institutionalizing HR mechanisms that require dialogue between workers and managers, factories will also create an environment where worker/management communications and relations continue to improve.

After each session, CNTAC consultants are required to debrief the outcomes of the training and revise material according to the feedback from the pilot enterprises.

Results:

- **Five training sessions conducted for each of the 5 enterprises, due in Nov. 2007 to March. 2008**
- **Debriefing by CNTAC consultants after each training session, due in Nov. 2007 to March. 2008**

7. Model B training workshop for 20 pilot enterprises and implementing the plans of action

Model B will be delivered in 20 enterprises. Four intensive training workshops will be organized after each Model A training session, CNTAC consultants will support enterprises to develop plans of action based on their companies' situation and target.

Between the training workshops, CNTAC consultants will collect assessment forms and benchmarking results and monitor the implementation of plans of action and collect good practices.

At the end of training, CNTAC consultants will revisit 20 enterprises to monitor and evaluate actions undertaken by the companies, counsel on further improvement options, and jointly decide on next steps to be undertaken.

Results:

- **Five intensive training workshops organized for 20 enterprises, due in Nov. 2007 to March. 2008**
- **Final evaluation of enterprises, due in March. 2008**

C: Dissemination

8. Dissemination of the project material, experiences and practices

In order to disseminate the project material, experience and practices, training material will be published informally and material will be displayed on the website.

Results:

- **Published training material informally, due in April. 2008**
- **Website and online material due in April. 2007**

9. Regular meetings and final conference

For the purpose of managing and monitoring, regular meetings will be organized involving three parties. Advisory committee briefing meeting also will be held to discuss responsibilities, activities, and organization and coordination issues.

For the final conference, relevant institutions will be invited to participate, project team needs to prepare documents including lessons learnt from the projects, recommendations for developing a CSR policy framework benefiting the Chinese textile sector (brief overview on current policies, analysis of responsible competitiveness of the country, summary of the current state of CSR in the sector and recommendations for improvement). The publication developed by this project will be disseminated on the conference "Corporate Social Responsibility in the Chinese Textile Industry".

Results:

- **Regular meetings**
- **Final conference, due in May. 2008**

Annex 3: List of Meetings and Interviews

Schedule for evaluators' Field Visits

International evaluator: Ms. Isabelle Schaller

National evaluator: Ms. Zhang Tong

Date	itinerary	Meeting	Coordinators
June. 19 8:30am	Arrival Beijing	<p>Morning: check in Riverview Hotel Address: No 2 Xiaojie Dongzhimen Wai Dongcheng District</p> <p>Afternoon: Review documents in ILO Beijing office Meeting with Gautier Chiarini from Swiss Embassy</p>	Zhou jie
20 (Fri.)	Beijing	<p>Morning: Final conference at Kimpinski Hotel</p> <p>Afternoon: Meeting with Meeting with Stakeholders MOHRSS, ACFTU,CEC And Consultants Hedda from UNIDO, Zheng Jian from CNTAC</p>	Zhou jie
21 (Sat.)	Beijing		
22 (Sun.)	Beijing to Shenzhen CA 1357 16:10-19:10		
23 (Mon.)	Shenzhen	<p>Morning: Visit Winpower Meet with Mr. Liu Huaxi</p> <p>Afternoon: Visit Evershine Meet with Mr. Zhang Shunjian</p>	Zhang Xubiao
24 (Tue.)	Shenzhen to Xiaolan Car Xiaolan to	<p>Car from Shenzhen to Xiaolan</p> <p>Visit Chamber of Commerce Meet with Mr.Guoyi Visit Yizhishe</p>	

	Shenzhen Car	Meet with Mr.Huang and Mr.Hu	Zhang Xubiao
25 (Wed.)	Shenzhen to Shanghai ZH9811 9:30-11:50 Shanghai to Shengze Car Shengze to Haining Car	Visit Fuhua Meet with Mr.Wang	Zheng Jian
26 (Thu.)	Haining Haining to Hangzhou Car Hangzhou to Beijing MU 5161 15:55-18:00	Visit Chaoda Meet with Mr.Pan	Zheng Jian
27 (Fri.)	Beijing	Morning: Preparation for debriefing Afternoon: Debriefing Swiss Embassy, ACFTU, CEC, MHRSS participated	Zhoujie
June. 28 13:15pm	Departure		

