



Evaluation Summary



International
Labour
Office

Evaluation
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Promoting Worker Rights and Competitiveness in Egyptian Export Industries Project

Quick Facts

Country: Egypt

Mode of Evaluation: Joint Independent Interim Evaluation

Evaluation Dates: 17 August – 20 November 2015

Technical Area: Fundamental Principles and Rights at Work

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Project TC Symbols: EGY-11-06-USA

Donor: U.S. Department of Labor (USD 10,000,000)

Keywords: FPRW

Background & Context

The Promoting Workers' Rights and Competitiveness in Egyptian Export Industries Project is designed to promote decent work in Egypt by supporting improved compliance with the fundamental principles and rights at work, stronger labor/management cooperation and higher levels of productivity and competitiveness. The project seeks to strengthen compliance with national legislation and build productivity within export factories by working through three parallel and complementary channels:

- Building the capacity of the national labor inspectorate;
- Supporting employers and their representatives to improve compliance, working conditions and productivity; and
- Building systems for labor-management cooperation and worker representation at factory and sectoral levels.

The United States Department of Labor's (USDOL) Bureau of International Labor Affairs (ILAB) awarded USD 10,000,000 to the International Labour Organization (ILO) on September 30, 2011 to implement the Egypt Export Factory Monitory Project. This project was funded with FY 2010 Economic Support Funds (ESF), which were transferred to USDOL in accordance with Section 632(a) of the Foreign Assistance Act of 1961, as amended, and the Department of State, Foreign Operations and Related Programs Appropriation Act, 2010 (P.L. 111-117), via the United States Agency for International Development (USAID) ESF appropriation, which provides for assistance to Egypt. The project has three objectives and twelve outputs and intends to work in thirteen industrial areas covering eleven governorates. It has been working since September 2011 when the Cooperative Agreement was signed and it is expected to run until September 2016.

Main Findings & Conclusions

Evaluation Objectives and Methodology

As per Donor and ILO regulations, the project was scheduled to undergo an interim evaluation. Both donor and grantee agreed to hold a joint independent interim evaluation of the project. The main purpose of this evaluation is to:

1. Independently evaluate the project's progress to date across the three objectives and twelve outputs, assessing performance regarding: the foreseen targets and indicators of achievements; strategies and implementation modalities; partnership arrangements; and constraints and opportunities in Egypt; and
2. Provide strategic and operational recommendations as well as highlight lessons to improve performance and delivery of project results.

Evaluation Findings

The Promoting Worker's Rights and Competitiveness in Egyptian Export Industries Project is designed to work with the three tripartite constituents, each on a key area that

requires further advancement. The Project document defined the overall objectives, outputs and indicators for the project. The phrasing of the objectives and outputs requires revisiting in order to gear them more towards the project's expected outcomes. The project document also does not include a clear structure for the indicators that corresponds to the objectives and outputs. The key indicators for each objective do correspond to the respective outputs, but are all mixed together. Furthermore, some outputs do not have indicators for follow-up. For improved clarity of design, each output should be clearly linked to its related indicators.

The project initially intended to work in thirteen industrial zones located in eleven governorates because the baseline studies showed that this is where the Qualifying industrial Zones (QIZ) and the inspectorates are located. The project will work in thirteen industrial zones covering eleven governorates regarding Objective 1. For Objectives 2 and 3, the project will work in nine industrial zones covering seven governorates and selected those with the highest number of factories. This geographic spread is difficult to achieve given the multiple dimensions of the project and the many national and local constraints, such as: the tense political context and its evolution; turnover at various decision-making levels in line ministry such as the Ministry of Manpower and Migration (MOMM) and organizations; overwhelming mistrust and tension between employers, workers and their representatives; and structural weakness of employers' and workers' organizations. It is important to reconsider and reorient the project's target areas and to focus on a small number of industrial zones and governorates. In this way, the project can ensure the consistent follow-up of its engagement and generate success stories.

Sustainability is woven into the project design to varying degrees depending on the component. However the project does not possess a clear and well defined exit strategy or sustainability plan.

Project Effectiveness

Progress at Mid-term

The Promoting Workers' Rights and Competitiveness in Egyptian Export Industries Project has three main objectives and twelve expected outputs. Despite the fact that the Cooperative Agreement was signed on 19 September 2011, it was very difficult for the project to hire a Chief Technical Advisor (CTA). The project's CTA started working on 1 July 2013. Project activities targeting MOMM inspectors started towards the end of 2013. National Officers in charge of other project components were hired in February, April and July 2014. The complete staffing of the project was concluded by July 2014.

Immediate Objective 1: To build Specialist expertise in the national labor inspectorate to assess monitor and report on working conditions in export factories.

The project has made major strides in achieving this objective and its outputs despite all the implementation challenges. The project signed a protocol of cooperation between the ILO and MOMM, formalizing the project's

process of implementation. It took more than a year and a half for the protocol to be signed and the Project Advisory Committee (PAC) to be established.

This Objective had six outputs. Two are on track, namely: (1) *Organizational plan for the development of a specialist export factories program within the labor inspectorate developed, and (2) Internal procedures and mechanism for operation of a specialized inspection unit established.* Some activities have taken place in the remaining four outputs under this objective but they have not been accomplished at mid-term.

Immediate Objective 2: To support export factories improving productivity & working conditions.

This objective has three expected outputs and a numerical target of 100 factories across the eight governorates (Cairo, Alexandria, Port Said, Sharkiya, Ismailia, Gharbiya, Giza and Beni Suef). Among the project's three components, this objective exhibits the most obvious delays.

At mid-term, the majority of activities under this objective have supported Output 2.2 (*Training and Support for Factories on labor standards and productivity provided*). Available monitoring data indicate that the project is working with eighteen factories in six governorates (twelve that produce ready-made garments (RMG), three in food processing, and three textile factories). This is not a sufficient pace considering that the project targets 100 factories.

The project has been in the process of paving the way for further activities regarding Outputs 1 and 3 under this objective. It has completed a needs assessment of the exporting councils for the RMG, textile and food sectors. In addition, the project has developed an action plan to support the Chambers of Industry's work in the RMG, textile and food sectors. It is noted that the project strategy focuses on the sectoral level with little or no involvement from the Federation of Egyptian Industries (FEI).

Immediate Objective 3: To support the development of sound tripartite relations in export factories and create an enabling environment for workers and their representatives.

This objective has three outputs, with a combined numerical target of reaching 50,000 workers. A multitude of awareness-raising activities and tailored training programs have been conducted under this component. The project reached 11,281 workers (9,217 male and 2,664 female) in six governorates, namely Cairo, Alexandria, Port Said, Sharkiya, Monofiya and Gharbiya. Actual outcomes/results of these trainings and the awareness-raising activities could not be established during the course of this evaluation because the project is still in the process of developing the scoring assessment tools. More time is needed to ensure that actual results are captured.

Effectiveness of Implementation Strategies and Results

The project faced many implementation challenges. It appears to be on track regarding some of the outputs under Objective 1, while progress for Objectives 2 and 3 has been limited and slow. The political environment in Egypt since 2011 served as both a contributing and a challenging factor that affected (both supported and

hindered) the ability of the project to attain its targets. Following the election of Abdel Fatah El-Sisi as president of Egypt in June 2014, the relatively stable political environment in Egypt and the government's focus on advancing the economy through promoting exports has placed the project at the heart of the national development agenda. Despite this interest, the irregularity of the Project Advisory Committee (PAC) meetings has been a constant challenge for the project, as each stakeholder seems to be unaware of the activities of the others. The space for advancing workers' rights and the ability of workers' representatives to stage strikes and sit-ins has been seriously diminished since August 2013.

Coordination between the project's three components/objectives requires strengthening. At the moment, coordination takes place between the second and the third objectives only at the factory levels. Project effectiveness could be increased by creating the necessary linkages between the three components and at various levels, starting from the factory all the way to the national level passing by the meso level (which in this case would be the industrial zones).

Other achievement could be observed under Objective 2 in the support for improving productivity and working conditions in export factories through developing productivity modules on topics such as: human resource management; occupational safety and health systems; lean manufacturing/cleaner production; and cooperation in the workplace. Achievements can also be seen in the conceptualization of an assessment tool (scoring system tool) that could be used in the factory needs assessments. However, the project does not have an outreach strategy to engage the factories or companies that score the lowest on social compliance indicators. Selection criteria include the willingness of the company. Its involvement in exporting and its size (it has to be a medium to large-size company with 100 or more employees). It is recognized that willingness should be a factor in determining whether a factory qualifies to join the project or not; however, the level of adherence to social compliance should be equally considered. At the moment this factor is not even examined.

Efficiency of the Resource Use

The Promoting Workers' Right and Competitiveness in Egyptian Export Industries Project has a budget of USD 10 million, and it is safe to say that the project has efficiently allocated resources for achieving the overall goals and objectives. In terms of the expenditure distribution, 37% of the total budget is allocated to achieving the project objectives (USD 3,708,000) and 33.4% is allocated to direct labor costs. This is typical of development projects, where direct labor costs comprise between 30-35% of total project budgets. The third largest budget line is program support costs, at 10% of the total budget, which is also consistent with common norms in development.

The project experienced many delays, leading to a low burn rate in all budget components. These delays are clear when examining the project's expenditures in 2013 and 2014. Expenditures in these two years amount to only 24.2% of

the total budget, while at the time of the evaluation in 2015 the expenditure for all activities since the beginning of the project reached 33.4%. This means that 66.6% of the project budget has not yet been spent, with only one year remaining until the end of the preliminary project schedule. This is a very low burn rate at mid-term.

Effectiveness of Management Arrangements

The Promoting Workers' Right and Competitiveness in Egyptian Export Industries Project is understaffed. Whereas technical and financial resources may be available, human resources are at a bare minimum. Until April 2015, the project team included: two staff members in Geneva, one Chief Technical Advisor (CTA), three National Officers (one managing Objective 2, another managing Objective 3 and a Monitoring and Evaluation (M&E) Officer, one Senior Program Assistant (managing Objective 1), one Finance Assistant, two Administrative Assistants and two drivers. As of April 2015, the two backstopping officers in Geneva were replaced by one only. In addition to the permanent project staff, the project relies on consultants for delivering trainings and conducting follow-up with factories. The project has six advisors and seven trainers supporting Objectives 2 and 3, respectively.

In addition to the Cairo-based project staff, the project receives technical and administrative support from ILO office in Cairo and the technical unit (DECLARATION) at ILO headquarters in Geneva. At the time of this evaluation, it appears that the Geneva and Cairo offices have provided limited technical support to the project, as indicated by the project's low implementation rate. Support from the Cairo office and Geneva should be increased in order to help the project move forward towards meeting its objectives. In particular, the project should cooperate with the Labor Administration and inspection Unit in Geneva as well as the Occupational, Health and Safety department. The project should also clearly define the follow-up mechanisms as well as the roles and responsibilities of all staff members or technical support staff paid by the project.

In terms of management and governance, further linkages need be taken up by the ILO Cairo, particularly concerning policy advocacy and support for the government. MOMM has established a PAC that has only met once and a technical secretariat that remains to be activated. There is a clear need to support the project to ensure that the PAC is active. In addition, ILO specialists provide support only if asked or approached. It is important that the project becomes part of the ILO program approach and for activities with employers and workers to be supported by ILO Cairo specialists.

Conclusions

The Promoting Workers' Right and Competitiveness in Egyptian Export Industries Project continues to be a timely and needed project. Despite the changes in the context and political situation, economic development and increasing exports remain as a key development policy for Egypt.

The project faced numerous implementation challenges. Nonetheless, it has made some progress in achieving some of its intended activities, such as: delivering trainings to employers' and workers' organizations; providing

awareness raising sessions to factory workers; and building the structure of the new inspection unit. This is particularly the case in the implementation of activities related to building a model inspection unit to monitor export factories in the targeted governorates.

However, progress towards Objectives 2 and 3 is slow. One reason for this is the project's ambiguity regarding the intended impact and results under these two objectives. It is necessary for the project to redefine its objectives in light of intended results. The target set by the project at the moment (100 factories and 50,000 workers) cause the project to focus on reaching the numerical targets at the expense of follow-up, which would support the achievement of actual outcomes from these trainings. The delays that the project has encountered so far make it rather unlikely that they will meet their targets. It is important to recognize that the project has enough financial resources but requires management adjustments, particularly concerning human resources, to ensure that it meets its targets. Moreover, the expected outcomes/results of the project should be clarified to ensure that there is consistency in what the project aims to achieve. Unpacking the terms "competitiveness" and "social compliance" should provide the project with clarity regarding what it is trying to achieve.

Both the project achievements and its burn rate are small at this point, considering that the project started operating in October 2011. However, it is worth noting that many of the expected outputs require a preparation phase. Once all materials are ready, the project could move forward and implement activities at a higher speed. These materials include, but are not limited to, training toolkits on human resources, occupational safety and health (OSH), social compliance, workers' right and duties, and basic training on inspections, among others.

- 5- Establish better linkages between project staff, ILO Cairo and ILO headquarters in Geneva in order to provide increased technical support for the project, particularly with regards to OSH and labor inspection.

Effectiveness and Impact

- 6- Engage FEI in project activities and work with the Egyptian Democratic Labor Congress (EDLC) and the Egyptian Trade Union Federation (ETUF) at both the federation central level and sectoral local level.
- 7- Establish a partnership with the MOMM training center. The capacity of the latter should be built so that it is capable of training future generations of inspectors to work within the export sphere.
- 8- Include institutional development support targeting different employers' and workers' organizations. On one hand, this would fulfill their terms of reference vis-à-vis the employers and workers they represent; on the other hand, it would give them the capability of working together maturely and sustainably.
- 9- Promote workers' rights to employers as being an integral part of increased production and competitiveness.
- 10- Reconsider the criteria for choosing factories to participate in the project, specifically with regard to increasing the weight of social compliance in the selection criteria.

Recommendations

Relevance

- 1- Focus project interventions on building models that can be scaled up.
- 2- Upgrade the buyer's Forum from an output to become a fourth objective in the project. This will be necessary due to its weight and the required outputs and activities related to it.

Validity of the Project design

- 3- Reconsider the breadth of project implementation and refocus/reduce the number of industrial areas from eleven to a maximum of three or four. This will give the project staff the capacity to concentrate on specific areas, to provide the necessary follow-up, and to conceptualize success stories to be used for scale-up.
- 4- Redefine the objectives to be impact-oriented. The structure of indicators at the impact-and output-level should be well conceptualized or reconsidered. Baseline values should be identified based on the survey already conducted and targets should be set as a result.