

# **Lessons and ways forward**

## **Internal Evaluation Report**

**RAS/14/03/FRG**

### **Labour Standards in the Global Supply Chains: A Programme of Action for Asia and the Garment Sector**

**Don Clarke: 20 February 2016**



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## 1. LIST OF ACRONYMS

ACTRAV	Bureau for Workers' Activities (ILO)
BFC	Better Factories Cambodia
BMZ	Federal Ministry for Economic Cooperation and Development (Germany)
CAMFEB	Cambodian Federation of Employers and Business Associations
CIP	Cambodia, Indonesia, Pakistan
CTA	Chief Technical Advisor
DWCP	Decent Work Country Programme
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMAC	Garment Manufacturers Association in Cambodia
GOI	Government of Indonesia
GSP	Generalised Scheme of Preferences (European Union)
ILC	International Labour Conference
ILO	International Labour Organisation
INWORK	Inclusive Labour Markets, Labour Relations & Working Conditions Branch of ILO
IRIS	Integrated Resource Information System (ILO)
LAC	Labour Advisory Committee (Cambodia)
MOLVT	Ministry of Labour and Vocational Training (Cambodia)
OCG	Operational Coordination Group (of ILO)
RGC	Royal Government of Cambodia
TPPA	Trans-Pacific Partnership Agreement

### Evaluation limitations

Upon further review of the list of key interlocutors for consultation purposes set out in the Evaluation ToR, it was agreed between ILO counterparts and the evaluator that it would not be appropriate or relevant at this early point in the project's development to interview tripartite counterparts in Pakistan or ILO staff in Delhi. The decision was similarly taken to engage with designated tripartite counterparts in Indonesia by telephone or skype, which presented challenges on occasion with respect to the quality of interaction. Certain designated ILO specialist staff in Bangkok were furthermore unavailable at the time interviews were being conducted. Taking these factors into account, along with the compressed time period within the evaluation was set up and conducted, every effort was made to ensure that a suitable diversity of views was received and incorporated into the evaluation findings and recommendations.

The evaluator wishes to acknowledge and convey appreciation to project partners for their willingness to share experience, insights, concerns and aspirations; to the project CTA for his patient, open, insightful and always thoughtful feedback and support; and to all ILO staff at global, regional and country levels for their open sharing of information, insights, experience, lessons and ways forward. The efficient organisational and logistical support of the CTA and the project staff in Phnom Penh, Jakarta and Bangkok was essential to the conduct of the evaluation.

## 2. EXECUTIVE SUMMARY

### 2.1 Overview

The garment sector is a significant contributor to the export earnings of several Asian countries, as well as a major source of job opportunities for tens of millions of workers, typically lower-skilled and lower-paid mainly female workers. However, while Asia has become the hub of the global garment production, encompassing more than 90 percent of the world garment exporters, there are a number of significant challenges within the global garment sector supply chain with important implications for the region. These challenges encompass minimum wage setting mechanisms; national industrial relations systems; compliance with national and international labour standards; precarious employment and long working hours; collective bargaining and dispute resolution; labour inspection capacity; inadequate occupational safety and other issues. Addressing these requires action at all points in the global supply chain, from factory to country and global levels.

The promotion of labour standards in global supply chains has been identified as a priority area of cooperation between the German Ministry for Development Cooperation (BMZ) and the International Labour Organisation (ILO). As an initial collaboration in this context, the ILO and BMZ established the current project to focus on garment industry supply chain issues in Asia, with a particular national level focus on Cambodia, Indonesia and Pakistan. The specific points of intervention of the project are wage-fixing systems, including minimum wage adjustment regimes and collective bargaining; systems for assuring labour standard compliance at factory level; and the institutional capacity of tripartite partners to respond to challenges in the global garment supply chain.

The project design was influenced by the outcomes of the 2014 Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries (Geneva, 23-25 September), while its progress to date will be relevant to the upcoming 2016 International Labour Conference on 'Decent Work in Global Supply Chains.' The project thus offers a unique opportunity to both test and apply the findings of the initial global forum at country and regional levels, then bring initial findings and lessons back to global level in the context of ILC deliberations.

### 2.2 Progress to date

With funding channelled through Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the project commenced in early 2015. The evaluation found that sound if uneven progress has been made to date, despite the short implementation period under review and a number of challenges. The latter included a distinct asymmetry between the level of ambition of the Project Document on the one hand, and the initial funding level and project timeframe of one year on the other; as well as the need to establish project infrastructure and staffing at regional and national levels.

As detailed in the report (Section 10), the project has accelerated implementation of current minimum wage fixing and Better Factories (BFC) activities in Cambodia and the Better Work Programme in Indonesia; established an initial sound foundation of research and analysis at global and country levels; supported tripartite dialogue initiatives at country and regional levels; enhanced partnerships and networks critical for project implementation; supported the establishment of long term capacity development initiatives at global level (including the development of new online courses); generated a degree of profile at global, regional and national levels; and provided early lessons for the development and implementation of the next project phase.

### 2.3 Relevance, effectiveness, efficiency, impact and sustainability

The evaluation validated the **relevance** of the project as designed and implemented to date. At all levels, from the factory floor to global, the relevance of the project is affirmed by the intense interest and engagement of multiple parties, including by the ILO itself, reflecting the priorities of its constituent parties. In the designated project countries, the project is underpinned by the importance of the garment sector to the respective national economies. Taking into account particular ILO operational circumstances at national level (e.g. the absence of a Better Work Programme in Pakistan), the key project focus areas are furthermore anchored in previous and incoming ILO Decent Work Country Programmes (DWCPs).<sup>a</sup> These are jointly developed and agreed with the ILO's constituent partners in line with national development policy frameworks and priorities.

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<sup>a</sup> Internal Labour Organisation Technical Cooperation. Project Document (2015). *Labour standards in global supply chains: A programme of action for Asia and the garment sector*. Link to DWCP and CPO, page 7. In **Cambodia**, the project links to DWCP Priority 1, Outcomes 1.1, 1.2 and 1.3. In **Indonesia**, the project links to Priority B, Outcomes B.1, B.2 and B.3. In **Pakistan** the project links to DWCP Outcomes 1 and 7. With respect to ILO CPOs, the project links are: **Cambodia**: KHM133, KHM160, KHM126 and KHM161; **Indonesia** IDN155, IDN151, IDN152 and IDN803; **Pakistan**: PAK107; **Region** RAS101

The project has demonstrated **effectiveness** in a number of key areas despite its short duration and delays in getting the necessary resources in place across all the designated project countries. This is evident in the summary of delivery of project outputs and activities detailed in Section 10 of this report.

In many ways, enhancing the **efficiency** of project management and implementation remains work in progress. The initial project period was one of establishing and testing internal management arrangements and systems, including calibrating the balance between the global, regional and national dimensions of the project. This area, including the budgetary aspects, will be a priority focus in the early part of the next project phase, particularly with respect to strengthening oversight and coordination (internal and jointly with the donor) via the further operationalisation and regularisation of the mechanisms set out in project document.

At this point in the project cycle, it is too early to determine the degree to which project **sustainability and impact** criteria will be met. However, it is the assessment of this evaluation that the necessary building blocks are largely in place in terms of internal institutional arrangements and plans; relationships with key stakeholders; and the foundations provided by the research, analytical, capacity development and tripartite dialogue initiatives during implementation to date.

Key to ensuring sustainability and long term impact in line with project objectives will be the building of institutional national level capacity (including to effectively respond to global factors); in-depth knowledge; and effective mechanisms at national and factory levels.

Several stakeholders observed that such developments require time, persistence, testing and learning and adaption. They also require considerable cultural shifts amongst both employers and unions, particularly with respect to what some described as the need for and development of a “culture of negotiation” rather than conflict. In this context, a stable and predictable longer-term timeframe and resourcing base will be important to allow the maturing of the necessary relationships, capacities, approaches and tools for the achievement of sustainable outcomes. An overall five-year timeframe for the project is thus proposed for consideration by the principle project partners (refer Recommendation 1).

A number of suggestions for substantive priorities in next phase were further highlighted in stakeholder and staff consultations, within the scope provided by the project’s Intermediate Objectives. Standing out amongst these were 1) a near universal prioritisation of collective bargaining (and the ‘culture of negotiation’) as a priority for more systemic and in-depth attention, and 2) the need for greater attention to the analytical and capacity requirements of effectively addressing productivity issues in the context of wage setting. Bearing in mind the absence of an ILO Better Work Programme under the DWCP in Pakistan, a reinforced project focus in these areas is applicable in each of designated project countries, providing a basis for cross-country linkages and mutual support.

Stakeholder and ILO staff feedback also emphasised the need to ensure that the overall strategic focus and balance of the project is on country level change through policy formulation support, technical advice, good practice guidelines and capacity development opportunities, approaches and tools.

The potential of the project to provide an opportunity for a genuinely whole-of-agency approach was emphasised by ILO staff interviewed, with global, regional and national (including factory-level) components seamlessly interacting in a mutually reinforcing way. Maximising this opportunity requires clear oversight, effective coordination, continuous monitoring and high quality communications. In this context, the Steering Committee (of ILO and key partners) and the internal Operational Coordination Group have a key role to play, requiring clear definition of roles and the proactive commitment of all parties.

## 2.4 Lessons from experience to date

A number of lessons from project implementation experience to date were highlighted by stakeholders and staff alike to inform future design and implementation. In addition to observations already set out above, these include:

- The scope in the next phase to **simplify and further focus the project design**, with a logical starting point being the set of Intermediate Objectives which (as originally formulated) contain a degree of overlap. The concentration of project objectives proposed by the CTA into three (rather than the original four) is supported in this context, with the observation that this consolidation in itself will help lay the basis to streamline the outputs, activities, indicators and measures which follow (refer Annex IV).
- The potential for, and importance of **synergies between the wages and better work components** of the project for its long term impact, particularly in Cambodia and Indonesia.

- The critical importance of **stakeholder ownership and buy-in** from the beginning to ensure project sustainability and long-term impact. Experience indicates that this can require close engagement over time to develop and strengthen. This has implications for the process of project design, which should include adequate space for national partner input and agreement, including at the level of project activities which will be undertaken in their respective countries or will involve their countries in wider regional mutual support processes.
- The imperative for the project to be able to convincingly articulate and demonstrate the **value-addition of the regional/inter-country elements** which are central to the project concept and design. There is considerable scope for creative, dynamic and flexible approaches in this regard, with a view to moving beyond regional/subregional workshop modalities to encompass option such as fact-finding missions, staff exchanges, VTC roundtables, establishment of communities of practice and on-line interactions.
- The need for a **focussed and systemic approach** to project design and management in the context of the complexities and ongoing evolution of the global garment industry in order to maximise the impact of limited resources and the ILO's comparative advantage. Accordingly, the proposed accentuation of focus of the next project phase on minimum wage setting (including a particular focus on productivity dimensions), is supported, alongside enhanced attention to synergies with the Better Work component of the project in Cambodia and Indonesia.
- Balanced with the above, the need for appropriate **flexibility** in project design and management, as demonstrated in the need to revise the project strategy and plan in Indonesia in response to the government's Regulation 78 which shifted the direction of national wages policy. The deeper understanding of the implications of the devolution of labour policy and law in Pakistan, which was gained in the first year of project implementation, has also required a significant adjustment of thinking and approach.
- The potential within the project for **complementarity and alignment with other regional initiatives** in similar but distinct areas. Standing out in this regard are the Netherlands Government funded / ILO-implemented project in Pakistan on labour inspection and the BMZ-funded / GIZ implemented regional project on labour and social standards in the garment sector.
- The importance of **reliable and credible data** to underpin effective social dialogue (and thus the activities of this project). Experience to date has confirmed the gaps and inadequacies that were already known to exist and the project contains components aimed at addressing this issue at all levels. Feedback to date has further highlighted the importance of data sources and methodologies from credibility, transparency and stakeholder trust perspectives. This is a key focus of garment sector bulletin which is being supported under the Cambodia segment of the project, for example.
- The long-term nature of **capacity development**, which is a cornerstone of the project at all levels. 'Getting it right' is thus vital, which requires careful targeting; pitching at the right level for the target group concerned; being well-grounded in the local context and learning dynamics (including taking account of issues such as literacy levels); ensuring a sustained approach that builds on and reinforces previous support; and having mechanisms in place to assess effectiveness and adjust materials and approaches as required. An internal review of training approaches and lessons is proposed (Recommendation 7).
- While capacity gaps exist and need to be met at all levels amongst all stakeholders, there is adequate justification for a particular **prioritising of the needs of workers' organisations** in this regard, particularly to ensure they have 1) the in-depth analytical capacity to engage credibly in dialogue on broader sector and economic issues, including those related to productivity and 2) strengthened and sustainable institutional and networking capacity to be effective partners in social dialogue. The introduction of the **Better Work Model** being rolled-out in Indonesia and Cambodia also requires particular attention in terms of developing the requisite capacities and confidence in the approach amongst employers and workers.
- The critical value-addition of **engagement with the brands** at all levels, from global to factory, was highlighted by all stakeholders, external and internal. Explicitly planning for their engagement in the activities of project at all levels in appropriate ways is critical (and already well reflected in project design and planning).
- The potential for '**start small**' pilot initiatives within the project (for example, in the area of multi-company bargaining). Such an approach was highlighted by some stakeholders as a way to build ownership and confidence; ensure relevance and 'groundedness;' and give time to identify, test and assimilate lessons.

- The value-addition, highlighted by the Pakistan experience, of engagement with **stakeholders beyond the ILO's traditional tripartite base**. In Pakistan, for example, a number of players at provincial level have been proven to have important contributions to make and have been included in the wider multi-stakeholders forum established under the project. These include trade associations; key individual employers and unions beyond the formal federations or associations; and groupings representing women and informal sector perspectives.

## 2.5 Emerging good practices

Although the limited project implementation period under review has been insufficient for good practices to emerge and mature, it is nonetheless possible to identify areas where these may yet manifest themselves during the next phase. These include:

- The institutional model put in place and still developing for the internal management of the project, which is dependent on crossing organisational boundaries and maximising synergies vertically and horizontally at all levels of the ILO – globally, regionally and nationally, with the coordination function exercised at regional level. A number of staff interviewed highlighted the potential for this project to demonstrate new ways of working in this respect.
- The global-regional-country linkages and mutual reinforcement in terms of project implementation, mirroring as it does the global supply chain on which the work is focussed. One key dimension in this respect is the possibility of tracking the global-national cycle of influence and learning between the 2014 Dialogue Forum on 'Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries' on the one hand, and the deliberations and outcomes of the 2016 International Labour Conference, on the other.
- Innovative modalities for facilitating inter-country exchange and mutual support, which is core to the project concept and will be a key focus of the next implementation phase. It is helpful that questions about the value-addition of such processes have been raised by some Pakistan counterparts, as these help to focus attention on the effectiveness and impact of this component of the project.
- Interactions between national and provincial dimensions of project implementation in highly devolved political environments, as exemplified by the national context and project plans in Indonesia and Pakistan.
- The design and implementation of training approaches which again draw on the global-regional-country dynamics of the project. At the global level, for example, the Massive Open Online Courses (MOOCS) initiated with support from the project are a pioneering effort to develop innovative approaches for learning which are premised on cross border communication and collaborative action. These and other such initiatives supported by the project at all levels would potentially provide good practice examples which could be identified and elaborated by the recommended internal review of training approaches. Such a review would need to be appropriately timed to allow current approaches which are under development to evolve sufficiently.

It is proposed that such areas of potentially emerging good practice, along with others that emerge, be explicitly monitored and documented through the role of the project coordinator and the internal and ILO/donor oversight and coordination mechanisms established by the project. An intentional focus in this regard will facilitate the identification and elaboration of project good practice at the time of the final independent evaluation (Recommendation 13).

## 3. RECOMMENDATIONS FOR THE NEXT PHASE

Drawing on the feedback of project stakeholders and ILO staff summarised above, the following recommendations are made to inform the project design and implementation for the next phase:

**Recommendation 1:** The ILO, BMZ and GIZ should seek to reach agreement on a secure longer term framework and overall financial contribution for the project to facilitate effective planning; allow the necessary time for the country level institutionalisation of project outcomes; and enable the production, adaption and application over time of suitable guidelines, training and other tools at global and country levels. Given the national ownership, institutionalisation and capacity development requirements of the project objectives, five years is proposed for the total project duration, until 2019.



**Recommendation 2:** To enhance coordination, oversight, internal efficiencies and reporting to the donor, the ILO should take steps to rebalance the budget management approach to strengthen the decision-making authority and flexibility-to-act of the Bangkok-based project coordinator/CTA, while retaining an appropriate level of direct funding of the project-related activities of the relevant ILO units, for which they are accountable via standard internal procedures.

**Recommendation 3:** With respect to the project oversight and management architecture, the focus of the joint ILO/donor Project Steering Committee should be kept at a strategic oversight level, rather than on monitoring and/or micro-managing the specifics of implementation of the project document per se. This role would include oversight of the balance of global/regional/national dimensions of the project; the coordination and synergies between them (vertically and horizontally); and links between the project and other relevant ILO and BMZ / GIZ programmes and projects. As noted in the summary of project progress to date, there is considerable scope in the next phase of the project to step-up the mutual reinforcement and leveraging between the respective components of the project and the various ILO units involved at all levels.

**Recommendation 4:** A suitable position should be designated within the ILO at Geneva level to be responsible for global level internal coordination, linking directly with the CTA in Bangkok (following the departure of the previous incumbent fulfilling this function).

**Recommendation 5:** In line with the emphasis on ownership and sustainability in evaluation feedback, the process and timeframe for design of Phase II of the project should 1); allow time for national counterpart input and agreement at the activity level, and 2); appropriately take account of the evaluation feedback and suggestions of priorities for the next phase from national counterparts and ILO staff, summarised in Section 11. In this context, the drafting of activities for implementation in phase II of the project should remain at a tentative level until such input and agreement is achieved.

**Recommendation 6:** The revised project documentation should include a suitable overarching link to the implementation of the UN Global Goals for Sustainable Development, particularly Global Goal 8 on Decent Work, taking into account that the project will be directly supporting key aspects of country level implementation and reporting in this regard. The international conference jointly hosted by the GOI and ILO on implementing Global Goal 8 in Jakarta on 18 February 2016 will be a useful source of input in this regard.

**Recommendation 7:** In light of the critical role of training at all levels of the project, as part of its wider capacity development and national institutionalisation focus, consideration should be given at an appropriate time in the project implementation cycle to a review of training modalities, relevance, effectiveness, sustainability, longer term impact and lessons to inform adjustments in approach as necessary. The use of on-line modalities and issues related to language and literacy should be part of such a process. An exercise on these lines could be carried out internally, with a view to this element of the project also being a prioritised dimension of the final independent evaluation. *Inter alia*, the review should draw on the earlier evaluation of ILO capacity development support to employers' and workers' organisations carried out in 2013.<sup>b</sup>

**Recommendation 8:** The ILO/donor Project Steering Committee and internal oversight and coordination mechanisms should regularly review inter-country sharing modalities, good practice and lessons to ensure that this aspect of the project is continuously refined and strengthened. As well as regional/subregional workshops, options for deployment within the project in this context may include fact-finding missions, staff exchanges, establishment of communities of practice, VTC round tables and on-line approaches.

**Recommendation 9:** The Monitoring and Evaluation Framework within the project documentation for the next phase should be revised with a particular focus on 1) streamlining and simplification within the proposed consolidated project objectives (refer Annex IV) and 2) ensuring that the indicators meet SMART standards<sup>c</sup> and are established with the means of measurement clearly identified and accessible. Drawing *inter alia* on research conducted under Phase I of the project, benchmarking data relating to the indicators where appropriate should be identified and documented as a basis for later review and analysis.

**Recommendation 10:** The revised project documentation for future phases should further incorporate specific gender mainstreaming considerations, including within revised indicators, with input and regular review from the ILO's gender specialists and other relevant stakeholders. These should link directly to the gender mainstreaming elements in the respective project country DWCPs.

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<sup>b</sup> Evaluation of ILO support to the capacity building of employers' and workers' organisations (2013)

<sup>c</sup> SMART – Specific, Measurable, Achievable, Realistic/Relevant and Timebound

**Recommendation 11:** The specific project management matters highlighted in consultation feedback under Section 9 of the report should be taken into account in planning for the implementation and allocation of funds in the next phase.

**Recommendation 12:** Project documentation references to DWCP linkages in the designated project countries should be updated in light of the new DWCPs agreed for the period 2016 onwards. The implementation of the BMZ/GIZ project, and its links with the implementation of the wider DCWPs, should furthermore be a point of specific attention in relevant national tripartite DWCP review and planning processes to ensure coherence and mutual reinforcement with other areas of ILO engagement in the country concerned.

**Recommendation 13:** An intentional and proactive approach should be taken to monitoring, identifying and documenting good practice within the project (see potential good practice areas suggested in the Executive Summary), so that the wider dissemination of such practices is part of a continuous learning process for all project stakeholders, internal and external, rather than being left to the final project evaluation. Such role would sit logically in the first instance with the project coordinator and the internal and ILO/donor oversight and coordination mechanisms established for the project.

## **4. PROJECT CONTEXT**

### **4.1 Supply chain challenges from factory to global levels**

The garment sector is a significant part of export earnings in several Asian countries as well as a major source of job opportunities for tens of millions of workers, typically lower-skilled and lower-paid mainly female workers. In Cambodia, where the garment sector accounts for 80 percent of national exports (about four percent of the global garment industry), hundreds of thousands of people depend on the US \$5 billion industry to survive. The garment, textiles and footwear industries in Cambodia represents 77 percent of salaried employment. In Pakistan the garment industry contributes 0.5 percent of GDP and provides 15 million jobs, making it the country's largest manufacturing employer and accounting for 46.7 percent of salaried employment. In Indonesia, 28.7 percent of salaried employment is in the garment industry.

While Asia has become the hub of the global garment production, encompassing more than 90 percent of the world garment exporters, there are a number of significant challenges within the global garment sector supply chain. These encompass minimum wage setting mechanisms; national industrial relations systems; compliance with national and international labour standards; precarious employment and long working hours; collective bargaining and dispute resolution; labour inspection capacity; inadequate occupational safety and other issues.

### **4.2 Targeting ILO interventions**

Addressing these challenges requires action at all points in the global supply chain, from factory to country and global levels. The ILO/BMZ/GIZ project targets three specific points of intervention. These are national wage-fixing systems, including minimum wage adjustment regimes, and collective bargaining; systems for assuring labour standard compliance at factory level; and the institutional capacity of tripartite partners to respond to challenges in the global garment supply chain.

As well as its global norms and standards-setting role, the ILO has recognized technical expertise and capacities for interventions at factory, national and global levels in these and related areas. At factory level, the ILO's Better Work Programme (and Better Factories Cambodia) monitors and addresses compliance with core labour standards and national labour laws. At the national level, the ILO has close relationships with governments, trade unions and employers' organizations in policy, strategy and programmatic spheres - promoting social dialogue, supporting compliance with international labour standards and building critical capacities. At regional and global levels, the ILO works closely with governments and international workers' and employers' organisations to develop and uphold norms and standards, monitor their implementation and develop inter-country cooperation and mutual support.

### **4.3 Evolving context for project implementation**

Evaluation consultations highlighted a number of developments within the project and wider garment industry landscape in the period since the current Project Document (Prodoc) was formulated. These include:

- The finalisation by the Royal Government of Cambodia (RGC) of the long awaited Trade Union Law, which is currently before Parliament and subject to intensive scrutiny and discussion by all interested parties. The ILO provided technical advice, facilitation of consultations and training for national constituents in the drafting phase. The current version of the law could have important implications for implementation the objectives of the project in

Cambodia. Pertinent elements include the lowering of the ‘most representative union’ threshold for collective bargaining purposes from 50 plus one percent to 30 percent.

- The announcements by the RGC of a new garment and footwear sector minimum wage of US\$140 per month, which took effect on 1 January 2016. The process showed an increased focus on evidence-based negotiations (with the ILO’s Garment and Footwear Sector Bulletin funded by the BMZ/GIZ project an important factor in this regard). It wasn’t possible to reach consensus amongst all parties in the Cambodian Labour Advisory Committee (LAC), which provides the tripartite vehicle for minimum wage setting. A vote was necessary within the LAC before the government took the final decision.
- The announcement by the Government of Indonesia (GOI) of a change in the minimum wage fixing system through the introduction of Government Regulation No. 78/2015 on Wages which introduces a national formula-based approach. The stated rationale for this shift from the previously decentralised approach is that it is intended to bring greater predictability to the process. At the same time, the GOI has indicated its intention to develop a comprehensive national wages policy and has indicated interest in ILO technical assistance in this regard.
- The continued evolution of the global industry, with the emergence of Ethiopia and Myanmar as garment producing countries; the conclusion of a new EU agreement with Vietnam which will bolster their garment industry; questions raised by the EU as to Pakistan’s GSP Plus status; and the introduction of the ASEAN Economic Community (AEC) at the end of 2015 which will be a key policy and planning factor for governments, employers and workers’ organisations in the region. The signing on 4 February 2016 of the Trans-Pacific Partnership Agreement (TPPA) will need to be examined for its implications for global garment industry supply chains.
- The launch by the IndustriALL Global Union of its ‘ACT’ initiative in Cambodia in September 2015. This initiative is aimed at developing industry-wide collective bargaining and creating living wages in the garment industry globally. Included is a focus on reforming brand purchasing practices to ensure that higher wages can be paid. Together with representatives of global clothing brands, the union discussed the ACT with Cambodian factory suppliers, garment unions, the Ministry of Labour and Vocational Training (MOLVT), the Garment Manufacturers Association in Cambodia (GMAC) and the ILO in September 2015.

From an ILO operational perspective, a key change in the project context is the development of new Decent Work Country Programmes in all the countries concerned, as those which were active in the initial project implementation period all came to an end in December 2015.

## **5. PROJECT BACKGROUND**

The promotion of labour standards in global supply chains has been identified as a priority area of cooperation between the German Ministry for Development Cooperation (BMZ) and the International Labour Organisation (ILO). As an initial collaboration, BMZ and ILO have agreed to focus on the garment industry in Asia, with a particular national level focus on Cambodia, Indonesia and Pakistan.

The Grant Agreement was signed on 10 November 2014 between Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the ILO, with GIZ providing financial support for the project and the ILO providing management and technical support in the form of project staff and backstopping from a range of specialists. With the appointment of the Chief Technical Adviser (CTA) based in Bangkok and establishment of dedicated project positions within the ILO’s respective country offices, the project largely became operational after April 2015.

During the project’s inception phase, a Technical Cooperation Progress Report (TCPR) was prepared to examine the overall status of project implementation, identifying the main challenges facing the delivery of outputs and achievement to date of immediate objectives. The report concluded that the inception phase was successfully implemented.

The formulation and development of the project was given impetus by political imperatives and a multi-sector interest in issues related to the global garment supply chain in Germany, including a strong Ministerial commitment for action in this area. As a result, there was a keen political interest amongst German stakeholders to move forward quickly on the project. This, along with ILO requirements to get the project established in its Integrated Resource Information System (IRIS), influenced the timeframes and internal processes in the project design and establishment period.

The ambitious and complex project design which emerged proved in the early period to be inconsistent with both the initial funds made available and the one-year timeframe. However, ongoing dialogue between the ILO and BMZ has confirmed a longer term commitment to the project which has been reflected in a subsequent agreement for further funding. As this report was being prepared, agreement was reached between the ILO and GIZ for a two-month no-cost extension of the current project. Further agreement was reached with BMZ and GIZ for two parallel streams of funding for the next phase. One of these will come directly from the BMZ, a total of 1.8 million Euros for the 12 month period

that extends into 2017. The second will come from the GIZ, an additional total of 1.2 million Euros for nine months from February 2016. For administrative reasons within the German context, these are to be managed and reported on as distinct funding streams under an overall coherent programme, without transfer between the two.

## 6. EVALUATION PURPOSE AND SCOPE

To inform future project design and implementation, this internal evaluation:

- assesses the relevance of the project design as it relates to country priorities and requirements
- assesses the linkages and mutual reinforcement between the project and ILO Decent Work Country Programmes (DWCP) in the countries concerned
- considers the relevance, effectiveness, efficiency and sustainability of project outcomes
- tests underlying assumptions about the project's contribution to broader sustainable development objectives
- provides lessons and recommendations to enhance future project design and implementation.

## 7. EVALUATION METHODOLOGY

The evaluation was established in line with the ILO guidelines on internal evaluations. The key elements of the methodology were:

- A desk review of relevant documentation.
- Attendance at the Regional Workshop on Minimum Wages and Collective Bargaining in Garment-Producing Countries in Asia, Bangkok, 23-24 November 2015, to meet key tripartite and ILO counterparts for the purpose of the evaluation.
- Semi-structured interviews with the relevant stakeholders identified in the project document, including the respective governments, workers' organizations and employers' organizations; GIZ representatives; and ILO specialists and programme officers in Bangkok, Geneva, Cambodia, Indonesia and Pakistan. A short country mission was conducted to Cambodia. Other consultations were carried out directly in Bangkok or by teleconference/skype calls as appropriate.

Substantive input and support was provided by the CTA in Bangkok. The Assessment Framework for the evaluation is set out in the Terms of Reference under Annex V.

## 8. PROJECT DESIGN: CORE CONCEPTS

The project aims to address the strengthening of wage fixing systems, including minimum wage setting and collective bargaining, in the designated countries; enhance systems to ensure compliance with international labour standards at factory level; and strengthen the institutional capacity of the ILO's tripartite partners to respond to labour standards challenges in the global garment sector supply chain.

To this end, the core concept of the project design has three dimensions:

**Global:** Research, analytical, capacity development and policy work at global level, both drawing on and supporting activities supported by the project at country level. The workers' educational dimension of the project at global further represents a pioneering initiative to develop innovative learning approaches based on international cooperation. Work supported by the project at global level will feed into policy formulation and advice, tools, guidelines, training and technical support at country level, building *inter alia* on current ACTRAV capacity development work.

As well as informing deliberations and outcomes at the 2016 International Labour Conference which will address 'Decent Work in Global Supply Chains,' the project also draws directly in its design and momentum on the outcomes of the 2014 Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries (Geneva, 23-25 September). This linkage provides the possibility of putting these outcomes into practice at country level as part of a virtuous circle linking global, regional, national and factory level information, analysis, experience and lessons.

**Regional:** Linking 'upwards' to global project initiatives and 'downwards' to country level implementation, the regional dimension provides the platform for inter-country linkages and the sharing of knowledge, lessons and experience for mutual benefit. It is significant that the project design locates the coordination function for the project at regional level through the establishment of the CTA position in Bangkok.

**Country:** Ultimately this is the primary focus of the project (which needs to be reflected in the future phase design and budget structure), building on and adding momentum to the existing ILO Better Work Indonesia and Better Factories Cambodia programmes as well as minimum wages and collective bargaining engagement under the DWCPs in the three designated countries.

With respect to the initial project design, the original intention had been a “fairly light” approach at outcome level, allowing flexibility for latter adaption in light of experience and lessons learned, with a relatively simple project document and management structure. However, the need to include greater detail and specification for IRIS purposes, combined with time pressures to get the project operational arising from donor imperatives, led to both a more complex Prodoc, as well as to a lack of time and opportunity for adequate consultation with tripartite partners and other ILO staff.

Now that the project is in place on IRIS, the advice from ILO Headquarters is that it is not necessary to redo this process for each phase. The opportunity can be taken to adopt a more simplified/streamlined approach to design and management for future phases, within the framework of the initial project design.

## 9. PROJECT MANAGEMENT: KEY ELEMENTS

Key elements in the original conceptualisation of the management of the project were:

- Overall project coordination via the CTA position established in Bangkok.
- Project officers located in respective ILO country or local offices in the three countries concerned.
- Budget allocations directly to the key units responsible for the various project components.
- Oversight and coordination at the global level through an internal ILO Operational Coordination Group and externally through an ILO/BMZ/GIZ Project Steering Committee which includes Geneva, regional and country level ILO representation.
- Internal focus on a highly coordinated and integrated approach vertically (global-regional-country synergies and mutual reinforcement) and horizontally (within and between countries as well as internally within the ILO at all levels).
- Proactive linkages and synergies with other engagements in this area by the BMZ, GIZ and other German Government initiatives.

In this context, concerns were raised by internal consultations in the following areas.

- The potential weakening of project oversight and coordination as a result of the current budget allocation approach, with portions designated to different ILO units at global and country levels, in contrast to what was described as a more ‘normal’ approach of consolidating the budget under the management of the project coordinator (in this case the Bangkok-based CTA). Accordingly an appropriate rebalancing of devolved vs-a-vs centralised budget allocations is recommended (Recommendation 2).
- The need to designate an overall project coordinator at global/HQ level to enhance coherence and efficiencies at that level.
- The need to ensure that project staff can call on support and advice from ILO worker’s specialists at country level.
- The need to clarify the lead and accountability for project implementation in Indonesia from an overall management perspective.
- The lack of country- based administrative/financial support for project implementation in Pakistan.
- The complications caused by incompatible ILO financial systems in Bangkok and Islamabad.
- Lack of available funds, including during the two month-no-cost extension period, for project travel within Pakistan, delaying engagement with counterparts in the Sindh Provincial Government on the potential establishment of the project in that province.

Steps to respond to these and other internal management and coordination matters are dealt with later in this report and reflected in the evaluation recommendations.

## 10. PROJECT PROGRESS (PHASE I)

### 10.1 Overview of progress to date

Despite the short timeframe for project implementation; the uncertainties over the future of the project; the ambitious level of the Prodoc; and the need to establish project infrastructure and staffing at national level before implementation could progress; it is generally considered that good if uneven progress has been made to date. Some interlocutors went further to describe the overall progress as “remarkable,” given the time and resource constraints. Feedback from ILO

staff, in particular, commended the management and coordination provided by the CTA in Bangkok, as a key factor in the project's overall successful development to date.

Despite internal and more general challenges, the project has established an initial sound foundation of research and analysis at global and country levels; key partnerships and networks; a degree of profile at global, regional and national levels; and lessons for the development and implementation of the next phase.

As elaborated below, in Cambodia the project has added momentum to existing work on minimum wage setting and the Better Factories Cambodia (BFC) initiative under the DWCP 2011-2015. This will continue under the DWCP for 2016-2018.

In Indonesia, the project has likewise helped to accelerate the implementation of the ILO's Better Work Programme, particular the implementation of the ILO's enhanced Better Work model. Despite initial steps on minimum wage setting, project strategies and plans in this regard have had to be put on hold and reconsidered following the government's introduction of Regulation 78 establishing a national formula-based minimum wage setting approach. The revised approach will be closely aligned to the new DWCP for Indonesia, which will include a strengthened focus on wage-related engagement by the ILO.

In the case of Pakistan, the main substantive focus is on the minimum wages and collective bargaining aspects of the project in light of the absence of an ILO Better Work Programme in that country. Finalisation of the appropriate partnerships for project implementation remains work in progress due to factors such as the later confirmation of the ILO's in-country resourcing of the project in Pakistan; the devolution of labour (and other) policy and functions to provincial level; and a lack of funding for internal ILO travel and partnership building purposes. There is furthermore a need to more clearly identify the specific priorities and needs of the Pakistan counterparts and address locally-raised questions concerning the value-addition of the regional/inter-country exchange dimensions of the project.

At the global level, there has been progress in the implementation of the research activities set out under the project as well as the workers' capacity building component. The latter is part of a wider strategy, in this case to build knowledge and capacity networks between the ILO, the trade union movement (nationally and internationally) and universities using the Global Labour University (GLU). A key purpose of the GLU is to ensure that training initiatives are not once-off events but are anchored in institutions and networks which can add long-term value. Such a network concept is underpinned by the focus on international cooperation which is also essential for addressing global supply chain issues. In this context, producing research, publishing regular articles, translating research into course material and overcoming cultural and language barriers are all elements of a relatively complex process requiring time, testing and adaption to ensure sustainability and results. The Massive Open Online Courses initiated under the project represent a search for innovative approaches to learning which draw on cross border communications and action. This includes training local tutors and supporting the online course with local workshops in some countries, as well as experimenting with different language editions.

A summary of key project developments by output and activity follows. It is considered too early in the life of the project, however, to meaningfully assess progress against the Prodoc indicators. It is proposed (Recommendation 9) that these be reviewed for their clarity, measurability and ongoing relevance to the project and revised as necessary in the project documentation for the next phase. It is further proposed in the Prodoc that benchmarking data should be collected for the later assessment of indicators in specific cases. Time and resource constraints made this a difficult requirement to meet in the early project period. However, the identification of such data should remain a priority in the context of designing the next phase. The research conducted under phase I of the project has made this a more practical proposition for the coming period.

As also noted in the Prodoc, there are considerable interlinkages between the outputs and activities listed. They thus should not be viewed on a stand-alone basis. As evidenced in the following summary, the progress under one activity contributes directly in several cases to progress under another. Constructive decisions taken by the CTA to combine, or at least specifically link, certain activities have added coherence and reduced proliferation across the array of initial outputs and activities.

As also noted in Section 12 on lessons learned to date, the four Intermediate Objectives under which this project was established require the considerable building of institutional national level capacity (including to effectively respond to global factors); in-depth knowledge; and effective mechanisms at national and factory levels.

Several stakeholders observed that such developments require time, persistence, testing and learning and adaption. They also require considerable cultural shifts amongst both employers and unions, particularly with respect to what some described as the need for and development of a "culture of negotiation" rather than conflict. In this context, a stable and predictable longer-term timeframe and resourcing base will be important to allow the maturing of the necessary

relationships, capacities and approaches for the achievement of sustainable outcomes. An overall five-year timeframe for the project is thus proposed (refer Recommendation 1).

As also noted elsewhere in this report, there is furthermore scope to simplify and consolidate the initial project objectives, given overlap that exists amongst them. The report supports the initiative already been taken in this regard by the CTA in the tentative design of the next phase (refer Annex IV).

With respect to the internal management of the project, the shortness of the project duration to date, along with the necessity of focussing on initial project establishment imperatives (such as getting staff in place and the foundational research underway), meant that there was insufficient time to fully operationalise and regularise the ILO/donor and internal oversight and coordination mechanisms set out in the Prodoc. The further development of these will be a priority in the next implementation phase. In the meantime, a number of areas for internal management improvement have been identified as a result of review consultations. These are reflected in the summary of internal concerns in Section 9 as well as the recommendations of this report.

## 10.2 Summary of progress by objective, output and activity

***Objective 1: By the end of the project, mechanisms for participatory and evidence-based wage fixing through minimum wage fixing and collective bargaining in the garment sector have been strengthened in CIP, as evidenced by those processes.***

### **Output 1.1: Awareness of wage bargaining raised amongst tripartite constituents**

**Activity 1.1.1:** A Tripartite workshop on wage bargaining held in Cambodia on 8 September, 2015. This was the culmination of a year's work and coincided with the beginning of minimum wage negotiations in the garment and footwear sector. The updated findings of ILO research (refer Activity 1.2.1) both provided a basis for the training and was made available through a panel discussion. The workshop was attended at senior level, including by the Minister of Labour.

**Activity 1.1.2:** A tripartite workshop on wage-bargaining was held on 30 June, 2015, in Bandung. The GOI took the opportunity to announce its new minimum wage setting formula. The event was considered useful in terms of bringing the key parties for ILO engagement in this area together.

### **Output 1.2: Regulatory framework on minimum wage fixing reviewed and developed where necessary**

**Activity 1.2.1:** The ILO drafted a background paper on minimum wage adjustment in Cambodia (jointly with the MOLVT, not released yet, although its contents are already in use by MOLVT and ILO); funded MOLVT attendance at a regional training course on minimum wage policy (also funded Indonesian and Pakistan participation); and provided a consultant for data analysis for the above-mentioned background paper and the ILO garment sector bulletin.

Training (including the above-mentioned tripartite workshop hosted by MOLVT) was largely based on the background report prepared under this activity. More generally, training is targeted at LAC members and union leaders. In related developments, the MOLVT team supporting LAC's minimum wage fixing role was trained by the ILO and can now produce technical reports without ILO support.<sup>d</sup>

In evaluation consultations, the MOLVT further highlighted the importance of ILO's neutral technical support in this regard. Other important aspects of ILO's contribution highlighted by the MOLVT were the access provided to experience and approaches in other countries; the focus on an evidence-based approach to negotiation; and emphasis on win-win approaches. In the view of the MOLVT, gradual/incremental approaches are more likely to achieve this,

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<sup>d</sup> Following is a full listing of minimum wage-related training provided under the project in 2015 to the union, employer and government representatives on the Cambodian Labour Advisory Committee (LAC). These covered Cambodia's minimum wage setting criteria/methodology; statistical information and sources (local and international comparison of relevant information on wage/productivity/working hours etc); and practices of minimum wage adjustment in a number of countries.

1. July-02, 2015: Training to unions (mainly unions who are members of the LAC technical working group)
2. July-10, 2015: Training provided to the CAMFEBA secretariat (their economist, researcher, legal officer...)
3. July-15, 2015: Presentation/training provided to the CAMFEBA Board members
4. July-31, 2015: Training provided to unions
5. Aug-05, 2015: Presentation/training provided to the International Business Chamber (IBC)
6. Aug-06, 2015: Training provided to unions
7. Aug-07, 2015: Training provided to union
8. Aug-28, 2015: Training provided to unions (mainly for unions of LAC members and technical working group members)
9. Sept-08, 2015: Joint organized-workshop (MOLVT and ILO) for Tripartite Constituents (tripartite workshop)

including retaining investor confidence. The ILO further contributed to the national economic data base by analysing a recent RGC tax policy adjustment, demonstrating that 54 percent of workers had benefited as a result of lifting the limit for paying income tax.

As an example of cross-project synergies at national level, the BFC provided data on company payrolls to verify compliance with the sector minimum wage. A further contribution of the BFC to the wider delivery of the project will be a study on the impact of improved compliance on worker well-being and business outcomes in collaboration with Tufts University, USA, to which GIZ funding has contributed.

Activity 1.2.2: A research paper was commissioned in Pakistan. This also covered related issues under other Prodoc Activities to ensure coherence. This fed into the global research paper under Activity 4.1.3, a draft of which was presented to the Regional Workshop on Minimum Wages and Collective Bargaining in Garment-Producing Countries in Asia in Bangkok from 23-24 November 2015. The Pakistan research was endorsed at a multi-stakeholder national workshop in July 2015. This has provided the basis for the road map for Phase II of the project in Pakistan (which, subject to further dialogue and confirmation with relevant authorities, will involve a focus in Sindh Province).

The above-mentioned July 2015 workshop brought together a wide range of stakeholders, beyond the ILO's traditional tripartite partners, to begin a conversation on the levels and implementation of minimum wages in Pakistan. The event saw a general acceptance of the research conclusions and recommendations. The project is also exploring methods through which the large numbers of workers in the informal economy may be brought within the legal protections afforded to formal workers, in relation to minimum wage and working conditions. As a result of this and related project activity to date, the Pakistan project office reports that evidence-based wage fixing has been better understood and strengthened; stakeholders have better access to comparative information; institutional capacity of tripartite partners has been strengthened; and the quality of social dialogue over labour standards has improved.

### **Output 1.3: Reform of minimum wage fixing system in one province of Indonesia promoted**

Activity 1.3.1 and 1.3.2: Implementation of the planned activities did not proceed due to the above-mentioned GOI change in the wage fixing approach for Indonesia. A revised strategy and project plan is being developed in the context of indications from GOI counterparts (also expressed in review consultations) that ILO technical support in developing a comprehensive national wages policy would be welcomed. Feedback from Indonesian stakeholders interviewed for the review supported the inclusion of a provincial focus in the new project design, with West Java universally proposed as a priority in this regard.

***Objective 2: By the end of the project stakeholders will have access to comparative information about working conditions, industrial relations institutions and practices, and minimum wage fixing criteria in the garment sector, enabling them to improve the quality of their social dialogue over labour standards within the sector.***

### **Output 2.1: Knowledge on the institutions of industrial relations, including as related to wage fixing in the sector, developed for sharing at global and regional level**

Activity 2.1.1: To be reconsidered in the context of Phase II, particularly in light of the national wage policy change in Indonesia.

### **Output 2.2: Research conducted on social and economic criteria for setting minimum wages conducted in Cambodia**

Activity 2.2.1: The second edition of Cambodian Garment and Footwear Sector Bulletin was produced prior to the 2016 minimum wage negotiations, and the third edition as this report was being prepared. The bulletin has drawn very positive feedback from stakeholders. Its empirical approach, with focus on using data sources which are widely regarded as credible and trustworthy, is a key foundation of its success. The success of the bulletin is further shown by interest from other sectors in extending its coverage (tourism, transportation, construction, agriculture/farm workers associations). Refer also to the reporting above on the implementation of Activity 1.2.1.

Activity 2.2.2: A report was commissioned on criteria used for setting minimum wages in Indonesia, but further work is needed in this regard, particularly in light of the GOI's new national formula-based approach. It has been proposed that a regular bulletin on the lines of that produced in Cambodia be initiated, with the producer of the Cambodian bulletin being made available to provide hands-on support as required.

Activity 2.2.3: An analysis of Pakistan country data on the criteria used for minimum wage setting was prepared as part of the paper under Activity 1.2.2.



**Output 2.3:** Research conducted on wages and working conditions of workers in the CIP garment sectors as an input to Output 4.1

**Activity 2.3.1:** Country research on actual wages and working conditions in garment sector was done in association with Activity 3.2.3.

**Activity 2.3.2:** Country research on actual wages and working conditions in the Indonesian garment sector was conducted (this did not include dispute resolution, unlike the above Cambodian research). This will provide a useful basis for the introduction of a bulletin on the lines of the Cambodian one.

**Activity 2.3.3:** Country research was conducted in the above areas in Pakistan as part of Activity 1.2.2.

***Objective 3: By the end of the project, systems for assuring labour standards compliance frameworks at the factory level will have been improved in CIP.***

**Output 3.1:** Support provide to bringing national labour standards' compliance frameworks closer into conformity with international standards, with particular reference to the garment sector and in Pakistan.

**Activity 3.1.1:** Two short consultancies established in Pakistan; one to propose actions on labour inspection at district level and the other on strengthening tripartite oversight of labour inspection nationally. Both will feed into the Netherlands-funded / ILO implemented project in Pakistan on labour inspection, demonstrating the potential for both internal and interagency collaboration supported by the project.

**Output 3.2:** Strengths and weaknesses of selected national labour administration services key to the sector are assessed, reported on and strategic action plan for improvement proposed for agreement

**Activity 3.2.1:** Technical assessment of the operation of labour inspection in Pakistan carried out under Activity 3.1.1.

**Activity 3.2.2:** Tripartite consultations were held in Pakistan on the results of the technical assessments made under Activity 3.1.1 on improving labour inspection at national and provincial level. These were also used as an opportunity to hold the first multi-stakeholders forum in the garment sector in Pakistan (see reporting under Activity 1.2.2). This will continue under the next phase of the project, with links to the Pakistan national buyers forum. The ILO and GIZ alternate the hosting of the multi-stakeholder forums as an innovative approach to reinforcing the inter-agency partnership.

**Activity 3.2.3:** An assessment of dispute resolution in Cambodia was included in the wider report under Activity 1.2.1.

**Activity 3.2.4:** An assessment of dispute resolution in Indonesia, with particular reference to the garment sector, is pending further work on clarifying the purpose (particularly end-use) of such research within the context of the revised project strategy and plan for Indonesia.

**Output 3.3:** Better Work and Better Factories Cambodia contribute to assuring labour standards compliance at the factory level.

**Activity 3.3.1 and Activity 3.3.2:** The implementation of the enhanced ILO Better Work Model, with its stronger focus on industrial relations, self-reporting, root causes and empowering factories, is well underway in Cambodia and Indonesia, with new factories engaging every month. Five-six 'factory-facing' workshops were conducted in Cambodia and Indonesia; and strengthened attention was given to gender dimensions and the strengthening of tripartite committees. In Cambodia, 550 factories are currently being monitored under the BFC, with 90 now in the in-depth Advisory Programme (up from 65 in January 2015). Up to eight visits a year are carried out for support purposes for factories in the Advisory Programme. Buyer pressure is also very important in this context and is an explicit component of the work. ILO is working with 30 formal partnerships with buyers globally in this regard, with an increasing number of other brands now buying Better Work reporting.

The potential of enhanced internal collaboration within the ILO between the wages and Better Work components of the project was demonstrated by the above-mentioned BFC contribution to gathering data on the application of the minimum wage at factory level in Cambodia. However, there is considerable scope in the next phase of the project to step-up the mutual reinforcement and leveraging between the respective components of the project and between the various ILO units involved at all levels.

**Activity 3.3.3:** GIZ funding supported the rolling out of enhanced Better Work service model in eight countries, with training in this regard provided for 120 Better Work staff worldwide (the new Better Work model covers over 1,000 factories worldwide). The November Regional Tripartite Workshop held in Bangkok in November 2105 (refer above)

further demonstrated the potential for inter-country sharing of knowledge, experience, approaches and lessons in this regard, which will be given greater priority and explicit attention in the next project phase.

***Objective 4: By end of the project, institutional capacity of tripartite partners to effectively respond to the labour standards challenges of the sector supply chain will have improved.***

**Output 4.1: Knowledge on economic analysis of supply chains, working conditions and institutional responses in the global garment industry developed for sharing.**

Activity 4.1.1 and Activity 4.1.2: Comparative economic research was conducted to analyse global garment sector supply chains, including elements on the determination of prices of products and labour and the organisation of production and work. A comparative brief has also been produced on working time regulations in the 25 biggest garment manufacturers worldwide.

An important element of the global research is analysis of the internal functioning and dynamics of supply chains – to deepen understanding and the ability to pinpoint key areas for intervention. This is the first such effort to gain an in-depth understanding and overview, but it requires further research at country (including enterprise) level on good practices (e.g. on multi-employer bargaining).

Activity 4.1.3: Finalisation is expected in early 2016 of the global comparative research paper on the institutions of industrial relations, including those related to wage fixing in selected major garment producing countries (including those which are the focus of this project). A draft of this paper was presented for feedback at the regional tripartite workshop held under Activity 4.2.1.

**Output 4.2: The preliminary knowledge developed on the economics of global supply chains in the garment industry shared, with specific reference to wages and working conditions, and institutional responses and possible solutions within the supply chain, with a view to increasing evidence based content of social dialogue on challenges in the sector.**

Activity 4.2.1: As detailed elsewhere, a Regional Workshop on Minimum Wages and Collective Bargaining in Garment-Producing Countries in Asia was held in Bangkok from 23-24 November 2015, with tripartite participation from CIP as well as from China, Bangladesh and Vietnam. A key focus of the workshop was the presentation of the draft global paper being prepared under Activity 4.1.3. Feedback from the Cambodian MOLVT representative at the workshop subsequently indicated that the government participants who were present have already initiated ongoing links for information sharing and mutual support purposes.

**Output 4.3: Knowledge on the impact of labour standards compliance on workers and business in the garment sector shared and coordinated in Pakistan, with a view to their promotion.**

Activity 4.3.1: The tripartite forum held in Pakistan under Activity 3.2.2 agreed to move in the direction of setting-up a pilot self-supporting tripartite body (with wider participation from other relevant stakeholders) to exchange information on public and private garment sector labour standard improvement initiatives. It is further intended under phase II of the project to develop regular links with the currently existing Pakistan national buyers forum through means such as participation in each other's meetings.

**Output 4.4: Training tools and qualification programmes developed to strengthen workers' organisations research and dialogue capacity in respect to multinational enterprises in the sector.**

Activity 4.4.1: A number of scholarships were given to participants from Asia to participate in the Global Labour University (GLU) master programme on Labour Policies and Globalisation in 2015. This course provides participants with the analytical skills to understand the overall framework under which Global Value Chains are operating and the options for intervention by trade unions. The project furthermore supported the participation of Asian participants in the GLU summer school. The school provided an intensive training on corporate strategic research and developed a concept to localize 'Massive Open Online Courses' (MOOCs) and train GLU alumni as local tutors (also refer to Activity 4.4.4). Two follow-up Webinars in November 2015 resulted in 20 local tutors being trained to work with local labour organisations on developing MOOC related seminars on workers' rights at country level.

Activity 4.4.2: The global research paper prepared under Activity 4.1.1, along with related research, is viewed as the first main output of efforts to develop a coherent and comprehensive wages policy approach at global level, as well as providing good practices and campaigns to improve working conditions in garment sector global supply chains. This will flow into Activity 4.4.3.

Activity 4.4.3: The proposed conduct of a policy workshop on value chains and economic governance remains to be pursued, drawing *inter alia* on the above-mentioned research at global and country levels.

Activity 4.4.4: In June 2015 the Massive Open Online Course on Workers' Rights in a Global Economy was successfully launched and more than 3000 people enrolled. This represents an innovative initiative with cross-country interaction and action a key element. Participant's feedback through an evaluation process was very positive. Based on the feedback, the course has been slightly revised and will be offered again in March 2016. Some of this year's participants will serve this time as tutors to localize the MOOC through face-to-face workshops in target countries. An international expert team of the GLU network has been working since May 2015 on the development of a new MOOC on global supply chains and trade unions. An expert workshop with 15 participants was organised in May 2015 to discuss the major issues and start developing an initial outline for a course. The first version will be tested as a blended online course and is scheduled for April 2016.

Activity 4.4.5: The GLU conference in September 2015 brought together 200 international trade union experts and scholars to discuss strategies to deal with corporate interests and achieve fairer distribution within global value chains. The project supported the participation of experts from Asia. Many of the conference papers are published on the web-site or in the forthcoming edition of the International Journal of Labour Research. A study on the Bangladesh Accord has been published as a working paper and several other papers are under review.

Activity 4.4.6: The project contributed to the finalisation and promotion of the data base on trade union rights violations, which was launched in September 2015.<sup>e</sup> The challenge now is to ensure the regular updating and maintenance of the data base. In addition, the *Global Labour Column* published several articles on global supply chains and on minimum wages which were stimulated by the project.<sup>f</sup>

Activity 4.4.7: A research project is underway on ways in which how trade unions can use existing compliance mechanisms and/or how compliance mechanisms can be strengthened, to ensure observance of international labour standards. A stocktaking phase will be followed by a small expert workshop to identify and address knowledge gaps.

## 11. SUBSTANTIVE PRIORITIES FOR NEXT PHASE

Stakeholder and staff consultations to date have highlighted a number of areas for particular attention in the next phase of the project, within the scope provided by the project's Intermediate Objectives.

Standing out amongst these have been:

- a near universal prioritisation of collective bargaining (and the 'culture of negotiation') as a focus, and
- the need for in-depth attention to the analytical and capacity requirements of productivity bargaining.

Bearing in mind the absence of an ILO Better Work Programme under the DWCP in Pakistan, a reinforced project focus in these areas is applicable in each of designated project countries, providing a basis for cross- country linkages and mutual support.

Following is a more detailed summary of key areas identified by stakeholders and staff:

### 11.1 Across the whole project

- Ensuring that the overall focus and balance of the project (*inter alia* reflected in the budget structure) is on country level change through policy formulation support, technical advice, good practice guidelines and capacity development opportunities, approaches and tools.
- The need to strengthen project support (policy, research, analytical, technical and capacity development aspects) at all levels in the areas of collective bargaining and productivity negotiation in particular, with close engagement with the brands being a core element in this regard from global to factory level.

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<sup>e</sup> <http://tur.la.psu.edu/>

<sup>f</sup> <http://column.global-labour-university.org>

## 11.2 At global level

- The need to deepen analysis of “the anatomy” and dynamics of the global garment industry supply chain to more precisely identify the points for strategic intervention and robustly underpin the development and application of the project at all levels.
- The effective translation of such analysis into effective and appropriate support, as indicated above, for country level delivery and impact.

## 11.3 At regional level

- Strengthening inter-country tripartite and direct counterpart interaction and sharing of approaches, information, lessons and experience for mutual learning and benefit (this is already part of project implementation, for example through the November 2015 Regional Workshop on Minimum Wages and Collective Bargaining in Garment-Producing Countries in Asia, in Bangkok, which received positive feedback from participants). Feedback received on the need to clarify the value-addition for Pakistan in this respect is highlighted elsewhere in the report.
- For Cambodia and Indonesia: monitoring and appropriately integrating relevant factors into the project design and implementation arising out of wider ASEAN integration developments under the AEC.

## 11.4 At country level: Cambodia

Representatives of MOLVT, the Cambodian Federation of Employers and Business Associations (CAMFEBA), the BFC, the Coalition of Cambodian Apparel Workers Democratic Union (C.CAWDU) and Cambodian Labour Confederation (CLC), all highlighted the above-mentioned need to prioritise in-depth attention to collective bargaining and productivity-related analytical work and capacity development.

On the employers’ side, CAMFEBA further suggested that the ILO consider support for a position in their national office to advocate, support, advise and train employers on collective bargaining good practices (on similar lines to current economic research position supported by the ILO). The CLC representative requested similar support in the area of productivity research and analysis (but structured in ways which would serve the wider body of trade unions).

Also suggested was an in-depth national study on productivity issues in relation to minimum wage setting and collective bargaining to supplement current data and analytical initiatives in this regard.

A number of further areas were specifically raised for consideration in the context of the next project phase. Some of these are already encompassed by tentative project planning. Others are provided as additional options for consideration as planning firms up with stakeholder input. The following full suite of feedback on potential areas for attention is offered as an insight into Cambodian stakeholder interests.

### Trade Union Law

- Working with tripartite partners in implementation of the new Trade Union Law (TUL), once it is adopted by Parliament, with international Labour Conventions as the bedrock and drawing on the ILO’s longstanding technical, advisory, facilitation and capacity development engagement with the law’s development to this point. The law as it currently stands will have potentially important implications for tripartite dialogue and industrial relations, particularly in the area of collective bargaining, and is already prioritised for ILO attention under the draft Cambodia DWCP for 2016-2018.

The nature and scope of ILO engagement with the TUL as part of the BMZ/GIZ project would require careful consideration to ensure it fits with project objectives and other priorities which are already set. It is proposed that a strategic approach for engagement with the TUL would be to link project support to the ILO’s existing role and plans for the establishment of Cambodia’s new Labour Court. This would be in keeping with the focus in the project design on adding value to existing initiatives; would add value to the process for developing the key institutional framework for TUL oversight and implementation; and would build on previous ILO engagement with tripartite partners in the law’s drafting period.<sup>8</sup>

### Data/research to underpin minimum wage setting

- Support under the project to update the 2012 Labour Force Survey, in the preparation of which the ILO played a key role (highlighted in all discussions).

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<sup>8</sup> Cambodia DWCP (2011-2015): Review Report, Case Study 5. Page 64 (2015)

- Continue to strengthen the objective data base for minimum wage negotiations, including building the foundations for carrying out annual surveys to underpin annual negotiations in areas such as the economic impact of wage adjustments and measuring/assessing productivity.
- With respect to priorities for research support, CAMFEBA proposed more comprehensive research on broader wage-related issues, including the living wage concept (based on what, for whom); evolving family structures (how many waged workers are supporting extended families); the impact of costs in areas such as food, transportation, clothing, housing and taxation changes; the impact of social protection provision and taxation changes; and the impact of strikes, public holidays and annual leave provisions.
- Address the need to revise the poverty line which is still used in Cambodia as level below which minimum wages cannot fall (an area where World Bank or Asian Development Bank expertise maybe more pertinent).

#### Capacity development for tripartite partners

- Continue engagement to strengthen the minimum wage setting institutional infrastructure, including an assessment of whether the Labour Advisory Committee (LAC) is the appropriate body for this purpose on a long term basis and what alternative options exist.
- Continue the targeted approach to training (minimum wages training to LAC representatives and union leaders; and BFC training within the advisory programme to union leaders and shop stewards), but supplement by similar efforts to strengthen targeted employer capacities on the one hand and to reach out more broadly to union members on the basics of collective bargaining, on the other.
- Conduct a review of training provided by the ILO to employers, workers and government officials, with a view to assessing longer term impact and ways of enhancing this, the appropriateness of the modalities used in the Cambodian context and means of ensuring sustainability. The independent evaluation of ILO capacity development support to employers and workers' organisations conducted in 2013 should also be revisited for pertinent feedback and recommendations in the current context. In terms of training content, a stronger focus was suggested by BFC on the Labour Law and what it means to be union leader/member.

#### Multi-company bargaining

- Introduction of multi-employer bargaining, starting small in one or two pilot cases where a reasonable basis for success is considered to exist, to build confidence amongst employers and unions by demonstrating mutual benefits.

#### Future of Better Factories Cambodia

- Establish formal dialogue between the ILO/BFC and MOLVT on the future institutional status and sustainability of the BFC. Both MOLVT and BFC expressed this view, with agreement that the BFC needs to be institutionalised as a Cambodian entity while retaining an independent function and association for as long as necessary with the ILO.
- Take account of regional and global changes in the global garment supply chain by initiating tripartite dialogue on the future of the industry at country level as part of BFC engagement in Cambodia.
- Build synergies and working collaboration between the BFC and the H&M/SIDA garment sector project (a meeting was planned soon after the Cambodian consultations to pursue this end).

In considering the above inputs as part of the design of the next project phase in Cambodia, it is proposed that the potential linkage with the adoption and implementation of the new Trade Union Law is the most strategically relevant potential focus for targeted engagement by the project, linking to planned work on the establishment of Cambodia's Labour Court.

### **11.5 At country level: Pakistan**

The research delivered in phase I of the project, endorsed in the multi-stakeholder workshop held under the auspices of the project in July 2015, has provided the basis for a road map for targeted ILO interventions in the areas of minimum wages and collective bargaining. The proposed output for the Pakistan component of the next project phase in this context is the strengthening of the capacity of tripartite constituents to engage in evidence-based minimum wage adjustment processes and collective bargaining, with a geographic focus in Sindh Province.

The provincial focus reflects the degree of devolution of governmental policy and related functions to provincial level in Pakistan, including in the case of labour matters. The formal ILO counterpart in Pakistan at national level (the Ministry of Overseas Pakistanis and Human Resource Development) has a limited mandate in the areas covered by the project, being restricted mainly to reporting on Pakistan's international commitments. A key learning of the early period of project implementation was that the substantive counterparts are at provincial level, particularly in Sindh Province

(one of the two primary garment producing provinces), where factors such as the status of the garment industry and likelihood of positive engagement with provincial counterparts provides potentially conducive conditions for collaboration.

Minimum wage enforcement was identified during evaluation consultations as one area for further research and analytical attention in the above context, including to identify appropriate project interventions in this regard. The issue of 'representivity' in provincial wage councils in Pakistan was also raised as an issue for attention by ILO INWORK feedback. The establishment of appropriate linkages with developing practices concerning the formalization of informal work, which were identified by the project's earlier research, has been further proposed by the ILO project office as an element to be woven into the next phase.

Based on phase I activities and the early lessons learned about the limitations of national level engagement, project planning has already moved towards the development of a pilot approach on minimum wage setting in Sindh Province. Progressing this approach remains contingent on opportunities for the necessary dialogue with Sindh Provincial Government counterparts and other stakeholders to prioritise project interventions. Such opportunities have been limited to date by lack of the necessary funds for travel and consultation, highlighting an area for attention with regard to the budgetary management arrangements of the project (refer Recommendation 2).

At the same time, as noted elsewhere (refer Section 10), there is a strong basis for targeted collaboration and synergies with the Netherlands-funded / ILO-implemented project in Pakistan on strengthening labour inspection, including through ensuring links with the recommendations of the ILO/BMZ/GIZ project's initial scene-setting research. Initial steps in this direction have included the two short-term consultancies supported by the ILO/BMZ/GIZ project on labour inspection, which will feed into the Netherlands / ILO work and contribute towards meeting the Better Work-related objective of the overall ILO/BMZ/GIZ project.

Given the presence in Pakistan of GIZ and its engagement in related areas of work, the ILO/GIZ relationship is of significance at ground level in the implementation of this project. The agreement for an alternating ILO/GIZ facilitation arrangement for the informal multi-stakeholder meetings under the project reflects and reinforces the importance of this relationship, which in turn is in line with commitments in the original Prodoc to ensuring effective linkages with other relevant German Government-supported initiatives. It is clearly important to continue this arrangement with both the local and bigger pictures in view.

A particular issue which has arisen in the Pakistan context concerns questions raised by local counterparts about the added value of the regional exchange / inter-country dimensions of the project. To help address these, it has been proposed by the national project office that a publication be added to phase II project activities covering issues such as international competitiveness in the garment sector; wage level differentials across garment producing countries and the factors behind these; the implications of international developments such as the TPPA; and what is "GSP Plus" (to inform Pakistan's follow-up on retaining its GSP status in the wake of suggestions from the EU that this could be at risk if the country fails to comply with certain specified UN conventions).

Beyond the particular needs in the current Pakistan context, ensuring that the value-addition of inter-country exchange and mutual support is clearly articulated, understood and demonstrated is critical for the success of the wider project.

The Pakistan experience to date further highlights the value of and scope for engagement with stakeholders beyond the ILO's traditional tripartite base. A number of players at the Pakistan provincial level have been proven to have important contributions to make and have been included in the wider multi-stakeholders forum established under the project. These include trade associations; key individual employers and unions beyond the formal federations or associations; and groupings representing women and informal sector perspectives. Continuing and building on this base will clearly be important to the success of the project in Pakistan and provides a useful pointer and lesson for implementation of the project as a whole.

It should be noted in the above analysis that the agreed primary focus for the project on minimum wage setting and collective bargaining in Pakistan/Sindh is not explicitly stated in the priorities and key intervention areas for ILO engagement set out in the DWCP for 2010-2015. The specific priorities in the DWCP were labour law reform; employment generation through human resource development, with a focus on employable skills; social protection expansion, including in the informal economy; and tripartism and social dialogue promotion.

However the focus can be linked to DWCP Country Programme Outcome 1 on access to employment, and Country Programme Outcome 7 on strengthening Pakistan's capacity to ratify and apply fundamental conventions and fulfil reporting obligations. It also links to the DWCP key intervention area on capacitating employers' and workers' representatives to constructively engage in social dialogue at all levels.

To facilitate ILO operational coherence and synergies in line with the core concepts of the overall project design, it will be helpful to ensure that every effort is made in the context of the new DWCP to identify appropriate points of alignment and to keep the objectives and work of the project visible in DWCP-related dialogue meetings with Pakistan counterparts

## 11.6 At country level: Indonesia

ILO staff indicated during consultations that the BMZ/GIZ project has already added tangible value to the ILO's engagement in Indonesia in the areas of both Better Work and minimum wage setting, despite the short time period involved.

Given the current national focus on minimum wage-related issues in the wake of the GOI's recent shift towards a national formula-based approach (promulgated in GOI Regulation 78), it was noted that wages are already a critical element of industrial relations component of the Decent Work Country Programme which came to its end in December 2015. Wage-related issues will be accorded a higher level of priority in the new Indonesia DWCP. The BMZ/GIZ project has provided timely resources for the ILO to more meaningfully engage in this area over the past 12 months, with a key factor being the establishment of a dedicated national staff position to coordinate implementation of BMZ/GIZ-funded activities and build relations with key stakeholders, including with respect to the wages component of the project. The project has further enabled deeper analysis of both provincial and longer term dimensions of wage-related issues.

The timeliness of the project from the wages perspective has been reinforced by indications from the GOI that it would value ILO support in developing a national wages policy<sup>h</sup> with links to productivity, wages structure (taking account of skills and experience), international supply chain dimensions and cross-sectoral bargaining issues. This builds on some three years of discussion between the ILO and Indonesian constituents about ILO engagement on wage-related issues. The ILO staff emphasised that a longer term timeframe will be important to achieving the project objectives in this regard, as these hinge on the strengthening of confidence and trust with and between tripartite stakeholders as well as the development and socialisation of a culture of effective collective bargaining.

In consultations held with representatives of the ILO's constituent partners (all Jakarta-based), the primary focus was on the implications of Regulation 78 for the ongoing priorities and ways forward of the project. In this context, the need to also maintain the focus of key partners on the Better Work Programme component of the project, and maximising synergies between the wages and Better Work aspects, is clearly critical to ensure an ongoing balanced and harmonised approach to implementing project objectives.

With the above observation in mind, a number of key areas stood out from stakeholder feedback as shared challenges and priorities for the next phase of the project. A number of these have direct relevance to both the Better Work and wages component of the project. Perhaps the strongest emphasis that came through all discussions was the importance of the ILO role in facilitating tripartite dialogue and helping to build critical capacities to improve effectiveness in this regard. A summary of key shared feedback points follows:

- Strengthening the **capacity of each of the constituent partners** to engage effectively with each other is critical to the achievement of project objectives. The Ministry of Manpower representative described this imperative in terms of building capacity to "evaluate together, to plan together and to discuss achievements and approaches ...so that all parties are on the same page and building shared understanding of issues and ways forward..." A key element of the ILO's role in this regard is seen as facilitating and supporting an increased frequency of tripartite dialogue to build working dynamics, confidence and trust, as well as common understandings and language between employers and unions on deeper issues such as wage-productivity linkages, national economic issues and the role and place of minimum wage setting within Indonesia's broader wages policy. The value of ILO programme and project evaluations as a learning opportunity was highlighted by one interviewee, with a call to increase the sharing of results, lessons and ways forward for the benefit of all constituent partners.
- **Social dialogue** should encompass not just the minimum wages issue which is currently in the national spotlight, but the full range of ILO DWCP priorities and the links between them - including Decent Work, social protection and the transition from informal to formal work as set out under International Labour Conference Recommendation 204 (2015). With respect to the latter point, the representative of the Ministry for National Development Planning (BAPPENAS) highlighted the need for ILO support in the dissemination of new approaches developed by the GOI in this regard, including a particular focus on the position of homeworkers. The wider development dimensions of

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<sup>h</sup> The terminology 'wages system' was commonly used by Indonesia stakeholders to refer to the broader national wages environment, including its policy dimensions. In this report the term 'wages policy' is used to encompass the wider national wages environment.

Decent Work were also highlighted by BAPPENAS, with priority placed on ILO guidance in developing labour intensive economic development policies and strategies to both enhance economic performance and provide decent jobs. The representative further emphasised the importance of social security policy and programme development as an ongoing priority for ILO engagement under the DWCP for Indonesia.

- **Collective bargaining capacity**, including on wages and enterprise level disputes settlement, remains weak and should be further elevated in its status as a core priority for future ILO support under the project. Views varied however on the degree of priority that should be accorded to promoting multi-employer and sector-wide bargaining at this particular juncture in Indonesia's industrial relations development. The employers' representative, for example, indicated that employers generally do not see this as a priority for Indonesia at this time due to issues such as union multiplicity at enterprise level and the complexity of corporate interests. He stressed that it was more important at this point to focus on improving company level bargaining and the quality of CBAs, as well as shifting the basis of minimum wage setting from a political basis to an economic one. It was further noted that the strengthening of collective bargaining is a performance indicator of Ministry of Labour, adding weight to ILO engagement in this area.
- The ILO's engagement on **minimum wage setting**, particularly in the new context of Regulation 78, is critical and was prioritised in all consultations (see further analysis below). However, a clear message also came through the consultations that the "real issue" is the development of a wages structure which incorporates provision for skills, experience and longevity on the job. The Ministry of Manpower representative noted that Regulation 78 states that the development of a wages structure on these lines is now mandatory, providing an important lever for progress in this regard. Supporting the necessary research, analysis and capacity to strengthen understandings of the link between **wages and productivity** is a priority for ILO engagement in this context. Feedback clearly validated the potential value-addition of the proposed initiation in Indonesia of a factual/analytical bulletin on the lines of that supported under the project in Cambodia, at least as an initial benchmarking reference. The envisaged engagement of the producer of the Cambodia bulletin in supporting such an initiative would further reinforce cross-project synergies.
- In the context of Indonesia's devolved political structures and national diversity, it is important for the ILO to focus at both **national and selected provincial levels** in its implementation of the project, with a focus on the mutual reinforcement and interflows between the respective levels. West Java was seen as a priority provincial focus in this context in light of its concentration of industrial enterprises.
- Access to relevant **experience and good practices of other countries** across all the areas prioritised by the project is an invaluable contribution to addressing Indonesia's needs that only the ILO is in a position to facilitate, both within the project country grouping and beyond. Identifying appropriate and effective modalities for achieving this, including regional workshops, fact-finding visits and other forms of exchange, should be ongoing focus for both the project as a whole and the ILO's engagement in Indonesia specifically.

#### Divergent views on new approach to minimum wage setting

Beyond the general level of consensus above on the prioritisation of minimum wage setting within the ongoing project, tripartite constituent views diverged considerably.

The national employers' representative interviewed for this report indicated that employers generally are supportive of Regulation 78, as they see it bringing more certainty into minimum wage determination and shifting the focus from a highly politicised process to an economic one. He noted that work remains to be done to complete the associated procedures and develop the associated Ministerial decrees indicating key economic factors which should be taken into account.

Indonesia's unions, on the other hand, view the regulation as a violation of ILO Conventions 87 and 89. The union representative interviewed further observed that key issues in wage setting are lack of social security, public transport costs and the costs of food and accommodation (totalling some 60 percent of workers' living costs). He noted that even with minimum wage adjustments in recent years, there have been no significant shift in terms of workers' systemic ability to meet these costs. As a result, unions continue to argue for additional items in the wages negotiation 'basket,' for example, the costs of cell phones and newspapers.

The ILO Workers Programme Officer further noted that the ILO had been looking at organising a tripartite workshop to discuss minimum wage setting as part of the BMZ/GIZ project in late 2015, but this was postponed as the timing was considered to not yet be appropriate. The current focus has subsequently shifted to engagement with the four most



representative national labour confederations to sound out their views on the way forward as an input to helping to shape the ILO's longer term strategy on minimum wages.

The Ministry of Manpower representative emphasised the need to develop an approach to the structure of wages which includes provision for skills and experience, and the development of national wages policy, as priorities for ILO support in the next project phase. She also highlighted the need to complete procedures to underpin the new GOI minimum wage approach and to adopt a nuanced approach to minimum wages implementation which takes account of the different circumstances of small, medium and large companies, along with the lack of labour inspection capacity. As a way forward which builds national ownership and buy-in, she suggested the early convening by the ILO of a tripartite workshop to jointly strategise and plan the next steps on minimum wages and broader wage-related issues within the new environment.

### Options for ways forward

Taking account of the above feedback, it is proposed that consideration be given to the convening of a tripartite dialogue to specifically take stock and strategise next steps and longer term directions for the wage setting component of the project (encompassing minimum-wage setting, wages structure and national wage policy dimensions). Such an approach would play to the emphasis put by all stakeholders on the ILO's unique role in facilitating tripartite dialogue and help strengthen the shared ownership, buy-in and shared commitment for the new approach that is required. The dialogue should be clearly linked with the framework of the new DWCP for Indonesia and seek to enhance synergies with the Better Work component of the project (including around the elevated focus sought by stakeholders on collective bargaining).

The wage structure dimension of such a dialogue was universally prioritised in stakeholder consultations for ILO attention. The requirement in Regulation 78 for the structure of wages to include provision for skills and experience provides an important leveraging opportunity in this context. Targeted ILO engagement in this area, including through technical advice, capacity support and facilitating access to other country experience, would be in line with core agency mandates and expertise. Such engagement would furthermore potentially create 'safe' space for tripartite interaction and confidence building on broader questions of national wage policy, collective bargaining and labour rights, with ILO Conventions as an underpinning point of reference.

A further factor (beyond the timeframe of this report) which has the potential to contribute to formulating the way forward in the new minimum wage setting environment is the international conference to be held in Jakarta on the implementation of Global Sustainable Development Goal 8, on 17-18 February 2015. This event will be jointly hosted by the ILO and the GOI and includes a session on national wages policy.

## **12. KEY LESSONS TO DATE**

As indicated in previous sections, a number of key lessons have been identified by consultations with stakeholders and ILO staff, despite the short period of project implementation to date. These generally affirm, elaborate and add to those identified in the initial Project Document and concept note. These lessons are summarised as follows:

The **ILO's unique ability** to pursue the project objectives and wider global garment chain agenda, based on its mandate, normative role, technical expertise and tripartite base, was universally affirmed in consultations with stakeholders. In this context, the mandate and capacity of the ILO to facilitate tripartite dialogue which transcends individual constituent interests was emphasised in feedback from all stakeholders. In the Indonesia case, for example, a recurrent call was made for an increase in the frequency of dialogue, with ILO facilitation and support, to build common understandings and language on issues such as the linkages between wages and productivity, as well as to strategise and agree on ways forward in addressing shared concerns and priorities.

The project offers an opportunity to demonstrate a genuinely **whole of ILO approach** with global, regional and national (including factory-level) components seamlessly interacting in a mutually reinforcing way, with the ultimate beneficiaries being the tripartite constituents at country level. To maximise this opportunity, clear internal oversight, effective coordination, continuous monitoring and high quality communications will be essential. The internal Operational Coordination Group (OCG) set up under the project will have a key role to play in this regard, requiring clear definition of roles and the proactive commitment of all parties. The recommended rebalancing of budget management and allocation would help enhance flexibility and reinforce oversight and coordination.

Bearing in mind the multiplicity of internal and external parties in this project, and its multi-layered nature, the above-mentioned OCG, along with the joint ILO / donor Project Steering Committee, will have an important role in assessing developments requiring any higher level redirection of effort and providing direction and guidance in this regard. The advice from internal consultations is to keep the focus of the Project Steering Committee at a strategic oversight rather

than detailed management level, ensuring that the CTA has the space to make the necessary decisions and professional judgements at a day-to-day project coordination and implementation level.

At the country level, the project has already demonstrated the potential for strengthening **synergies between the wages and better work components** (e.g. the role of the BFC in providing factory level data to assess application of the minimum wage level in Cambodia). The scope for similar synergies was identified by the consultations for Indonesia. The identification and implementation of further such opportunities will both improve the long term impact of this project and strengthen ILO programming generally within the broader DWCP context in the countries concerned. The 2014 annual progress report on the implementation of DWCP in Cambodia (discussed at the annual tripartite DWCP review meeting in May 2015) also highlighted this as an area for attention.

Now that the project is established in IRIS, and notwithstanding all the challenges of the original project design process which are elaborated elsewhere, there is now **scope to simplify and further focus the project design** for the next phase, within the original agreed project framework. A logical starting point, drawing on the limited project implementation experience to date, is the set of Intermediate Objectives which (as originally formulated) contain a degree of overlap. The concentration of project objectives proposed by the CTA into three (rather than the original four) is supported in this context, with the observation that this consolidation in itself will help lay the basis to streamline the outputs, activities, indicators and measures which follow (refer Annex IV).

**Stakeholder ownership and buy-in** are critical to project sustainability and long-term impact. The achievement of the project objectives is premised on these factors being strengthened and reinforced, which experience indicates will require close engagement with partners over time. This has implications for the process of ongoing project design, which should include adequate space for national partner input and agreement, including at the level of project activities which will be undertaken in their respective countries or will involve their countries in wider regional mutual support processes. This lesson has been particularly reinforced in the Pakistan context, given its degree of devolution of policy and functions to provincial level, including in the case of labour matters. The initial process for project development allowed limited opportunity to negotiate and build country (and provincial) buy-in and ownership. For the project to show sustainable results in Pakistan, space and time needs to be included in the design process for phase II for in-depth engagement around what the priorities and needs are from the Pakistan/Sindh perspective.

In this context, it would be helpful for the ILO, BMZ and GIZ to clarify and agree an appropriate **longer timeframe and resourcing framework** for the project to facilitate longer term planning. The latter should take into account the considerable building of institutional national level capacity (including to effectively respond to global factors); in-depth knowledge; and effective mechanisms at national and factory levels, which are required under the project's founding Intermediate Objectives.

The global garment industry is a complex, dynamic and evolving one with many interests, players, countries and related initiatives in the mix (the emergence of Ethiopia and Myanmar as producers, as well as the IndustriaALL ACT industrial bargaining initiative, being just two examples). This context justifies a **focussed and systemic approach** over the duration of the project to ensure greater likelihood of sustained impact in the long-term as well as the effective concentration of the efforts of the various ILO players in areas of comparative advantage. Accordingly, the proposed accentuation of focus of the next project phase in the areas of minimum wage setting and collective bargaining is supported, alongside enhanced attention to synergies with the Better Work component of the project.

At the same time - as demonstrated in the shift in direction of wages policy in Indonesia which rendered the initial project strategy and planning inappropriate – appropriate **flexibility** is also required both in ongoing project design and implementation. The deeper understanding of the implications of the devolution of labour policy and law in Pakistan, which was gained in the first year of project implementation, has also required a significant adjustment of thinking and approach. The project documentation for subsequent phases, including in the articulation of activities, should thus seek to combine clarity of strategic direction and focus with the flexibility to make necessary adjustments to the approach and pace of implementation in the light of experience.

There is considerable potential within the project for **complementarity and alignment with other initiatives** in similar areas. Standing out in this regard are the Netherlands Government funded / ILO-implemented project in Pakistan on labour inspection and the BMZ-funded / GIZ implemented regional project on labour and social standards in the garment sector. In addition, there is the potential development of a new GIZ engagement in Cambodia, with labour inspection capacity as a possible focus, which is currently under consideration. It will be important to prioritise such complementarities in the phase II project design and to maintain the necessary oversight and coordination through the role of the CTA and internal and external project oversight architecture. A strong request came from GIZ counterparts during evaluation consultations to maximise links and synergies between this project and other German-supported initiatives in the garment sector.

There is furthermore considerable scope and desire for expansion and strengthening under the project of **inter-country sharing** of approaches, lessons and experience between national stakeholders. This lesson was reinforced in subsequent consultation with the Cambodian government representative at November 2015 regional workshop on minimum wage setting and collective bargaining in the garment sector. As indicated in Section 10, he reported that steps have already been taken autonomously to ensure ongoing linkages between the government representatives from the six countries present at the workshop. However, as also noted in Section 11, some Pakistan counterparts have yet to be convinced of the added-value to them of this aspect of the project, requiring particular attention to be paid to articulating and demonstrating its potential benefits. A creative, dynamic and flexible approach should be taken in this area, with a view to moving beyond regional/subregional workshop modalities to encompass option such as fact-finding missions, staff exchanges, VTC roundtables, establishing communities of practice and on-line interactions.

The importance of **reliable and credible data** in underpinning effective social dialogue (and thus the activities of this project) can't be overstated. Experience to date has confirmed the gaps and inadequacies that were already known to exist and the project contains components aimed at addressing this issue at all levels. Feedback to date has further highlighted the importance of data sources and methodologies from credibility, transparency and stakeholder trust perspectives. This is a key focus of the garment sector bulletin which is being supported under the Cambodia segment of the project (with a similar initiative proposed for Indonesia). Significant data gaps in relation to the project's areas of intervention in Pakistan were also highlighted in consultations. These gaps hamper effective governance and social dialogue.

**Capacity development**, particularly through training activities, is a cornerstone of the project at all levels, including as an ultimate key focus of research and analysis conducted under the project at global level. 'Getting it right' is thus vital, which requires careful targeting (e.g. the focus on LAC representatives and union leaders in Cambodia); pitching at the right level for the target group concerned; being well-grounded in the local context and learning dynamics (including taking account of issues such as literacy levels); ensuring a sustained approach that builds on and reinforces previous support; and having mechanisms in place to assess effectiveness and adjust materials and approaches as required. Feedback from a union perspective in Cambodia (to this and other evaluations) indicated that training, while always appreciated, doesn't always meet its objectives, especially when provided on a once-off and short term basis without ongoing reinforcement.

While capacity gaps exist and need to be met at all levels amongst all stakeholders (a point reinforced in consultations to date), there is adequate justification (highlighted elsewhere) for a particular prioritising at this juncture of **the needs of workers' organisations**. Particular aspects highlighted in consultations in this regard included the need for 1) in-depth analytical capacity to engage credibly in dialogue on broader sector and economic issues, including those related to productivity and 2) strengthened institutional and networking capacity to be effective partners in social dialogue.

One aspect of capacity development that has come to the fore in the duration of the project to date is the particular set of requirements of the **new Better Work Model** being rolled-out in Indonesia and Cambodia. This reorientation from an audit/compliance driven approach to an 'ownership' driven one is significant and will require particular attention to developing the requisite capacities and confidence amongst employers and workers.

The critical value-addition of **engagement with the brands** at all levels, from global to factory, was highlighted by many stakeholders, external and internal. Explicitly planning for their engagement in the activities of project at all levels in appropriate ways is critical (and already well reflected in project design and planning, as well as discussions currently underway in Cambodia to step-up collaboration between the project, BFC and the H&M factories improvement initiative). A particular factor in this regard concerns the interests that the brands themselves bring into the process, based on their own returns to shareholders in a highly competitive environment. ILO interlocutors at global level indicated concern that the space for collective bargaining between garment sector employers and workers is being squeezed by downward pressures on the prices being paid by the brands on the one hand, and increasing wage levels on the other.

Some feedback from both union and employer perspectives highlighted the potential to '**start small**' in key areas under the project which are still relatively new and untested in the countries concerned, for example, in the area of multi-company bargaining. Such an approach was highlighted as a way to build ownership and confidence; ensure relevance and 'groundedness;' and give time to identify, test and assimilate lessons before scaling-up later in the project period.

The Pakistan experience further highlights the value of and scope for engagement with **stakeholders beyond the ILO's traditional tripartite base**. A number of players beyond the traditional base at provincial level have shown themselves to have important contributions to make and have thus been included in the wider multi-stakeholders forum established under the project. These include trade associations; key individual employers and unions beyond the formal federations or associations; and groupings representing women and informal sector perspectives. While this lesson has particular

and immediate salience in Pakistan, it is also an important factor for incorporation into project planning and implementation in Cambodia and Indonesia.

### 13. PROJECT ASSESSMENT BY OECD CRITERIA

The Development Assistance Committee (DAC) of the OECD has defined a set of criteria for development evaluation purposes.<sup>i</sup> The following summary examines each of these briefly, taking into account the limited experience and timeframe of the project to date:

**Relevance:** At the global level, there is no question about the relevance of the project in the context of intense interest and engagement by the ILO itself (reflecting the priorities of its constituent parties); trade union and employer groupings; global retail chains; political parties and politicians in the major economies to which garments are exported; NGOs, research institutions and consumer groups; other UN and international agencies and a host of other interested parties.

In the designated project countries, the relevance of the project is underpinned by the importance of the garment sector to the national economic context and its anchoring in the respective DWCPs, which are jointly developed and agreed with the ILO's constituent partners in line with national development policy frameworks and priorities. In case of Pakistan, the research delivered in phase I of the project was further endorsed in the multi-stakeholder workshop held in July 2015, which in turn enhanced local buy-in and provided the basis for a 'road map' of targeted ILO interventions in the areas of minimum wages and collective bargaining.

**Effectiveness:** As the progress summary set out in Section 10 indicates, the project has demonstrated effectiveness in a number of key areas despite its short duration and delays in getting the necessary resources in place across all the designated project countries. This is particularly evident in the delivery of research outputs to date at national and global levels; capacity development initiatives for workers at global and national levels, including through the establishment of new online courses; tripartite dialogue initiatives at country and regional levels; and strengthened implementation of minimum wage and BFC initiatives in Cambodia and the Better Work Programme in Indonesia.

**Efficiency:** In many ways the initial project period was one of establishing and testing internal management arrangements and systems, including calibrating the balance between the global, regional and national dimensions of the project. This remains work in progress, but will be a priority in the early part of the next project phase, particularly with respect to strengthening internal oversight and coordination via the further operationalisation and regularisation of the mechanisms set out in the Prodoc. Time constraints and available resources made it difficult to fully realise the potential of these mechanisms in the early phase of the project.

As feedback summarised in this report indicates, there also remains scope to improve internal effectiveness and efficiency through rebalancing the central/coordinated and devolved elements of budget management in order to enhance oversight and coordination, as well as to allow greater flexibility in budget management to meet project needs as they arise.

A key touchstone of enhanced efficiency during the next phase will be the degree to which the various ILO units at global, regional and national levels are able to work in sync to a shared strategic understanding, with clear and proactive communications and regular review of progress, lessons and areas for improvement. The feedback received through this review indicates that the foundations are largely in place, both institutionally and in terms of staff understandings and commitment at all levels, for this to occur.

**Impact and sustainability:** Stakeholder and ILO staff feedback universally highlighted the degree to which achievement of the project objectives rests on the building over time of national ownership, institutionalisation and critical capacities, with strengthened levels of confidence and trust amongst the key national players a key factor in this context. Having a secure longer term framework and overall financial contribution for the project will be essential to facilitating the necessary planning and allowing adequate time for the country level institutionalisation of project outcomes.

Likewise, the development of the policy and analytical aspects of the project - along with the production, application and adaption of suitable guidelines, training and other tools at country level - also requires an adequate and secure

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<sup>i</sup> The DAC Principles for the Evaluation of Development Assistance, OECD (1991), Glossary of Terms Used in Evaluation, in 'Methods and Procedures in Aid Evaluation', OECD (1986), and the Glossary of Evaluation and Results Based Management (RBM) Terms, OECD (2000).

planning and implementation timeframe if sustained results and efficient use of limited resources are to be maximised. Accordingly an overall project timeframe of five years (until 2019) is proposed in Recommendation 1.

At this point in the project cycle, it is too early to determine the degree to which project impact and sustainability criteria will be met, but it is the assessment of this review that the necessary building blocks are largely in place in terms of internal institutional arrangements and plans; relationships with key stakeholders; and the foundations provided by the research, analytical, capacity development and tripartite dialogue initiatives during implementation to date.

## **14. CONCLUSION**

Despite the various challenges issues observed in the establishment phase of this project, there is no question about its relevance to and potential influence on the lives of millions of garment sector workers in Asia, particularly in Cambodia, Indonesia and Pakistan. It is also evident that sound (if uneven) progress has been made in implementation during the first year of operation in a number of key areas and that processes are well in hand to address particular issues experienced in Indonesia (the introduction of Indonesian Government Regulation 78 which changes the minimum wage setting landscape) and Pakistan (the need to embed the next project phase at provincial level).

There is furthermore a shared sense amongst ILO staff at all levels that the project offers an opportunity to demonstrate new ways of working synergistically across global, regional and country levels (in sync with the character of global supply chains themselves), with overall coordination exercised at regional level. The evaluation found that the key ingredients for this, both institutionally and in terms of staff understandings and commitment, are in place.

Already, the project experience is rich in lessons to guide and inform the design and implementation of the next phase. A key focus in the recommendations is the need for adequate time and resourcing to ensure that the objectives of the project can be fully and sustainably achieved over time, linked to the need for continuous learning and adaption to ensure that the OECD/DAC criteria of relevance, effectiveness, efficiency, impact and sustainability are realised in practice.

Project stakeholders universally highlighted the ILO's unique ability to undertake this project successfully, centred in its normative and standards setting mandate, its specialist expertise and its unique tripartite foundations. As one government interlocutor stated with respect to the latter: "Lets build our capacity to evaluate together, to plan together and discuss achievements and approaches ...so that all parties are on the same page and building shared understanding of issues and ways forward..."

The documentation of progress and issues, observations, findings and recommendations set out in this report are offered as a contribution to strengthening the implementation of the project in its next phase and helping to ensure longer term impact and sustainability. In the end, the final touchstone of success is the influence on the lives and prospects of millions of garment sector workers and the broader economic prospects of the countries concerned.

## **15. ANNEXES**

- I. List of stakeholders consulted
- II. List of staff consulted
- III. Key documents reviewed
- IV. Original and revised Project Objectives
- V. Terms of Reference for the Evaluation.

## Annex I: List of stakeholders consulted

Country	Name	Position/organisation
Cambodia	H.E Heng Suor	Labour Advisory Council (LAC), Ministry of Labour and Vocational Training (MOLVT)
	Mr Sopheana Bronh	Advisor to Ministry of Labour and Vocational Training
	Mr Kong Athit	Coalition of Cambodian Apparel Workers Democratic Union/ Cambodian Labour Confederation (CLC)
	Ms. Chrea Dalya	Legal Manager, Cambodian Federation of Employers and Business Associations (CAMFEBA)
Indonesia	Ibu Adriani	Director of Wages, Ministry of Manpower
	Mr. Maliki	Director of Manpower and Employment Development, State Ministry for National Development Planning (BAPPENAS)
	Mr Agung Pambudhi	Executive Director, Employers Association of Indonesia (APINDO)
	Mr Markus Sidauruk	Member, National Wage Council, Chairperson, Trade Union Federation of Education, Training and Civil Servants
Bangladesh	Ms Monika Lueke	Programme Coordinator, BMZ-funded / GIZ implemented regional project on labour and social standards in the garment sector
Germany	Mr Marc Beckman	GIZ (met in Phnom Penh during GIZ project assessment mission)
	Ms Susanne Lein	GIZ (met in Phnom Penh during GIZ project assessment mission)

The evaluator also participated in the Regional Workshop on Minimum Wages and Collective Bargaining in Garment-Producing Countries in Asia, 23-24 November 2015, Bangkok, Thailand. This provided an invaluable opportunity to interact with delegates and learn from tripartite and individual stakeholder experience in six countries, including Cambodia, Indonesia and Pakistan.

## Annex II: List of ILO staff consulted

Name	Organisational unit / position	Locality
Mr Conor Cradden	Labour Relations and Collective Bargaining Specialist, INWORK	Geneva
Ms Susan Hayter	Senior Labour Relations & Collective Bargaining Specialist, INWORK	
Mr Patrick Belser	Senior Economist, Wage Specialist, INWORK	
Mr Daniel Vaughan-Whitehead	Senior Economist, Labour Policies Specialist, INWORK	
Ms Jennifer Hahn	Partnerships and Field Support Department (PARDEV)	
Mr Peter Rademaker	Coordinator, Resource Mobilisation, Partnerships and Field Support Department (PARDEV)	
Mr Frank Hoffer	Specialist in Workers' Activities, Bureau for Workers Activities (ACTRAV)	
Mr Wolfgang Schiefer	Multilateral Cooperation Specialist, Multilateral Cooperation Department (MULTILATERALS)	
Ms Maria Beatriz Mello da Cunha	Programme and Sectoral Specialist, Sectoral Policies Department (SECTOR)	
Mr Maurizio Bussi	Director, Country Office, Cambodia, Lao PDR, Thailand	Bangkok
Mr David Lamotte	Deputy Director, Regional Office for Asia-Pacific	
Mr John Ritchotte	Specialist on Labour Administration and Labour Relations	
Mr Pong-Sul Ahn	Senior Specialist in Workers Activities	
Mr Arun Kumar	Specialist in Workers Activities	
Ms Tara Rangarajan	Specialist, Better Work Programme	
Mr Ivo Spauwen	Specialist, Better Work Programme	
Ms Matt Cowgill	Chief Technical Adviser, BMZ/GIZ Project	
Mr Huot Chea	Programme Officer, Project Office	Cambodia
Ms Sophy Thea	National Officer, Project Office	
Ms Esther Germans	Chief Technical Adviser, BFC	
Mr Christianus Panjaitan	National Programme Officer, Project Office, Jakarta	Indonesia
Ms Michiko Miyamoto	Deputy Director, ILO Jakarta Office	
Ms Lusiani Julia	Programme Officer, Industrial Relations and Labour Standards, ILO Jakarta Office	
Mr Soeharjono	Programme Officer, Workers Programme, ILO Jakarta Office	
Ms Caroline Bates	Technical Officer, Country Office	Pakistan



### **Annex III: Key documents reviewed**

- ILO Technical Cooperation Project Document (RAS/114/03/FRG)
- ILO Concept Note: Labour standards in the global supply chains: A programme of action for Asia and the garment sector (October 2014)
- ILO Technical Cooperation Progress Report (TCPR)
- Grant Agreement between ILO and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- Draft Concept Note for phase II of the project: Labour Standards in Global Supply Chains (December 2015)
- Decent Work Country Programmes for the period until end of 2015 for Cambodia, Indonesia and Pakistan
- Review Report: Cambodia Decent Work Country Programme (2011-2015)
- ILO publication: The Better Work service model (March 2015)
- Final report of the discussion: Global Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries (Geneva, 23-25 September 2014)
- Points of consensus: Global Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries (Geneva, 23-25 September 2014)
- Cambodian Garment and Footwear Sector Bulletin: Issue 2, October 2015
- Cambodian Garment and Footwear Sector Bulletin: Issue 1, July 2015
- ILO/IFC Policy Brief: The Business Case for Quality Jobs: Evidence from Better Work
- Work Bank Group Evaluation Report: INTERWOVEN - How the Better Work Program Improves Job and Life Quality in the Apparel Sector

## **Annex IV: Original and revised intermediate project objectives**

The original intermediate objectives of the project are:

1. By the end of the project, mechanisms for participatory and evidence-based wage fixing through minimum wage fixing and collective bargaining in the garment sector have been strengthened in CIP, as evidenced by those processes.
2. By the end of the project, stakeholders will have access to comparative information about working conditions, industrial relations institutions and practices, and minimum wage fixing criteria in the garment sector, enabling them to improve the quality of their social dialogue over labour standards within the sector.
3. By the end of the project, systems for assuring labour standards compliance at the factory level will have improved in CIP.
4. By the end of the project, institutional capacity of tripartite partners to effectively respond to the labour standards challenges of the global garment sector supply chain will have improved.

The proposed revised (consolidated) intermediate objectives for phase II of the project are:

1. Mechanisms for participatory and evidence-based minimum wage-fixing and collective bargaining will have been strengthened in the target countries
2. Systems for assuring labour standards compliance at the factor level will have been improved in the target countries
3. The institutional capacity of tripartite partners to respond to labour standards challenges in the global garment sector supply chain will have improved.

## **Annex V**

### **TOR for Independent Evaluation Labour Standards in the global supply chains: A programme of action for Asia and the garment sector**

#### **Introduction**

The promotion of labour standards in global supply chains has been identified as one of the key domains for cooperation between the German Ministry for Development Cooperation (BMZ) and the International Labour Organization (ILO). As an initial collaboration, BMZ and ILO have agreed to focus on the garment sector in Asia, particularly Cambodia, Indonesia and Pakistan.

The Grant Agreement was signed on 10 November 2014 between Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the ILO: the GIZ providing financial support for this project, while the ILO providing management and technical support in the form of project staff and backstopping from a range of specialists. The project management team was formed within the ILO's respect country offices, with additional project officers, in order to ensure synergy with existing ILO programme. And with the appointment of Chief Technical Adviser (CTA) based in Bangkok, most of the project activities became operation after April 2015.

#### **Background**

The garment sector is a significant part of export earning as well as a major source of job opportunities for typically lower-skilled and lower-paid workers and mostly young women. In Cambodia, where the garment sector accounts for 80% of its exports which is roughly four percent of the global garment industry, hundreds of thousands people depend on their slice of their \$5 billion industry to survive. In Pakistan the garment industry provides 15 million jobs for Pakistanis, which is the country's largest manufacturing employer, contributing 0.5 per cent of GDP.

While Asia became the dominant hub of the global garment industry, consisting more than 90 per cent of the world garment exporters, there are significant concerns about working conditions, low wages and inadequate occupational safety, notable the respect for labour standards. In Indonesia, there is no agreed criteria for wage fixing and adjustments, resulting in large disparities in minimum wages in the garment sector across the countries. In Cambodia, the government has already requested ILO assistance in reforming its minimum wage fixing system.

The ILO has recognized experience for interventions at the firm-level, the national and global level. At firm level, the ILO's Better Work programme monitors compliance with core labour standards and national labour laws in the garment sectors. At the national level, the ILO has close relationships with Governments, trade unions and employers' organizations. And at the regional/global level, the ILO works closely with international workers and employers.

During the inception phase, the Technical Cooperation Progress Report (TCPR) was prepared to examine the overall status of project implementation, identifying the main challenges facing the delivery of outputs and achievement of immediate objectives etc. The report concluded that the inception phase was successfully implemented.

It is envisaged that the project will be continued to the second phase with a new agreement between BMZ and ILO. And the findings from this independent evaluation will make the basis for the next ProDoc.

This project had the following immediate objectives<sup>j</sup>:

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<sup>j</sup> Results contributing to Strategic Programme Outcomes 5, 10, 11, 12, 13 and 19.

Objective 1: By the end of the project, mechanisms for participatory and evidence-based wage fixing through minimum wage fixing and collective bargaining in the garment sector have been strengthened in CIP, as evidenced by those processes.

Objective 2: By the end of the project, stakeholders will have access to comparative information about working conditions, industrial relations institution and practices, and minimum wage fixing criteria in the garment sector, enabling them to improve the quality of their social dialogue over labour standards within the sector.

Objective 3: By the end of the project, systems for assuring labour standards compliance at the factory level will have improved in CIP.

Objective 4: By the end of the project, institutional capacity of tripartite partners to effectively respond to the labour standards challenges of the global garment sector supply chain will have improved.

## **Purpose and Objectives**

The project ends at the end of November 2015 and it is envisaged that the second phase of the project will be planned and a new ProDoc will be produced. This Independent Evaluation will; therefore, assess the relevance of the project design as it relates to the ILO's strategic and national policy frameworks. It also consider the efficiency, effectiveness and sustainability of outcomes, and test underlying assumptions about contributions to broader development impact. It also helps those responsible for managing the resources and activities of a project to better understand how to improve project performance etc.

The principle client for the evaluation is the GIZ and BMZ which will take decision on findings and recommendation of the evaluation. The evaluation is also intended to provide a basis for improved leadership and decision-making by ILO management. It is also important that the ILO's constituents and the other key stakeholders identified in the project documents are fully integrated in the evaluation learning process. (see Guidance Note 7<sup>k</sup>)

An external consultant will be hired to facilitate the evaluation process and to prepare the final evaluation report.

## **Methodology**

The methodology comprises an extensive desk review of relevant documentation. It also include an in-country mission to interview the relevant stakeholders identified in the project document, such as the Government, workers' organizations and employers' organizations, other UN agencies, donor and ILO specialists and programme officers

The Independent Evaluation should address the overall ILO evaluation concerns as well as the internationally agreed standard performance criteria: relevance, effectiveness, efficiency, impact and sustainability. The Independent Evaluation should also give a due attention to inclusion of a principle of gender equality and non-discrimination. (see Guidance Note 4<sup>l</sup>)

Examples of the some of the questions to be addressed during the evaluation process are:

- If the project objectives were consistent with beneficiaries' requirements, and in line with country needs, global priorities and partners' and donor's policies?
- If the project achieved or will achieve its immediate objectives, if so, to what extent and how the management capacities contributed to effectively to the achievement?
- How efficiently resources and inputs (funds, expertise, time, etc) were economically converted to results?

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<sup>k</sup> [http://www.ilo.org/wcmsp5/groups/public/---ed\\_mas/---eval/documents/publication/wcms\\_165982.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_mas/---eval/documents/publication/wcms_165982.pdf)

<sup>l</sup> [http://www.ilo.org/wcmsp5/groups/public/---ed\\_mas/---eval/documents/publication/wcms\\_165986.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_mas/---eval/documents/publication/wcms_165986.pdf)

- What is the likelihood of this results of this project intervention being durable and maintained for bringing in sustainable development changes?

#### External implementing partners

*Cambodia:* Ministry of Labour and Vocational Training (MoLVT), Employers' and workers' organizations  
*Indonesia:* Ministry of Manpower and Transmigration, employers' and workers' organizations  
*Pakistan:* Federal Ministry of Overseas Pakistanis & Human Resource Development; Four Provincial Labour Departments (Punjab, Sindh, KP, Baluchistan); Employers Federation of Pakistan (EFP); Pakistan Workers Federation (PWF); Sector-wide Industry Associations

#### Time Frame

Task	Time Frame	Responsible Office/Person
Scoping paper and drafting terms of reference	mid November 2015	ROAP
Formation of evaluation team	mid November 2015	ROAP
Finalisation of terms of reference	end November 2015	ROAP
Desk review	end November 2015	External Consultant
Interviewing relevant persons	end November 2015	External Consultant
Filed mission	early December 2015	External Consultant
Draft evaluation report	by 18 December 2015	External Consultant
Final evaluation report	by 31 January 2016	External Consultant
Donor discussion	February 2016	PARDEV
Follow-up action plan	March 2016	PARDEV

The Independent Evaluation exercise will be carried out for the period of 20 days, starting from 25 November 2015 for the period of two months. This including a field visit to one or two of the countries (Cambodia, Pakistan and/or Indonesia).

#### **Outputs**

The following written outputs will be produced:

- 1) Draft evaluation report
- 2) Final evaluation report

The report should be presented in a specific manner that the ILO Evaluation Unit described in its requirements for formatting and finalizing an evaluation report for ILO (see Checklist 5<sup>m</sup>). The Checklist provides specific requirements for each formal element of the report, in addition to providing specific details on how to present the conclusions, recommendations, lessons learned <sup>n</sup> and emerging good practice<sup>o</sup> in the report.

The external consultant will respond in writing to all comments received by the project teams. The ILO Regional Office for Asia and the Pacific (ROAP) will conduct quality assurance/peer review of the draft version of the report. After incorporating comments and feedbacks from the relevant ILO officials and Constituents (?), the Final Report to be presented at the end of the contract period.

<sup>m</sup> [http://www.ilo.org/eval/Evaluationguidance/WCMS\\_165967/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_165967/lang--en/index.htm)

<sup>n</sup> [http://www.ilo.org/eval/Evaluationguidance/WCMS\\_206158/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_206158/lang--en/index.htm) (Template)

<sup>o</sup> [http://www.ilo.org/eval/Evaluationguidance/WCMS\\_206159/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_206159/lang--en/index.htm) (Template)

The report should be written in English and no longer than 20 pages, including executive summary, but excluding any annexes. It should also list data/information sources that was consulted and a detailed methodology. This should include, among others, a description of the key questions addressed.

The consultant will present the final report, ensuring the quality of information/data (validity, reliability, consistency and accuracy) throughout the analytical and reporting phases (see Checklist 6<sup>p</sup>). It is expected that the report will be written in an evidence-based manner and that all observations, conclusions, recommendations etc., will be supported by evidence and analysis.

## **Management Arrangement**

This evaluation will be managed and coordinated by Regional M&E Officer of ROAP, with guidance and supports from the Technical Backstopping Unit: ROAP, INWORK, DWT-BAGNKOK. At field level, the evaluation will be conducted in collaboration with the ILO Units: ILO Offices in Islamabad and Jakarta, ILO/CO Bangkok; DWTs Bangkok and New Delhi; BETTER WORK, SECTOR and LABADMIN/OSH.

The external consultant will seek substantive input from CTA as well as from the country project management teams (National Programme Officer for Cambodia, National Programme Officer for Indonesia and Technical Adviser for Pakistan. The technical specialists and members of DWT Bangkok and Delhi will also provide guidance and supports where necessary. The external consultant will report to the Regional M&E Officer of ROAP on all aspects of consultancy deliverables and day-to-day work schedules.

Total budget for evaluation is USD45,068

## **Others**

### List of the documents

- ILO Technical Cooperation Project Document (RAS/114/03/FRG)
- ILO Technical Cooperation Progress Report (TCPR)
- Grant Agreement between ILO and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

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<sup>p</sup> [http://www.ilo.org/eval/Evaluationguidance/WCMS\\_165968/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_165968/lang--en/index.htm)