

Better Work Stage II Evaluation

Service Contact No. 40077538

Final Report

12 April 2012

Submitted to:

International Labour Office



Submitted by:

Nexus Associates, Inc.

5 Water Street, Suite 1A

Arlington, Massachusetts 02476

United States

Tel: (781) 646-9900

Fax: (781) 646-1581

Email: oldsman@nexus-associates.com

Acknowledgements

This report was prepared by Nexus Associates, Inc., an economics and management consulting firm based in Arlington, Massachusetts, USA.

We would like to thank the staff of the Better Work as well as all the individuals who agreed to participate in interviews conducted as part of the evaluation.

Acronyms and Abbreviations

AC	Advisory Committee
ACT/EMP	ILO Employers' Activities
ACTRAV	ILO Workers' Activities
AusAID	Australian Agency for International Development
BFC	Better Factories Cambodia
BMZ	Federal Ministry for Economic Cooperation and Development (Germany)
BW	Better Work
BWG	Better Work Global
BWH	Better Work Haiti
BWI	Better Work Indonesia
BWJ	Better Work Jordan
BWL	Better Work Lesotho
BWN	Better Work Nicaragua
BWV	Better Work Vietnam
CTA	Chief Technical Advisor
CTP	Cambridge Technology Partners
DIALOGUE	ILO Industrial and Employment Relations Department
EA	Enterprise Advisers
FIF	Financial Intermediary Fund
FOA	Freedom of Association
GTSF	Global Trade Supplier Finance
HRD	ILO Human Resources Department
HRSDC	Labour Programme of Human Resources and Skills Development, Canada
IBRD	International Bank of Reconstruction and Development
IFC	International Finance Corporation
ILO	International Labour Organization
IMS	Information Management System
IOE	International Organisation of Employers
IRIS	Integrated Resource Information System
ITGLWF	International Textile, Garment and Leather Workers' Federation
ITUC	International Trade Union Confederation
LAB/ADMIN	ILO's Labour Administration and Labour Inspection Programme
M&E	Monitoring and Evaluation
MDTF	Multi-Donor Trust Fund
MG	Management Group
MOU	Memorandum of Understanding
NGO	Non-Governmental Agency
OBW	Outcome Based Workplan
O&M	Operations and Maintenance
OMT	Operations Management Team
PAC	Project Advisory Committee
PICC	Performance Improvement Consultative Committee
SECO	State Secretariat for Economic Affairs, Switzerland
SECTOR	ILO Sectoral Activities
SPF	Strategic Policy Framework
STAR	Supply-chain Tracking of Assessments and Remediation
TAICNAR	Technical Assistance Improvement and Compliance Needs Assessment and Remediation Program
TOR	Terms of Reference
TU	Trade Union
USAID	United States Agency for International Development
USCIB	United States Council for International Business
USDOL	United States Department of Labor

Table of Contents

Executive Summary.....	4
Background.....	4
Aim and scope of the evaluation.....	4
Principal Findings.....	5
Principal conclusions	6
Implications for Stage III.....	8
Purpose of Evaluation.....	10
Aim and scope of the evaluation.....	10
Methodology	10
Background	11
Performance Assessment	12
Relevance and strategic fit	12
Validity of project design.....	15
Effectiveness of management arrangements.....	24
Project progress and effectiveness	35
Efficiency of resource use.....	54
Impact orientation and sustainability of the project.....	57
Major Conclusions and Recommendations	64
Principal conclusions	64
Implications for Stage III.....	66
Appendix A. List of Interviews.....	68
Appendix B. Criteria for Selecting Country Programs for Field Visits	72
Appendix C. Better Work Global Logframe.....	73
Appendix D. Advisory Committee	78
Appendix E. Outline of Operations Manual	79
Appendix F. Better Work Internal Training Courses	80
Appendix G. Better Work External Training Courses in 2010 and 2011	82
Appendix H. Schedule for Country-Program Evaluations	83

Executive Summary

Background

1. Building on the experience of Better Factories Cambodia, the International Labour Organization (ILO) and the International Finance Corporation (IFC) launched the Better Work program on a cooperative basis in January 2007. The objective of the program is to increase the rate of compliance of enterprises in developing countries with international labor standards and national labor laws. In addition to improving working conditions, it is believed that greater compliance will lead to increased productivity and improved competitiveness.
2. Stage I of the Better Work program ended on 30 June 2009. At that point, Better Work had established a governance structure, assembled a professional team in Geneva, put in place mechanisms for regular stakeholder consultation, developed core tools and systems, and had programs in four countries: Cambodia, Haiti, Jordan, and Vietnam.¹ All of these programs focus on the garment sector.
3. Stage II began on 1 July 2009 and is scheduled to end on 30 June 2012.^{2,3} It was envisioned that new programs would be designed in up to 10 countries and implemented in six over the three-year period and that consideration would be given to broadening the scope of the compliance assessment to include environmental issues and expanding into new sectors such as agribusiness, electronics, ship breaking and tourism. It was expected that 3,000 enterprises would be registered with Better Work and receiving services by the end of the period. Significantly, it was expected that country programs would be “independent and self-financing within five years” of launch. Cambodia was expected to achieve this status by 2011.
4. In order to support the country programs and ensure the overall success of Better Work, plans called for, *inter alia*, upgrading STAR and other information systems, strengthening staff development and quality assurance, developing new training curricula for enterprises, implementing a robust monitoring and evaluation system, and enhancing knowledge management. As presented in the *Project Document*, the proposed three-year budget for Better Work Global (excluding the budgets for country programs, which are treated as distinct projects) was US\$15 million.

Aim and scope of the evaluation

5. The ILO retained Nexus Associates, Inc. to undertake an independent evaluation of Better Work Stage II. As stated in the terms of reference (TOR), the evaluation has five objectives: assess the progress of the Better Work Global (BWG) program made against the immediate objectives identified for Stage II; assess the effectiveness of the global Better Work team in providing support to the country programs; assess the quality of program operations and management systems within Better Work; assess the effectiveness of stakeholder engagement and governance mechanisms; and identify lessons learned and good practices in the above areas in order to inform Stage III strategy and operations. In keeping with the scope of the assignment presented in the TOR, the evaluation does not include detailed analyses of the operations of individual country programs or an independent assessment of the effectiveness of the program in terms of increasing compliance, boosting productivity and/or raising worker income.

¹ Another country program in Lesotho had been designed and was ready for implementation pending donor funding.

² *Better Work Stage II Project Document* (undated)

³ Agreement of Cooperation between ILO and IFC (11 May 2009).

6. The evaluation draws on four methods: document review, review of operating and financial data, interviews with key informants, and field visits to countries in which Better Work has established programs.

Principal Findings

Relevance and strategic fit	<ul style="list-style-type: none"> • Countries generally recognize the importance of protecting worker rights and improving working conditions, but enforcement is challenging. • Corporate codes of conduct and traditional auditing mechanisms are insufficient to ensure compliance with international labor standards and national labor law. • The multiplicity of auditing mechanisms adds uncertainty and cost. • Some governments have mandated participation in the Better Work program. • The relevance of Better Work is evidenced by the willingness of brands and factories to pay for services. • Better Work is aligned with the strategies of both ILO and IFC.
Validity of project design	<ul style="list-style-type: none"> • Better Work Global plays a pivotal role in the overall Better Work program. • The design of the program is generally well founded. Key elements include the following: <ul style="list-style-type: none"> – BW country programs are designed to monitor compliance of registered factories and help them address identified deficiencies. – Better Work engages with major international brands to foster collective behavior. – Better Work policy stipulates that suspected violations of “human rights” be reported immediately to government authorities and brands – Public release of the results of compliance assessments is intended to reinforce positive behavior. – Better Work engages with key national stakeholders to foster a productive dialogue on labor issues and strengthen the capacity of important institutions. – Country programs are expected to evolve into independent, financially self-sufficient organizations after five years of operation. • That said, there are several issues warranting discussion. (These are detailed in the report.)
Effectiveness of management arrangements	<ul style="list-style-type: none"> • The Management Group and Advisory Committee are functioning as intended. • BWG has established policies and procedures to ensure consistency across country programs. • BWG plays a key role in staff development within country programs. • Monitoring, budgeting and financial systems have been established. • Better Work has delegated certain aspects of financial management to country programs. • BWG has worked closely with other departments in ILO, but greater coordination is needed. • IFC has played an instrumental role in the program and the IFC and ILO are looking for ways to further capitalize on relative strengths.
Project progress and effectiveness	<p><u>Program expansion</u></p> <ul style="list-style-type: none"> • Since June 2009, Better Work has established new country programs in Lesotho, Indonesia, and Nicaragua and has begun designing another country program in Bangladesh. • Developing and launching three new country programs in less than three years, while supporting operations and expansion of four other country programs is no small feat; original objectives were overly ambitious. • Better Work has considered the potential for expanding into environmental services and is undertaking a pilot program in Vietnam. • Better Work assessed the feasibility of expanding the program into four new sectors and determined that none were promising. • Better Work is looking at the possibility to expand into sectors more directly related to garment, including footwear. <p><u>Development of tools and systems</u></p> <ul style="list-style-type: none"> • STAR (V3.0/3.5) is still in the process of development. • BWG has developed a web-based application (WorkSpace) for Better Work staff. • BWG has developed public websites for the global program and four country programs. • Better Work has developed training programs for factory managers and workers.

	<ul style="list-style-type: none"> On-line self-assessment tools for factories are in the process of being developed. <u>New funding mechanism</u> <ul style="list-style-type: none"> Consideration has been given to the establishment of a multi-donor trust fund, but a final decision has yet to be made. <u>Buyer relations</u> <ul style="list-style-type: none"> Better Work has been working closely with international brands. Twenty-five have signed the BW Buyer Principles. BWG is in the process of rolling out a new model for buyer engagement.
Efficiency of resource use	<ul style="list-style-type: none"> Better Work has been successful in raising significant funds for BWG and country programs. ILO spent more than US\$10.6 million on BWG between 2009 and 2011; another US\$2.1 million was encumbered for 2012. Over the last three years, roughly US\$1 was spent on BWG for every US\$1.23 spent on country programs. Put another way, 45 percent of total expenditures were incurred in head office operations. Since 2009, ILO has spent roughly US\$23.7 million worldwide, including BWG and country program. To put this in context, as of 31 December 2011, BW was working with roughly 570 registered factories employing over 600,000 workers.
Impact orientation and sustainability of the project	<p><u>Impact orientation</u></p> <ul style="list-style-type: none"> Since the inception of the program, Better Work has been committed to a rigorous assessment of its impact. Better Work has produced four discussion papers; more are in the pipeline. Better Work held a conference in October 2011 to disseminate research results and promote a better understanding of the role of compliance in global supply chains. <p><u>Sustainability of country programs</u></p> <ul style="list-style-type: none"> Better Factories Cambodia is still operating under the auspices of the ILO and still requires donor support to cover the cost of its operations. The ability to establish a local organization that offers the full array of services currently provided through BW country programs without donor or government support is unlikely. It may be possible to offer specific services on a full cost recovery basis in some markets. While an appropriate licensing agreement could be developed, the argument for spinning off core services is debatable. Long-term sustainability requires fundamental changes in institutions.

Principal conclusions

Better Work Global has accomplished a great deal over the past three years.	<p>Since the inception of Stage II, BWG has designed and launched programs in three new countries, while continuing to support the development of programs in four others. Work on designing an eighth country-program is underway. As the head office of a global program, it has established policies, procedures and systems to drive operations and ensure consistency across the seven country programs. As part of this process, it has instituted new approaches within ILO, including fees for service, decentralized financial management, and different reporting lines. STAR and self-assessment tools are still under development. While BWG has not achieved all of the original objectives, its accomplishments are significant.</p>
Governance mechanisms are functioning as intended.	<p>The organization has established a joint Management Group that brings together two institutions with different perspectives under a common agenda. The decision-making process appears to be working well, albeit some decisions are not well documented. The lack of a clear resolution on a proposed new funding structure for Better Work is contributing to some tension in the partnership.</p> <p>The Advisory Committee provides a vehicle for stakeholders to offer their views on program-related issues and debate the merits of different courses of action. While the composition of</p>

	the AC is in line with approved policy, given the geographical focus of the current program, it might benefit from greater representation of Asian brands and employer organizations. If Better Work expands into new sectors, the structure and composition of the AC would need to be adjusted accordingly.
Better Work is learning by doing.	While the basic concept for the program was in place before the start of Stage II, there has been a steep learning curve on how to plan, organize, direct and control it. BWG has put structures in place such as the Operation Management Team (OMT) to provide a mechanism for discussing critical issues that emerge during the course of day-to-day operations and developing a common approach to address them. BWG commissioned an external review of its operations in January 2011; the final report was delivered in April 2011 and many of the recommendations were adopted. BWG fosters communication and knowledge-sharing within the organization.
The compliance assessment process is well designed, but several issues merit attention.	The assessment process revolves around determining whether a particular factory is not in compliance with international labor standards and national labor laws. The compliance assessment process is generally valid and reliable; however, there are several challenges that need to be addressed, including the difficulty in establishing workplace discrimination and freedom of association, dealing with ambiguous national laws, and ensuring that the instrument is applied in a consistent manner. In addition, while publishing assessment results for individual factories in Synthesis Reports may encourage greater compliance among participating factories, it could have adverse consequences in countries where participation is voluntary both in terms of legal mandates and buyer requirements.
Better Work is entering a crucial stage of development.	Various program documents emphasize the idea that the program is market-driven, relying on market incentives to drive greater compliance with labor standards. At this point, however, governments in four of the seven countries – Cambodia, Haiti, Jordan and Lesotho – have or are considering regulations mandating participation in Better Work. The jury is still out on whether a sizeable share of garment factories in Vietnam and Indonesia will elect to join the program. The program is entering a crucial phase where it needs to demonstrate that it can reach a substantial percentage of garment factories operating in these countries. The strong encouragement of buyers is crucial. The new buyer partnership model is intended to secure a greater commitment from major international brands to the program.
The current service delivery model is not scalable in large markets such as Bangladesh, Indonesia and Vietnam.	The current approach to conducting compliance assessments and providing advisory services is very labor intensive. Better Work would need to increase the number of EAs in Indonesia and Vietnam and substantially to reach a significant share of garment factories. Similarly, Better Work would need a large number of EAs to reach a sizable portion of factories in Bangladesh. In addition to the cost implications, finding and retaining a large number of qualified staff is likely to be difficult. Better Work is aware of this issue and is exploring various options.
An understanding of the full impact of the program awaits further research.	Research conducted in Cambodia suggests that Better Work has contributed to improved working conditions and that compliance with labor standards did not reduce the prospect of firm survival during the recent global recession. The results of rigorous impact studies are still pending.
Sustainability is challenging	Some services might be able to be provided on a full cost-recovery basis, which arguably could be provided by local organization under a licensing agreement with ILO/IFC. The terms of such an agreement, including standards of performance and procedures for ensuring compliance, have not yet been defined by BWG. Moreover, continued ILO/IFC management of programs may be needed for an extended period, particularly in countries with poor governance and weak institutional capacity. Furthermore, the integration of core services and efforts to foster social dialogue under one roof may have benefits. Long-term sustainability requires fundamental changes in institutions. The conditions under which Better Work would exit completely from a country have yet to be defined. ⁴

⁴ BWG has been working on defining an approach to sustainability over the past eight months in concert with the MG and AC. A strategy paper was prepared in September 2011.

Improved labor conditions require a multi-faceted approach; greater collaboration with other parts of the ILO and IFC is needed.	BWG has worked closely with other parts of ILO in some countries, but not in others. A coordinated approach, involving other department/programs within the ILO, particularly ACT/EMP, DIALOGUE, LAB/ADMIN, SECTOR, and ACTRAV is needed. The breadth and depth of activity depends, in part, on donor funding. Similarly, while Better Work has worked closely with IFC, more might be done to draw on resources available in the organization including relevant financial (such as the GTSF) and advisory services. More broadly, IFC can provide a path to greater involvement of the World Bank in supporting efforts to ensure greater compliance with international labor standards and national labor laws.
---	---

Implications for Stage III

i. Anchor Stage III in a long-term vision for Better Work	Before embarking on the detailed planning for Stage III, Better Work should clearly articulate what it wants Better Work to be, the general path for getting there, and the magnitude of resources that are likely to be required. In so doing, the vision should address the following: i) evolution of the BW compliance assessment framework (including the inclusion of environmental and other social dimensions); ii) adoption of the BW compliance assessment framework as the de facto standard in the sector; iv) geographical scope of its activities and market penetration; v) transfer of responsibility for the delivery of core services to independent local organization; and vi) conditions under which Better Work would exit from a country. Better Work should provide a rough estimate of the financial resources that will be needed, including BWG and country programs. Ambition needs to be tempered by a realistic assessment of the prospect for securing donor funding and/or generating revenue.
ii. Remain focused on the garment/footwear sector for at least the next three years.	Many of the country programs are still in their infancy and the planned program in Bangladesh has not yet been designed. There is still a long way to go to ensure the success of these programs. Significant time and effort will be required if the decision is made to expand into other countries such as India or China. If past history is a guide, it will take two to three years to establish a new country program from the date of the first scoping mission to the launch of services. Given the high fixed cost of establishing a country program, Better Work should consider modifying selection criteria to include a minimum threshold for the size of the sector, i.e. number of factories and/or number of workers in the target sector.
iii. Refine the service delivery model.	A new model is needed that will allow country programs to reach the intended scale. There are various approaches that might be considered, including reducing the frequency of assessments, reducing the scope of the assessment, reducing the frequency of advisory service visits, and/or focusing attention on a sub-set of factories identified as strategic, high-risk, or with the significant buyer overlap. Any decision on a reduction in service levels has to take the potential impact on program objectives into account.
iv. Refine the buyer engagement model.	BWG has completed work on a new partnership agreement. As such, the potential for significant changes in the near term are limited. That said, Better Work should explore the potential for entering into long-term service contracts with selected buyers. More immediately, country programs should engage more directly with buyers to address issues in specific factories. Buyers should be involved in the development of improvement plans, specifying the actions that they will take to help resolve problems (e.g., excessive overtime) and the incentives that they will provide for improved compliance. As Better Work assumes greater responsibility for assessments, local compliance staff should have more time to provide direct assistance to factories. All buyers that source from the same factory should be involved in the process. Finally, any agreement with buyers should include provisions reflecting plans for transferring core service to local organizations.
v. Develop specific plans for transferring responsibility for the delivery of core services to independent, local organization in each country and draft a licensing agreement.	Each country program should have a detailed plan, though they may differ given the specific conditions within the country. A draft licensing agreement should be developed. In addition to granting the right to use the Better Work trademark, Better Work materials, and other intellectual property owned by ILO/IFC, the agreement should delineate acceptable service standards and the method that Better Work will use to verify that these standards are met. It should specify licensing fees (and royalties) and identify restrictions with respect to the pricing of services. Further it should lay out Better Work's obligations with respect to marketing, training, advice and/or other assistance to the licensee.

vi. Continue to refine the approach to assessing compliance.	Better Work should continue to refine the compliance assessment framework to ensure that it measures what is intended and does so in an accurate, consistent, and transparent manner. In this regard, particular attention should be paid to instances where the law is ambiguous and no clear interpretation from relevant ministries or judicial authorities is available. It should explore the use of CAPI technology in the compliance assessment process to help determine whether factories are non-compliant with laws related to discrimination and freedom of association. Further, Better Work should review the format and content of <i>Synthesis Report</i> and consider publishing the guidance notes. The impact of public disclosure of the results of compliance assessments of individual companies should be closely monitored in countries where participation is not legally mandated.
vii. Consider instituting procedures for certifying EAs.	At this point, Better Work has a good understanding of the competencies required for an EA and training programs in place to help ensure that EAs are competent. It may be appropriate in Stage III to develop a formal certification system. This will be needed if, and when, responsibility for core services are transferred to a local organization.
viii. Redirect some evaluation resources to investigate issues directly related to the design of the program.	The focus on assessing the impact of the Better Work program on worker livelihood, working conditions, and firm productivity is appropriate. However, within that context, it would be helpful to investigate the benefit of specific elements of Better Work's approach, including the added value of PICCs and advisory services. Hopefully, this could be done without the collection of any additional data. In addition, good qualitative research is needed on the role and function PICCs. Research should address the process used to establish the PICC, the way in which the agenda is set, its role in developing an implementation plan, and the degree to which it contributes to improved management-labor relations. The research should also investigate the extent to which the PICC duplicates existing structures within factories, such as OSH committees, and potentially undermines the development and operations of trade unions.
ix. Strengthen collaboration with other part of ILO and IFC/IBRD.	Better Work should work with IFC and other department/programs within the ILO to develop a coordinated plan for each country to ensure that all necessary and sufficient conditions for success are met. Plans should draw on ACT/EMP, DIALOGUE, LAB/ADMIN, SECTOR, and ACTRAV. Funding for integrated initiatives will need to be secured. This may affect the selection of countries for new programs. More broadly, Better Work should look for ways that it can influence the agenda of ILO and the WBG with respect to compliance issues in global supply chains.
x. Make a decision on the funding structure and undertake joint fundraising for the Better Work as a whole, including BWG and country programs.	A decision on the MDTF or other structure should be made before launching a fundraising campaign for Stage III. Assuming that an acceptable solution can be found, ILO and IFC should engage in joint fundraising efforts. Given the integrated nature of activities, this should be geared toward BWG and country programs. Better Work should also give attention to the current bill-back policy to better reflect the role that BWG plays in country programs, recognizing that its support may not be proportional to the size of the program.

Purpose of Evaluation

Aim and scope of the evaluation

7. The ILO retained Nexus Associates, Inc. to undertake an independent evaluation of Better Work Stage II.⁵ As stated in the terms of reference (TOR), the evaluation has five objectives:
 - Assess the progress of the Better Work Global (BWG) program made against the immediate objectives identified for Stage II;⁶
 - Assess the effectiveness of the global Better Work team in providing support to the country programs;
 - Assess the quality of program operations and management systems within Better Work;
 - Assess the effectiveness of stakeholder engagement and governance mechanisms; and
 - Identify lessons learned and good practices in the above areas in order to inform Stage III strategy and operations.
8. In keeping with the framework for independent evaluations used by ILO, performance is assessed in terms of six criteria: relevance and strategic fit; validity of project design; project progress and effectiveness; efficiency of resource use; effectiveness of management arrangements; and impact orientation and sustainability of the project. In keeping with the scope of the assignment presented in the TOR, the evaluation does not include detailed analyses of the operations of individual country programs or an independent assessment of the effectiveness of the program in terms of increasing compliance, boosting productivity and/or raising worker income.

Methodology

9. The consultant selection process was managed by the ILO's Procurement Office with inputs from Better Work and the ILO's Evaluation Unit.⁷ In response to a broadly disseminated call that included terms of reference, technical and financial proposals were received and evaluated against predetermined criteria. The decision was made to award the contract to Nexus Associates. The contract was managed by an ILO Senior Evaluation Officer who had no prior association with the Better Work programme.
10. The evaluation has been conducted in accordance with ILO guidelines for independence, credibility and transparency. The evaluation draws on four methods: document review, review of operating and financial data, interviews with key informants, and field visits to countries in which Better Work has established programs. With respect to the latter, field visits were undertaken in three countries – Haiti, Indonesia and Vietnam. These were selected based on several criteria, including start date, mode (mandatory/voluntary), industry scale, region, and prior evaluations.⁸ Interviews were conducted with program stakeholders, including BW country program staff, IFC and ILO representatives, members of the Program Advisory Committee (PAC), employer associations, trade unions, local brand representatives, and participants in Performance Improvement Consultative Committees (PICCs).

⁵ The contract was signed on 23 August 2011. Service Contract No. 40077538

⁶ Objectives are identified in the project document and logframe (including revisions agreed in March 2011).

⁷ Written comments provided by ILO, 4 April 2012.

⁸ See Appendix B.

Background

11. Building on the experience of Better Factories Cambodia, the International Labour Organization (ILO) and the International Finance Corporation (IFC) launched the Better Work program on a cooperative basis in January 2007. The objective of the program is to increase the rate of compliance of enterprises in developing countries with international labor standards and national labor laws. In addition to improving working conditions, it is believed that greater compliance will lead to increased productivity and improved competitiveness.
12. Stage I of the Better Work program ended on 30 June 2009. At that point, Better Work had established a governance structure, assembled a professional team in Geneva, put in place mechanisms for regular stakeholder consultation, developed core tools and systems, and had programs in four countries: Cambodia, Haiti, Jordan, and Vietnam.⁹ All of these programs focus on the garment sector.
13. Stage II began on 1 July 2009 and is scheduled to end on 30 June 2012.^{10,11} It was envisioned that new programs would be designed in up to 10 countries and implemented in six¹² over the three-year period and that consideration would be given to broadening the scope of the compliance assessment to include environmental issues and expanding into new sectors such as agribusiness, electronics, ship breaking and tourism. It was expected that 3,000 enterprises would be registered with Better Work and receiving services by the end of the period. Significantly, it was expected that country programs would be “independent and self-financing within five years” of launch.¹³ This would begin with the program in Cambodia. In this regard, new approaches would be tested, including licensing Better Work training products to third-parties.
14. In order to support the country programs and ensure the overall success of Better Work, plans called for, *inter alia*, developing new training curricula for enterprises, upgrading STAR and other information systems, strengthening staff development and quality assurance, implementing a robust monitoring and evaluation system, and enhancing knowledge management. Finally, in order to provide a more “flexible facility for resource mobilization,” plans called for investigating the prospects for establishing a Multi-Donor Trust Fund for Stage III. Output targets were discussed in the *Project Document* and summarized in a logframe.¹⁴ The original logframe was modified in March 2011 following an internal strategy review.

⁹ Another country program in Lesotho had been designed and was ready for implementation pending donor funding.

¹⁰ *Better Work Stage II Project Document* (undated)

¹¹ Agreement of Cooperation between ILO and IFC (11 May 2009).

¹² The target for new country programs was contingent on whether funding for Lesotho was approved. If the program was launched in Lesotho the total number of new programs would be seven; if not, the target would be six.

¹³ The *Project Document* anticipated that Better Factories Cambodia would reach this point in 2011.

¹⁴ Appendix C contains the original and revised logframe along with the current progress.

15. As presented in the *Project Document*, the proposed three-year budget for Better Work Global (excluding the budgets for country programs, which are treated as distinct projects) was US\$15 million.

Table 1. Proposed Budget Presented in Project Document

Category	Year 1 01/07/09 – 30/06/10	Year 2 01/07/09 – 30/06/10	Year 3 01/07/09 – 30/06/10	Total	% of Total
Global tools	1,518,832	1,747,428	1,647,428	4,913,688	33
Country-level activities development	1,203,683	1,028,683	1,028,683	3,261,050	22
Training and knowledge management	1,113,336	1,045,786	602,786	2,761,908	18
Sustainability and engagement	728,336	858,536	868,536	2,455,408	16
Sub-total “direct” costs	<u>4,564,187</u>	<u>4,680,433</u>	<u>4,147,433</u>	<u>13,392,054</u>	<u>89</u>
Program support	31,9493	32,7630	290,320	937,444	6
Provision for cost increase	22,9109	234,022	207,372	670,503	5
Total	<u>5,112,790</u>	<u>5,242,085</u>	<u>4,645,125</u>	<u>15,000,000</u>	<u>100</u>

Source: Better Work Stage II Project Document.

Performance Assessment

Relevance and strategic fit

Countries generally recognize the importance of protecting worker rights and improving working conditions, but enforcement is challenging.

16. All countries have adopted a set of laws that mediate the relationship between employers and workers. These deal with a broad range of matters, including minimum age requirements, wages and benefits, working time, health and safety, discrimination, employment contracts, and union representation. Some laws relate to the eight “fundamental” conventions adopted by the International Labour Organization.¹⁵ As shown in Table 2, five of the seven countries in which Better Work is currently operating have ratified all ILO fundamental conventions. The two exceptions are Jordan and Vietnam.¹⁶

¹⁵ As a tripartite body, the International Labour Organization (ILO) is responsible for developing and overseeing international labor standards. These standards are either in the form of conventions or recommendations. The former are legally binding international treaties, which may be ratified by member state; the latter serve as non-binding guidelines. Once a standard is adopted by the ILO, member states are required under the ILO Constitution to submit it to the parliament or other competent authority for consideration. In the case of conventions, this means consideration for ratification. Ratifying countries commit themselves to applying the convention in national law and practice.

¹⁶ Better Work is in the process of designing a new country program in Bangladesh. The country has ratified all of the fundamental conventions except Convention 138.

Table 2. Ratification of the Fundamental Conventions

	Abolition of child labour		Elimination of forced and compulsory labour		Elimination of discrimination in respect of employment and occupation		Freedom of association and collective bargaining	
Convention (a)	Conv. 138	Conv. 182	Conv. 29	Conv. 105	Conv. 100	Conv. 111	Conv. 87	Conv. 98
Country								
Cambodia	✓	✓	✓	✓	✓	✓	✓	✓
Haiti	✓	✓	✓	✓	✓	✓	✓	✓
Indonesia	✓	✓	✓	✓	✓	✓	✓	✓
Jordan	✓	✓	✓	✓	✓	✓		✓
Lesotho	✓	✓	✓	✓	✓	✓	✓	✓
Nicaragua	✓	✓	✓	✓	✓	✓	✓	✓
Vietnam	✓	✓	✓		✓	✓		

Notes: (a) Fundamental conventions include the following: Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Minimum Age Convention, 1973 (No. 138); and Worst Forms of Child Labour Convention, 1999 (No. 182). Source: <http://www.ilo.org/ilolex/english/docs/declworld.htm> as of 20 September 2011.

17. While laws may be on the books, many governments are unable or unwilling to enforce them. Laws are sometimes ambiguous. Relevant government agencies may not have the resources needed to identify infractions or seek redress through administrative or judicial channels.¹⁷ Additionally, politics may favor factory owners over factory workers.

Corporate codes of conduct and traditional auditing mechanisms are insufficient to ensure compliance with international labor standards and national labor law.

18. In the absence of strong laws and enforcement, many international brands have adopted codes of conduct for suppliers and established auditing mechanisms to assess compliance. This is often done in association with non-governmental organizations (NGOs). In theory, suppliers that do not meet established standards face sanction in the form of lower orders or termination of contracts. Conversely, suppliers that demonstrate compliance are ostensibly rewarded with larger, more stable orders. The effectiveness of the approach is based on the assumption that suppliers will take corrective action if the cost of compliance is less than the expected value of the sanction/reward.
19. In reality, however, sourcing decisions tend to be driven more by cost, quality and lead time than compliance with labor standards. Few brands actually terminate contracts unless suppliers fail to meet “zero threshold” concerns such as child labor, forced labor, or life-threatening conditions within the factory. In general, audits are geared to rectifying immediate problems rather than bringing about long-lasting solutions. Finally, the leverage of a brand may actually be quite limited, particularly in instances where it represents a small share of the factory’s total production.
20. Some observers have commented that results from audits are typically kept private raising concerns about their reliability. Others have called attention to the potential for corruption.
21. Importantly, all factories that Better Work has assessed have been suppliers to international brands for some time; yet, all have been found to be non-compliant with some aspects of international labor standards and national labor laws.

¹⁷ Vietnam has approximately 450 labor inspectors responsible for more than 300,000 enterprises nationwide. (Interview with Mr. Nguyen Van Tien – Chief Inspector, Ministry of Labor, Invalids and Social Affairs (MOLISA), 5 December 2011.)

The multiplicity of auditing mechanisms adds uncertainty and cost.

22. The demand for increased monitoring has led to a proliferation of codes of conduct. Brands have developed and applied their own codes, resulting in duplication of effort. In addition, codes may not reflect international labor standards, particularly with respect to freedom of association, or be based on the same interpretation of national law. As a result, factories are faced with additional administrative cost and difficulties in reconciling disparate findings.

Some governments have mandated participation in the Better Work program.

- **Cambodia.** The Better Factories Cambodia (BFC) program grew out of a trade agreement between the United States and Cambodia signed in 1999. The agreement was subsequently extended until 2004. The agreement allowed for an increase in Cambodia's export quota provided that garment companies were compliant with international labor standards. At the request of the governments of Cambodia and the United States, ILO established the Better Factories Cambodia program to monitor compliance. The program launched in 2001. At that time, the Cambodian Ministry of Commerce issued regulations limiting the allocation of quotas to companies participating in the program. While the quota system ended in 2004, the Cambodian government has continued to require participation in the program as a condition for acquiring export licenses.
- **Haiti.** Similarly, the Better Work Haiti (BWH) program is tied directly to U.S. trade legislation. The Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II) allows duty-free access to the U.S. market for certain types of apparel products made in Haiti provided that factories are compliant with international labor standards and national labor laws. To this end, the government of Haiti is required to establish an independent Labour Ombudsman and ensure that factories that enjoy preferential treatment under HOPE II participate in the Better Work Haiti program.¹⁸ The legislation indicates that such preferential treatment may be withdrawn if factories do not make sufficient progress toward compliance.
- **Jordan.** The Jordanian government has taken steps to mandate participation in Better Work Jordan (BWJ). A Cabinet decision to this effect was gazetted in March 2010 and the Ministry of Labour (MOL) "took concrete steps to implement the Cabinet decision" in July 2011.¹⁹ At this point, the government has identified 74 factories for mandatory participation.
- **Lesotho.** Better Work Lesotho (BWL) would be made mandatory for all garment manufacturers under a law that will be submitted by the Ministry of Labour and Employment (MoLE) to the tripartite National Advisory Committee on Labour Affairs (NACOLA) for review and discussion. The law will then need to be formally endorsed by the Cabinet and approved by Parliament. BWL has provided technical input on possible incentives and penalties for the draft law, based on the mechanisms in place in Cambodia and Jordan.²⁰

¹⁸ This was referred to in the legislation as the Technical Assistance Improvement and Compliance Needs Assessment and Remediation Program (TAICNAR).

¹⁹ BWG, Written Comments from (11 November 2011).

²⁰ Ibid.

The relevance of Better Work is evidenced by the willingness of brands and factories to pay for services.

23. Better Work charges for services. The willingness of brands and factories to pay for these services signals that they address a need in the market and have value.

Better Work is aligned with the strategies of both ILO and IFC.

24. ILO's Strategic Policy Framework (SPF) 2010-15 lays out strategic objectives associated with achieving the overarching goal of decent work: create greater opportunities for women and men to secure decent employment and income; promote and realize standards and fundamental principles and rights at work; and strengthen tripartism and social dialogue. The SPF identifies 19 outcomes, including the promotion of decent work in specific economic sectors (Outcome 13) under the strategic objective of strengthening tripartism and social dialogue. Biannual programs and budgets are linked to the SPF. The manner in which BWG supports Outcome 13 is expressed in the Outcome Based Workplan (OBW), which lists Better Work among ILO's "Global Products." Specifically, Indicator 13.2 states: "Under this global product, the Office, through the Global Better Work program, undertakes research and develops and applies tools and services that facilitate the promotion of decent work in sectors in specific countries. It does so in strong partnership with crucial stakeholders, including governments, trade unions, employers' organisations and multinationals. Tools and services include the compliance assessment tool, advisory and training geared towards remediation and improving compliance with labour standards and increasing competitiveness, knowledge management systems and evidence based M&E and impact assessment methodologies. The tools and services are designed to measure and improve compliance with labour standards and increase competitiveness through sector based schemes designed to work at the enterprise level. M&E and impact assessment findings will be used to influence policy at sectoral, national as well as international level."²¹
25. In keeping with its strategic priorities, IFC has established Sustainable Business Advisory Services as one of its four business lines.²² The business line includes efforts to "assist firms in increasing their competitiveness and market access in specific sectors and commodities by working with them to set, adopt, and deploy internationally-recognized environmental, social, and trade standards."²³ Better Work falls under this objective. (In addition, IFC's policy on environmental and social sustainability calls attention to the importance of establishing good labor and working conditions in client companies.)

Validity of project design

Better Work Global plays a pivotal role in the overall Better Work program.

26. Better Work Global serves as the head office of the global Better Work program. It is responsible for planning, policy development, program design, donor and buyer relations, communications, systems development and implementation, and other central functions. It is ultimately responsible for the development and management of all country programs, which serve as the delivery arm of Better Work. (Administratively, BWG and each of the seven existing country programs are treated as separate "projects" with separate funding streams tied to donor commitments.) A head office function is essential to ensure consistency across country programs and manage overall strategic direction.

²¹ ILO, *Outcome Based Workplan*

²² The other three advisory service business lines are Access to Finance, Investment Climate, and Public-Private Partnerships.

²³ IFC *Advisory Services in Sustainable Business 2011 Report*.

27. The original and revised logframe focus on the outputs of BWG in terms of specific deliverables such as the CAT, STAR, Workspace, training curricula, QA systems, scoping exercises and the launch of new country programs. While the head office is ultimately responsible for the performance of country programs and the achievement of better working conditions and improved competitiveness, the logframe does not include indicators related to these intended outcomes.²⁴
28. The rest of this section addresses the validity of Better Work as implemented through country programs in accordance with the design developed by BWG.

Based on specific guidance, BW country programs are designed to monitor compliance of registered factories and help them address identified deficiencies.

29. The program revolves around compliance assessments of individual factories. Working in concert with ILO technical specialists and experts in NORMES, Better Work has developed a compliance assessment framework that reflects the core labor standards and other national labor laws. The framework is tailored to each country based on specific provisions of the labor code based on the input of national legal experts and ministries of labor.²⁵ If there are differences between national laws and ILO conventions, the latter applies.
30. As shown in Table 3, the framework is divided into eight “clusters” – four are based on international labor standards and four are based on national labor laws related to working condition. Each cluster covers a number of “compliance points,” representing different elements of the cluster. There are 38 compliance points in the current compliance assessment framework. Finally, each compliance point includes a series of roughly 280 “Yes-No” questions to determine whether the factory is compliant with the applicable standard or law. (Specific questions may vary across countries reflecting differences in national labor laws.) Detailed guidance notes are developed to help enterprise advisors determine non-compliance. The guidance notes reference provisions in relevant laws, if applicable, and provide instruction on methods of verification. If the answer is “No” on any of the questions related to a compliance point, the enterprise is considered to be non-compliant with respect to that point.

²⁴ The original logframe included 77 indicators. Of these 17 were dropped in the revised logframe and 24 new indicators were added in the revised logframe. While the original logframe was generally well defined (albeit limited to outputs), some indicators lacked clear operational definitions. Similarly, many of the new indicators in the revised logframe are not well-defined or quantified.

²⁵ In this regard, the *Operations Manual* indicates that the CTA “should seek the Ministry’s written endorsement of the CAT.” Written endorsements have been provided in Jordan, Nicaragua and Vietnam. (BWG, Written Comment, op. cit.)

Table 3. Better Work Compliance Assessment Framework

	Compliance clusters	Compliance Points
Core Labour Standards	Child labour	<ul style="list-style-type: none"> • Child Labourers • Unconditional Worst Forms • Hazardous Work • Documentation and Protection of Young Workers
	Discrimination	<ul style="list-style-type: none"> • Race and Origin • Religion and Political Opinion • Gender • Other Grounds
	Forced Labour	<ul style="list-style-type: none"> • Coercion • Bonded Labour • Forced Labour and Overtime • Prison Labour
	Freedom of Association and Collective Bargaining	<ul style="list-style-type: none"> • Union Operations • Interference and Discrimination • Collective Bargaining • Strikes
Working Conditions	Compensation	<ul style="list-style-type: none"> • Minimum Wages • Overtime Wages • Premium Pay • Method of Payment • Wage Information, Use and Deduction • Paid Leave • Social Security and Other Benefits
	Contracts and Human Resources	<ul style="list-style-type: none"> • Employment Contracts • Termination • Discipline and Disputes • Contracting Procedures
	Occupational Safety and Health	<ul style="list-style-type: none"> • OSH Management Systems • Chemicals and Hazardous Substances • Worker Protection • Working Environment • Health Services and First Aid • Welfare Facilities • Worker Accommodation • Emergency Preparedness
	Working Time	<ul style="list-style-type: none"> • Regular Hours • Overtime • Leave

Source: Better Work

31. The framework and guidance notes are modified periodically based experience in the field. For example, additional questions were added in 2011 to address hazardous work for workers under age 18; clarifications were also made to guidance on assessing freedom of association (FOA), specifically with respect to trade union officials' access to factories and management interference in trade union affairs.²⁶ All modifications are made in close consultation with ILO labor experts in Geneva.
32. Enterprise advisors (EAs) employed by ILO as part of the Better Work program undertake assessments of factories to gauge compliance. The assessment centers on whether there is sufficient evidence to find that the factory is non-compliant with a particular compliance point. However, Better Work does not certify compliance, nor does it provide an overall score or rating.
33. Typically, two EAs spend roughly two days on-site observing conditions, reviewing documentation, and conducting interviews with managers and workers. In addition to sharing the workload, the team approach is designed to help avoid potential irregularities.²⁷ Assessment reports are provided to factory managers and with their approval shared with brands. (It is intended that these reports will replace audits conducted by brands and/or other approved third-parties, helping to ensure a consistent approach and reducing administrative burdens.)
34. Unlike many compliance programs, Better Work also provides advisory service to help factories address identified deficiencies. The design calls for EAs to work with each factory to establish a Performance Improvement Consultative Committee (PICC), which would set priorities, develop plans to bring the factory into compliance (Improvement Plans), and monitor implementation. The PICC is intended to be a vehicle for

²⁶ BWG, Written Comments, op. cit. as well as field interviews.

²⁷ All staff on ILO contracts must sign a code of ethics – “The Standards of Conduct for Staff” – which sets out principles and expectations of ethical conduct. As more significant risks are associated with the role of staff of country programs, especially EAs, an additional code of ethics was drafted in 2011. This sets out a more detailed set of expectations and procedures for staff that are specific to the implementation of Better Work country programs.

improving workplace cooperation, but is not intended to engage in collective bargaining agreements or deal with industrial disputes.

35. The committees are meant to include an equal number of representatives from management and worker/trade unions.²⁸ In keeping with the basic principles of freedom of association, Better Work holds that “workers should choose their own representatives, and that [...] representatives [should be] able to carry out their functions free from employer interference.” In this regard, “if there is a trade union at the participating Better Work enterprise, the trade union should play a leading role in determining the worker representation on the PICC. In factories with no trade union, workers should elect their own representatives through a transparent and credible process.”²⁹ Better Work country programs provide training to managers and workers on the PICCs, albeit the curriculum may vary across countries.³⁰
36. The current protocol calls for the EA to visit the factory and facilitate a PICC meeting once per month. (The EA assigned to provide advisory services to a particular factory is not involved in the compliance assessment process.) EAs may follow-up on issues that arise during the course of the discussion, as required. Advice provided by EAs draws, in part, on model policies and good practice sheets developed by BWG.³¹ The EA prepare two progress reports during the course of the year. Including the compliance assessment, all told, EAs commit roughly 20 person-days to each factory per year.³²

Better Work engages with major international brands to foster collective behavior.

37. BWG has been working with international buyers since the inception of the program in Cambodia in 2001. Numerous forums have been held over the years at both the global and country level to promote Better Work, solicit input on the design of the program, and encourage the adoption of certain principles. The *Buyers’ Principles* call on buyers to participate in forums, encourage suppliers to participate in the Better Work program, stop conducting separate audits, and focus on working with suppliers to improve performance based on improvement plans developed by Better Work.³³ Buyers are expected to refrain from terminating or significantly reducing orders based on evidence of non-compliance (except for zero tolerance issues) as long as suppliers demonstrate continuous progress.

Better Work policy stipulates that suspected violations of “human rights” be reported immediately to government authorities and brands.

38. In general, Better Work is obligated to hold information obtained through factory visits strictly confidential and is precluded from sharing it with any third-party without the consent of factory managers. There are specific exceptions to this provision. Better Work policy calls for all instances of suspected child or forced

²⁸ *Better Work Operations Manual*

²⁹ Ibid.

³⁰ For example, APHEDA has been working with Better Work and ILO ACTRAV in Vietnam. The first phase started in July 2009; the second phase was launched in January 2011. The contracts for these two phases were administered by ACTRAV with monies provided by the Levi Strauss Foundation, ILO and ACTU. Phase I provided TOT training to 26 officials from VGCL on organizing, collective bargaining, negotiation, dispute resolution and other union issues; in Phase II, six of these officials were selected for follow-on training specifically related to the PICC. (Plans call for increasing the number of PICC training to ten during Phase III.) The six trainers have subsequently provided training to 247 workers from 69 factories. Workers from multiple factories were brought together for one-day events focusing on the PICC guidelines, problem solving and communications. Role-playing is used to help build confidence. Better Work received funding from USDOL for a third phase beginning in December 2011: funds for ACTRAV and APHEDA will flow through Better Work to ACTRAV, which will contract APHEDA.

³¹ These were developed primarily under Better Work Stage I.

³² Interview with C. Boyle, op. cit.

³³ Betterwork.org. As of 30 January 2012, 25 companies had signed the Buyer Principles

labor to be reported immediately to the national ministry of labor along with “egregious” violations of freedom of association and instances where there are immediate threats to the health and safety of workers.³⁴ Based on memoranda of understanding (MOU) signed with ministries of labor, government officials are expected to investigate within 24 hours, determine whether a violation has occurred, and take necessary action. Better Work policy also calls for all subscribed buyers to be notified within 48 hours of the ministry notification and keep brands abreast of remediation efforts.

Public release of the results of compliance assessments is intended to reinforce positive behavior.

39. Publicly-available *Synthesis Reports* are prepared on the basis of individual factory assessment reports and are published semi-annually. The reports present aggregate results for factories that have been assessed in the relevant period; in addition, the intention is to disclose results for individual factories after the second assessment.³⁵ Better Work has argued that public reporting helps encourage continuous improvement and reduces the probability of compliance gains being reversed.³⁶

Better Work engages with key national stakeholders to foster a productive dialogue on labor issues and strengthen the capacity of important institutions; this is critical for long-term sustainability.

40. Better Work is designed to include the establishment of a tripartite Project Advisory Committee (PAC) in each country that includes representatives from the national government, business associations, and worker organizations. Its role is to advise and monitor the development and progress of the program. It can also serve as a forum for advancing policies to improve working conditions. In this regard, issues that emerge from working with factories as documented in the *Synthesis Reports* and other publications inform discussions at the national level.³⁷
41. Working in conjunction with other organizations (including other parts of the ILO), Better Work includes efforts to strengthen relevant institutions in the countries in which it operates. Depending on the particular circumstances in a country and funding availability, Better Work may collaborate on initiatives designed to accomplish the following:
- Bring national labor laws into alignment with international labor conventions and address ambiguities in particular provisions.³⁸
 - Strengthen the enforcement of labor laws by helping to build the capacity of ministries of labor, including the labor inspectorate.³⁹

³⁴ Better Work, *Zero Tolerance Issues and Protocol*, (undated). With respect to FOA, zero tolerance centers on instances where employers threaten, intimidate, or harass workers who join a union or engage in union activities. See *Guidance Notes for Better Work Haiti*.

³⁵ Haiti differs in that results for individual factories are reported beginning with the first assessment.

³⁶ This was based, in part, on findings presented in Discussion Paper No. 1 (more details provided in later sections).

³⁷ Interviews conducted in Vietnam as part of this evaluation suggested that the PAC is operating well with active participation of all parties. In Haiti, the relationship between the HOPE II Commission and the PAC had not been fully clarified until August 2011 when a decision was made that the Commission would serve as the PAC. It has met sporadically since the inception of the program. None of the unions represented on the Hope II Commission (and by extension the PAC) represent workers in garment factories. The Government of Indonesia is in the process of establishing the PAC. The process could not officially start until after the agreement was signed, which did not happen until 30 November 2011. While the Operations Manual suggests that an MOU be signed with PAC members, this has not yet been done in Lesotho and Nicaragua. In Indonesia, ILO will seek the endorsement of a TOR for the PAC, rather than a signed MOU, per the practice of the ILO Indonesia office. (Written comments from BWG, 8 February 2012.)

³⁸ For example, HRSDC funding was provided through BWH to ILO DIALOGUE to undertake a review of the labor code.

- Build the capacity of trade unions to organize, negotiate collective bargaining agreements, and participate in dispute resolution.⁴⁰
42. With regard to the latter, noting the importance of trade unions to the success and sustainability of the program, Better Work clarified its strategy to engage with trade unions in 2011.⁴¹ The strategy centers on strengthening communications with trade unions, ensuring that EAs have a better understanding of industrial relations, and enhancing the ability of trade union representatives on the PICCs to engage effectively with management on compliance-related issues.⁴² Initiatives geared to trade union development fall under the purview of ACTRAV and/or international unions such as the International Textile, Garment and Leather Workers' Federation (ITGLWF); however, Better Work may serve as a catalyst for initiating programs as well as a vehicle for securing funding.

One of the objectives articulated in the Project Document is for country programs to evolve into independent, financially self-sufficient organizations after five years of operation.

43. To this end, country programs charge for services to generate needed revenue (and help ensure the commitment of participants to the program). All country programs sell compliance assessment reports to subscribers for US\$750 per report. However, prices charged to participating factories vary by country. In Haiti, services are provided free-of-charge. (This decision was made following the 2010 earthquake.) In Jordan, the fee is partially subsidized by the government.⁴³ In Cambodia, fees are embedded in dues paid the Garment Manufacturers Association in Cambodia (GMAC), which in turn provides annual funding to BFC. In the remaining countries, the annual fee, which includes the cost of the compliance assessment and advisory services is paid directly by factories.^{44,45} Training fees vary depending on the subject and duration.

While the design of the program is generally well founded, there are several issues warranting discussion.

Compliance assessment

44. As noted above, the assessment process revolves around determining whether a factory is not in compliance with international labor standards and national labor laws. To a great extent, the quality of the assessment hinges on the validity and reliability of the measurement. Validity refers to whether the assessment is

³⁹ For example, BWV undertook a project with MoLISA, which includes the development of curricula on Labor Law and Policy Inspection, Labor Safety Inspection, and Labor Hygiene Inspection. In addition, BWV trained five master trainers, who went on to train 50 inspectors across the country. Similar training courses have been provided in other countries.

⁴⁰ For example, Better Work Jordan entered into a service contract with ITGLWF to undertake a capacity building project with the garment union in Jordan. The project is being funded by USAID. (*Country Technical Progress Report*, August 2011.)

⁴¹ Draft guidelines for trade union engagement are in the process of being developed.

⁴² An individual within BWG has been assigned as the "focal point" for industrial relations and an EA in each country has been assigned as the "focal point" for trade union engagements. In addition, BWG has developed EA training programs focusing on industrial relations, including the application of ILO Conventions 87 and 98. (See written comments from BWG, op. cit.)

⁴³ The most recent technical progress report for BWJ notes, "The mechanism for MoL subsidy of the annual factory subscription fees to BWJ has yet to be developed. An anticipated increase in the fees will make this more challenging in that the government has set aside a budget based on current fees so additional funds will need to be allocated."

⁴⁴ Until recently, Better Work Indonesia provided services at no charge pending resolution of financial reporting requirements and VAT application.

⁴⁵ At the Operations Management Team (OMT) meeting in December 2011, managers discussed the suggestion for setting the price on a sliding scale based on the number of workers: US\$2,000 for factories with less than 300 workers, US\$2,500 for factories with between 300 and 1,000 workers, and US\$3,000 for factories with more than 1,000 workers (Better Work OMT, 1-2 December 2011.). It was decided that each country would do a market survey to determine prices to be set. (Written comments from BWG, 8 February 2012)

measuring what it is intended to measure; reliability refers to whether the measurement yields consistent results. A discussion of several issues follows:

- Workplace discrimination and violation of freedom of association is difficult to establish. While discrimination in hiring practices as reflected in written policies is easy to discern; other forms of discrimination, such as sexual harassment, are more difficult to verify. For example, in Haiti, there were no findings of sexual harassment reported in the most recent *Synthesis Report*. This runs counter to results from surveys conducted by Tufts University using a different survey technique that suggests that sexual harassment is widespread.⁴⁶ Moreover, the *Synthesis Report* shows only one instance of non-compliance with respect to freedom of association –the collective bargaining agreement in the only unionized garment factory was determined to be inconsistent with national laws concerning working hours. None of the other garment factories in Haiti have a union and there is a feeling among many observers that management is hostile to their formation.
- National laws can be ambiguous. While Better Work has tried to seek official interpretation of laws, sometimes confusion remains. This has led to Better Work to develop its own interpretation. Again using Haiti as an example. The minimum wage law has two dimensions. First, workers must be paid a minimum of 150 gourdes (roughly US\$3.60) for an eight-hour workday. Second, piece workers must be able to earn at least 200 gourdes (roughly US\$4.80) in an eight-hour workday.⁴⁷ In the absence of clarification by the government, Better Work has defined the second provision as at least 90 percent of production workers (with at least three months on the job) actually earning 200 gourdes in an eight-hour workday.
- The very nature of the assessment process makes consistent application difficult. Many of the compliance points are qualitative in nature, requiring EAs to make judgments about whether or not a particular factory is non-compliant. A common refrain voiced by EAs interviewed during the evaluation was the lack of a hard boundary between compliance and non-compliance. In addition, as EAs gain experience they may be able to identify non-compliance issues that they may have missed earlier (e.g., the existence of double books). As such, different EAs may reach different conclusions. Consistency across time is also a challenge. Reliable assessment of improvements relative to a baseline requires consistent application of the same instrument. In addition to problems related to inter-rater reliability, guidance notes are modified periodically, effectively changing the standard used to gauge compliance. This highlights the critical importance of good training, constant interaction among EAs, and internal review of reports. BWG recognizes this issue and has instituted procedures to help address the problem (see below).
- A particular feature of the *Synthesis Reports* may lead to a misinterpretation of results. *Synthesis Reports* use a scale based on circles – fully filled-in circle, partially filled-in circle, and an empty circle – to indicate compliance on particular points. Specifically, a fully filled-in circle signifies that the factory was found to be non-compliant; and a partially filled-in circle signifies that the factory has made improvement, but was still not compliant at the time of the assessment. The report does not define an empty circle; however, it could be taken to mean that the factory is compliant with respect to the particular compliance point. This would run counter to the notion that Better Work is not certifying compliance.

⁴⁶ Interview with D. Brown, Tufts University, 17 January 2012.

⁴⁷ Specifically, the law states, “the salary paid for the production unit must be fixed so as to allow the worker to realize for 8 working hours per day at least 200 gourdes per day.” (Written comments from BWG, 8 February 2012.)

Publication of results

45. Better Work intends to publish the assessment results for individual factories in *Synthesis Reports*. While this may encourage greater compliance among participating factories, it could have adverse consequences in countries where participation is voluntary (both in terms of legal mandates and buyer requirements). Factories that elect to participate could be “better” than non-participants, yet still be penalized for non-compliance. In addition, the prospect of public release of results may dissuade companies from participating at all, eliminating the chance of working with the factory on compliance issues and hurting the financial viability of the program. It is important to note that the decision to require public disclosure was based, in part, on the findings from a study in Cambodia. The study found that compliance rates dropped among factories that were suppliers to non-reputation-sensitive buyers after public disclosure stopped. Compliance rates among factories that supplied reputation-sensitive buyers continued to rise, albeit at a slower rate. In Vietnam, and other voluntary markets, most of the participating factories are likely to be suppliers to reputation-sensitive buyers. (Publication of assessment results in voluntary markets has not yet been tested. At this point, the Government of Vietnam has not given its approval.)⁴⁸

Compensation

46. The assessment includes a determination of whether factories meet the minimum wage standard as defined by national law. This is in keeping with Better Work’s focus on compliance. While ensuring that workers are getting paid at least the minimum wage might be an improvement, the assessment does not provide a context for judging the adequacy of the minimum wage, including whether it is keeping up with domestic inflation. Few factories may be found to be non-compliant with minimum wage requirements because real wages are low and/or falling over time. In a different vein, compliance with maximum overtime hours may result in lower income for employed workers.

PICCs

47. The idea of a management-worker committee that meets regularly to discuss and resolve compliance issues has an intuitive appeal. However, legitimate concerns have been raised with respect to the process used to choose worker representatives, the potential for creating a parallel system of worker representation as a substitute for trade unions and a collective bargaining process, and coordination with existing structures within factories, such as OSH committees. The countries in which Better Work is operating are at very different stages in trade union development; the role and benefit of PICCs may vary across countries, depending on the maturity of industrial relations. It will be important to monitor the establishment and operations of PICCs very closely.⁴⁹
48. The language used to describe the PICC focuses on open dialogue, where managers and workers join together to set priorities, develop improvement plans, and monitor implementation. However, Better Work does not require factory managers to share assessment reports with worker representatives, and many managers may

⁴⁸ Interview with A. Luinstra, op. cit.

⁴⁹ For example, the mid-term evaluation of Better Work Jordan noted that in most factories, management appointed workers to serve on the PICCs. Most workers in Jordan are migrant laborers who are precluded by law from participating in a union. With the assistance of the ITGLWF, BWJ is helping to organize elections for worker representatives in the PICCs. In Vietnam, new guidelines for the appointment of union representatives and the election of rank and file workers were recently approved by the PAC and will go into effect in March 2012. In Lesotho, only four of the 12 registered factories have established PICCs. In Haiti, none of the 24 participating factories have functioning PICCs in place; elections were carried out in two factories -- one in December 2011 and another in February 2012 -- additional training will be provided to workers representatives on these two PICCs prior to the initial meetings.

elect to withhold certain information, e.g., compensation and overtime. There is trepidation that this could lead to labor unrest. As a result, in many respects, the agenda is driven by management.

Voluntary participation

49. In the absence of a government mandate, Better Work relies on brands to encourage factories to participate in the program and hold them accountable for compliance performance. (Few make this a requirement.) In practice, the degree of encouragement varies and not all factories from which brands source have elected to participate in Better Work.⁵⁰ As part of this evaluation, interviews were conducted with brand representatives in Vietnam and Indonesia. As shown in Table 4, all of the factories in Indonesia from which Wal-Mart sources directly are registered with BWI; however, it did not impose participation as a requirement.⁵¹ With the exception of H&M, the other brands accept the Better Work compliance assessment report as fulfilling their labor auditing requirements and do not do their own internal audits or insist on reports from other third-party auditors. (Some brands also require environmental audits.) Until there is complete coverage, brands will continue to maintain parallel systems.

Table 4. Participation of Garment Factories in Vietnam and Indonesia among Selected Brands

Brand	Garment Factories in Country	Garment Factories in Area Served by BW	Factories Registered with BW	Share of Registered Factories
Vietnam				
Nike	40	25	14	56%
Colombia Sport	90	15	5	33%
H&M	25	12	8	67%
Primark	35	25	4	16%
Indonesia				
Wal-Mart (a)	10	5	5	100%
Colombia Sport	14	11	1	9%
H&M	70	10	10	100%

Note: (a) Factories from which Wal-Mart sources directly. There are 40 other factories in Indonesia that supply Wal-Mart vendors.

Source: Nexus Associates based on interviews with brand representatives held in December 2011.

Scale-up

50. Scaling up the existing service delivery model may prove difficult. The process of preparing compliance assessment reports and providing advisory services is labor intensive. Under the current model, each EA can handle roughly eight factories per year. However, there are roughly 4,000 garment factories operating in Vietnam, of which 2,000 are located in and around Ho Chi Minh City (HCMC). Of the 2,000 roughly one-fourth are engaged in exports.⁵² It would take close to more than 60 EAs to provide services just to the exporting factories near HCMC. Given transportation issues, Better Work would also need to establish

⁵⁰ Some brands have compliance staff that are responsible for conducting audits in countries where Better Work is operating. These individuals may not be enthusiastic about referring suppliers to Better Work. In addition, some compliance staff interviewed as part of this evaluation reported that Better Work did not necessarily save them time. Information from Better Work needed to be interpreted and keyed into internal systems. All indicated that they would like more detail in reports, including sources of data used to support specific findings. The compliance staff would like to be able to “verify” findings reported by Better Work such as double books. They would also like faster turnaround.

⁵¹ Wal-Mart has made participation in Better Work mandatory for suppliers in Vietnam. However, based on this experience, Wal-Mart decided to make participation voluntary in Indonesia. They were concerned with the turnaround time, level of detail in reports, and integration with internal systems. In Indonesia and elsewhere, Wal-Mart does not pay for third-party audits. (Interview with Olivia Krishanty, Wal-Mart Supplier Development Manager – Ethical Sourcing, 14 December 2011.)

⁵² Interview with Tara Rangarajan, BWV, 5 December 2011.

multiple offices to reach factories in other parts of the country. The situation is similar in other large countries with sizeable garment sectors. Reaching a significant share of the sector will require more resources. Perhaps, more importantly, it will require an ability to recruit and train qualified personnel.

51. On the other hand, it is not clear how many factories will actually join the program in countries where there is no legal mandate by the government. Market penetration depends, to a great extent, on the encouragement of participating brands and the extent of overlap among the factories from which they source. For example, there are roughly 30 brands involved in Better Work that source from factories in Vietnam. These brands source from a subset of the 500 exporting garment factories in the HCMC area. (The other factories in the area supply companies that are not involved in Better Work.) The total number of factories in the subset depends on the extent to which brands are sourcing from the same factories. This may be quite extensive. (BWV is currently undertaking a mapping exercise to develop a better picture of sourcing relationships.)

Fees

52. While services provided by Better Work are private goods, subsidies may still be needed to accomplish public aims. Compliance assessments, advisory services, and training are all private goods.⁵³ Even the assistance provided to governments is a private good; however, it is being provided for a public benefit. The major exception are *Synthesis Reports* -- once published and put into the public domain, reports can be considered public goods. The rationale for charging for Better Work services is sound, hinging on the ability of buyers and factories to appropriate benefits at least equal to the cost of services.
53. Like all private goods, however, demand is affected by price. Pricing for Better Work services seems to be based on the price of competitive services and/or the cost of service provision. However, lower prices might lead to higher demand and increased total revenue depending on the price elasticity of demand. Subsidies may be justified due to positive externalities or information asymmetries.

Independence and financial self-sufficiency

54. The original plan called for country programs to become independent and financially self-sufficient after five years. However, numerous people interviewed for this evaluation indicated the ILO imprimatur is critical for the credibility of the program. In addition, given high fixed costs, financial self-sufficiency will be difficult to achieve, particularly in countries with small garment sectors. These issues are discussed in more detail in the section on sustainability.

Effectiveness of management arrangements

Governance

The Management Group has been established and is operating as planned.

55. On 11 May 2009, ILO and IFC entered into a cooperation agreement that established the “management and oversight structure” for Better Work.^{54,55} This arrangement is unique for the two organizations. The

⁵³ A private good has two unique properties: first, owners of the good can prevent others from using or consuming it (excludable); second, the use or consumption of the good by one party necessarily prevents that of another (rivalrous).

⁵⁴ Agreement of Cooperation Between International Labour Organization and the International Finance Corporation, 11 May 2009. The agreement superseded the ILO-IFC Grant Agreement signed on 25 January 2007. There was no expiration date in the 2009 Cooperation Agreement. Both parties can terminate the agreement upon six month written notice.

⁵⁵ The agreement does not specify the activities that would be undertaken by each organization or the staff and financial resources that would be committed to the program.

agreement calls for the establishment of the Better Work Management Group (MG), consisting of two senior decision makers from each organization, which would meet twice a year with at least one of the meetings conducted in-person. As specified in the agreement, the role of the Management Group is to review and approve the “annual strategy, work plan and budget of the global program [...]”⁵⁶ The agreement notes that decisions will be made by consensus.

56. Members of the MG believe that the “partnership” between “very different international organizations” has led to significant accomplishments.⁵⁷ Further, members highlight the transparent and effective manner in which the MG has operated.⁵⁸
57. In keeping with the agreement, the Management Group has met six times and held one virtual meeting via video conference since May 2009.⁵⁹ The MG has set strategic priorities for the program, established key policies, and approved annual work plans and budgets. Minutes of the MG meetings have been shared with the BWG staff in Geneva and country program managers (for further distribution to their staff). Specific sections of the minutes related to Advisory Committee’s (AC) advice to the MG have been shared with AC members.
58. Both the MG and BWG believe that Better Work is operating in a manner consistent with the decisions set by MG. As importantly, according to BWG staff, the MG has been instrumental in ensuring that the program “continues to emphasize important values such as tripartism, demonstration of impact, an evidenced based approach, [and] continuous transparent dialogue with stakeholders.”⁶⁰
59. Members of the MG report that the MG is functioning well, albeit one member noted the difficulty in reviewing all of the documentation prior to the meetings. She went on to explain that given the infrequency of meetings, there is simply a tremendous amount of material that needs to be covered each time that the group convenes.
60. The MG has navigated important issues such as the expansion of the program into new countries, sector focus, and trade union engagement. The latter took significant time to resolve. The need for greater clarity on the role of Better Work in relation to trade unions was broached soon after the start of Stage II. Better Work retained a technical specialist on a six-month assignment between November 2009 and April 2010.⁶¹ Work continued on the formulation of the strategy over the next year and was the subject of discussion at MG meetings throughout this period. The MG “approved the trade union engagement proposal” in principle in March 2011, but asked for revisions to the plan.⁶² These were presented for approval at the meeting in May 2011.
61. One area of friction between the IFC and ILO representatives on the MG is the funding structure for the program. IFC representatives have advocated for the establishment of a multi-donor trust fund (MDTF) since the inception of the program. While not opposed to the idea, the ILO representatives have not been

⁵⁶ ILO-IFC Agreement of Cooperation, op. cit.

⁵⁷ ILO, written comments, 26 March 2012.

⁵⁸ Ibid.

⁵⁹ Meetings were held in Washington, DC (11 May 2009), Geneva (16 October 2009), Washington DC (12 April 2010), Ho Chi Minh City (22 September 2010), Geneva (25 March 2011), video conference (31 May 2011) and Washington, DC (21 September 2011)

⁶⁰ BWG, Written Comments, 11 November 2011.

⁶¹ Alison Tate, *Better Work and Trade Union Development and Capacity Building*, undated.

⁶² MG Meeting Notes, 25 March 2011.

convinced that it offers significant advantages compared to the existing structure. This issue remains unresolved. (See further discussion below.)

62. A review of the meeting notes suggest that they are generally well prepared; however, it is sometimes difficult to discern the exact nature of the decision made by the MG. For example, the notes do not include any record of decisions made with respect to establishing programs in either Indonesia or Nicaragua. According to BWG staff, “[...] although there is no formal record, the MG endorsed de facto the decision to proceed with programme design and implementation” when it approved the work plan and budget.⁶³

Advisory Committee is functioning as intended.

63. The *Cooperation Agreement* signed in May 2009 calls for the establishment of a Better Work Global Advisory Committee to provide advice on the “strategic directions, strategic partnerships, and key developments in the area of global supply chain management and labour standards.”⁶⁴ The agreement states that the Advisory Committee will be comprised of 8-16 members, including two representatives nominated by the International Organization of Employers (IOE), and two nominated by the International Trade Union Confederation (ITUC)/ Global Trade Union Federation.⁶⁵ Members will be limited to two, three-year terms. The *Cooperation Agreement* calls for the Advisory Committee to meet every 12 months. Meetings would be organized and facilitated by the Better Work team, under the leadership of the Better Work Director (formerly referred to as the Global Program Manager).
64. Donor participation in the AC has been the subject of considerable discussion. In May 2009, the MG agreed that “a donor needs to contribute to the global fund (global program of pooled funds for country programs) to be part of the committee.”⁶⁶ At the Donors Coordination Meeting held on 13 October 2009, donors expressed concern that limiting the number of donor representatives on the Advisory Committee to two was not sufficient for four reasons: i) given their involvement with governments, the view of donors is important for strategy development and implementation; ii) donors have different perspectives; iii) greater representation “will increase transparency on reporting to responsible ministries and parliaments”; and iv) “some donors had managed to get internal support for Better Work based on the understanding that they could be an AC member. Not being able to be on the AC could affect that support.”⁶⁷ Donors recommended that the number of representatives be increased to four and that USDOL, SECO, the Netherlands and Australia serve on the AC for the next two years. On 16 October 2009, the MG Committee agreed to increase the number of donor representatives to four and indicated that “Donors should decide amongst themselves who will formally represent them in the AC.”⁶⁸ Other donors would be allowed to participate as observers.
65. The current policy calls for the AC to include the following: two representatives from the International Organization of Employers; one representative from the International Trade Union Confederation; one representative from the Global Union Federation; two representatives from international retailers (brands); one representative from each donor organization that provides funding to the BW Global program or more

⁶³ Written comments from BWG, op. cit.

⁶⁴ ILO-IFC Agreement of Cooperation, op. cit.

⁶⁵ The Cooperation Agreement was silent on the number of donors on the committee.

⁶⁶ MG Meeting Notes, 11-12 May 2009.

⁶⁷ Draft Minutes Better Work’s Donors Coordination Meeting, 13 October 2009.

⁶⁸ MG Meeting Notes, 16 October 2009

than one country program; and an unspecified number of individual expert advisors.⁶⁹ The current composition of the Advisory Committee is consistent with this policy.⁷⁰

66. The Advisory Committee has convened five times.⁷¹ While there had been repeated requests for a more explicit statement on the role and responsibilities of the AC, a TOR was not approved by the MG until May 2011.⁷² The document clarified a number of issues with respect to the role and operations of the AC. It notes that the role of the AC is to “advise the Management Group on the overall Better Work effort, specifically, with regard to strategic directions, strategic partnerships, and key developments in the area of global supply chain management and labour standards.”⁷³
67. In interviews conducted as part of this evaluation, AC members indicated general satisfaction with the composition, role and operations of the committee. While there were some problems initially, most members feel that meetings have been well-organized. Agendas have been well prepared; background documents have been provided in advance of meetings to allow sufficient time for review; and meetings have been well run. (One member noted, however, difficulties in teleconferencing given the number of people involved and poor line connections.) Members have substantial knowledge of labor issues as well as a deep understanding of the Better Work program – the involvement of some dates back more than ten years. All of those interviewed commented on the substance and tenor of the discussions, noting that meetings offer an opportunity to hear perspectives informed by different interest and debate the merits of diverse positions. In this regard, members noted that the intention was not necessarily to arrive at a consensus, but rather provide Better Work with input for its own decisions. In general, members feel that Better Work has been responsive to the advice offered during the meetings.
68. According to the BWG staff, the “[...the Advisory] Committee has ensured that perspectives from the programme’s stakeholders are being taken into account.”⁷⁴ Moreover, they note that the meetings provide a foundation and entry point for subsequent dialogue with key stakeholder groups.

Donor Group

69. As articulated in the TOR (approved May 2011) the purpose of the donor coordination meetings is to “maintain a regular dialogue between Better Work and donors to the programme.” Specifically, the meetings are intended to provide an opportunity for BWG staff “to meet with all of its donors together” in order to update donors on progress and any issues that have arisen; receive suggestions on strengthening the program; discuss the results of M&E efforts; and discuss donor relations.⁷⁵ The TOR stipulates that the Donor Group “is not a decision-making body or a forum in which to conduct fundraising activities.”⁷⁶ Meetings are to be held twice per year with the timing of the meetings to coincide with Advisory Committee meetings. The donor meeting will be chaired by the Better Work Director.

⁶⁹ TOR for Advisory Committee (Final Draft), March 2011.

⁷⁰ See Appendix D for list of AC members.

⁷¹ Meetings were held in Geneva (14 October 2009), virtual meeting (8 April 2010), Ho Chi Minh City (21 September 2010), Geneva (24 March 2011), and virtual meeting (12 September 2011).

⁷² Committee members raised the need for a statement on the role of the AC in October 2009. The topic came up again in the MG meeting in September 2010, where it was agreed that BWG would draft TORs for the AC (as well as the MG and donors) by the end of October 2010. In March 2011, the MG requested that the draft TOR prepared by BWG be modified.

⁷³ Better Work Advisory Committee TOR (Final Draft), March 2011.

⁷⁴ BWG, Written Comments, 20 September 2011.

⁷⁵ Better Work Donor Group Terms of Reference (Final Draft), May 2011

⁷⁶ Ibid.

70. Donor coordination meetings have been held on 13 October 2009, 25 March 2010, 20 September 2010, and 23 March 2011. Interviews with donors suggest that the meetings are beneficial; however, there is considerable overlap with the discussions of the Advisory Committee. As noted, four donors also sit on the Advisory Committee. More generally, donors report that BWG has been very responsive to their requests for information.
71. According to BWG staff, the meetings have provided an opportunity to share knowledge and discuss various issues concerning the program's performance, future activities, public policy related to labor issues, and the "possibilities of creating synergies with governments on their public private partnerships in global supply chains [...]"⁷⁷ The meetings have also afforded a chance for Better Work to present information on the program's "impact related to indicators, including those that are relevant to governments' development aid policies, such as the Millennium Development Goals."⁷⁸ Finally, BWG staff note that meetings were used to obtain endorsement of the revised logframe and agreement on reporting.

BWG management

A management team has been established.

72. An organization chart for Better Work Global is presented in Figure 1. BWG currently has 23 staff, including two people located in countries in which programs have been established and one based at IFC in Washington, DC.^{79,80} Almost all BWG and country program staff are under ILO contracts.⁸¹
73. The Better Work program is headed by a director (D1 – level). The BW Director is an ILO employee, reporting administratively to the Executive Director of the ILO Social Dialogue Sector.⁸² However, under the Cooperation Agreement the BW Director reports to the ILO-IFC Management Group and is accountable to it for the results of the BW program.⁸³ So far, this has proved to be a workable arrangement.
74. The program has had two directors since the beginning of Stage II in July 2009. The first director, Ros Harvey, left roughly three months into Stage II; Amy Luinstra was appointed "Officer-in-Charge" in mid-October 2009 and served in this capacity until August 2010.⁸⁴ Dan Rees was named as the director in May 2010 and started work in August of that year. According to BWG, the changes in leadership did not have an adverse impact on the momentum of the program, but may have contributed to postponing the development of certain internal processes.⁸⁵
75. BWG is organized into four team – global tools; programming; training and knowledge management; and strategy, planning and finance – each headed by a team leader reporting to the BW Director. Each country

⁷⁷ BWG, Written Comments, 20 September 2011.

⁷⁸ Ibid.

⁷⁹ The *Project Document* notes that "staffing will be kept to a minimum," but it does not specify the number of staff or how this is expected to evolve over time and if the program expands.

⁸⁰ A separate HR review is currently underway, which will address, *inter alia*, issues related to organizational structure, staffing levels, and decentralization.

⁸¹ Two exceptions: Amy Luinstra – an IFC employee based in Washington DC and Eleanor Richardson – an IFC employee based in Cambodia.

⁸² *Operations Manual*

⁸³ Ibid.

⁸⁴ Ms. Luinstra had worked for Better Work in Geneva for three years under an exchange agreement between the ILO and the World Bank. To help during the transition period, a senior ILO staff member (Christiana Stepanek, Advisor ED Dialogue) was drafted to support administrative operations during 2010.

⁸⁵ BWG, Written Comments, 11 November 2011.

program is managed by a Chief Technical Advisor (CTA), recruited internationally by the ILO Human Resource Department (HRD).⁸⁶ CTAs report directly to the BWG Director in Geneva with dotted line reports to the respective ILO Country Directors.⁸⁷ The BW Director, BWG team leaders, and CTAs constitute the Operations Management Team (OMT), which meets quarterly (twice per year in person and twice virtually) to review progress, discuss operating policies and procedures, and future directions for program.

76. The Global Tools Team Leader (A. Luinstra) is an IFC employee based at IFC headquarters in Washington, DC.⁸⁸ She reports to the BW Director as well as the head of the Environmental, Social, and Trade Standards unit in IFC's Sustainable Business Advisory Services Department.⁸⁹ Here again, the dual reporting arrangement has not posed any difficulty. In fact, it is felt that having a member of the Better Work management team based at IFC in Washington has strengthened the relationship between IFC and ILO as well as helped to forge closer relationships with US-based stakeholders, notably the U.S. Department of Labor, trade unions, and employer organizations.⁹⁰

⁸⁶ Given the scale of operations, BWV created a new international position to focus on quality assurance, EA oversight, policy development, and international stakeholder engagement. It is anticipated that this position will be added in other large programs, including Indonesia and Bangladesh (forthcoming). According to BWG, BFC has had this same position for the past seven years. The lack of the position in the original project document for Vietnam was an oversight.

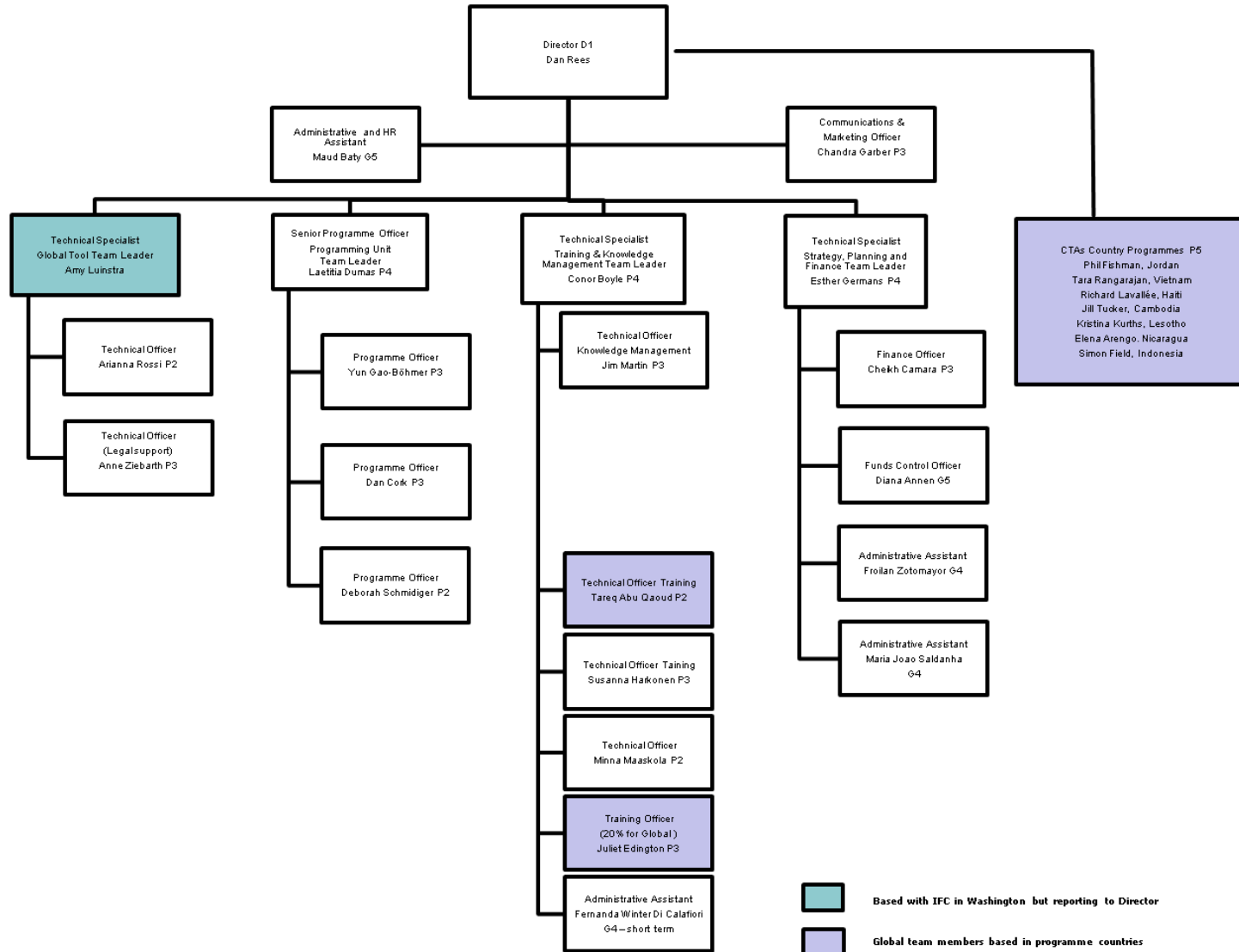
⁸⁷ This reporting arrangement reflects the ILO/IFC Cooperation Agreement, which called for the BW Director to manage the program under the direction of the joint Management Group. Under the decentralized administrative system adopted by ILO, Country Directors oversee all programs operating in their respective country, including technical cooperation projects. Some Country Directors may prefer to see the country-based staff of Better Work, which is likely to be the largest technical cooperation project, reporting directly to them. So far, this has not been a problem, but it could become one in the future.

⁸⁸ The relocation took place in March 2011.

⁸⁹ Salaries are charged to the BWG budget. BWG, Written Comments, 11 November 2011.

⁹⁰ Ibid.

Figure 1. Organizational Chart



Source: BWG

Management has established policies and procedures to ensure consistency across country programs.

77. The *Operations Manual* is “published” on the Better Workspace.⁹¹ In addition to providing an overview of the program, it includes chapters dealing with the project design cycle, human resource administration, knowledge management, and public communications. (A chapter on financial management and administration is under development.) The manual includes links to relevant documents.
78. Better Work instituted a new system to document and disseminate management decisions in October 2011. *Programme Directives* are issued by management to Better Work staff in offices around the world detailing changes in policies and procedures. These are available on Better Workspace.

Monitoring, budgeting and financial systems have been established.

79. BWG and country programs prepare annual objectives, work plans and budgets. The ILO accounting system (IRIS) is used to record and track expenditures. The MG is apprised of any significant changes and is provided with a top line progress report against agreed objectives.⁹²
80. In this regard, BWG has established a common M&E matrix for country programs. It includes 44 indicators organized into seven categories: factory registration, compliance assessments, advisory services, training services, stakeholder engagement, financial viability, and staffing. In general, the indicators appear well-conceived; however, two indicators appear to overlap⁹³ and some lack clear operational definitions. A review of data presented in a recent report suggests problems with data integrity and consistent application across programs.⁹⁴ Country programs are required to have a mid-term evaluation at the beginning of the third year of operation (i.e., 30 months after the arrival of the CTA in the country).⁹⁵

⁹¹ An outline of the *Operations Manual* is presented in Appendix E.

⁹² Written comments from BWG, 11 November 2011.

⁹³ Indicators 13 and 22 seem to cover the same concept and are worded in essentially the same way. Interestingly, the values reported for these indicators for the same country in the same period differ (see Cambodia – all periods, and Haiti – January to June 2010.) BWG has indicated that the indicators “are the same” and that indicator 13 will be deleted. (BWG written comments, 19 January 2012.) This does not explain the discrepancy in responses, particularly if they were intended to measure the “same” concept.

⁹⁴ *Better Work Monitoring and Evaluation Matrix*, January – June 2011. For example, Indicator 2 – How Many Total Factories are Registered to Date – is supposed to reflect the number of factories that were registered at the end of the reporting period. As such, it should be equal to the number of registered factories at the end of the preceding period, plus new factories that registered during the reporting period, less factories that unenrolled from the program during the period, and less factories that ceased operations during the period. (Factory closures are not reported in the M&E Matrix and, according to BWG, are difficult to track.) Often times, this arithmetic does not hold. For example, data reported for Vietnam are shown below with calculations by Nexus Associates (figures in parentheses are the differences between calculated and reported numbers).

		Jan-Jun 2009	July – Dec 2009	Jan-Jun 2010	Jul-Dec 2010	Jan-Jun 2011
Reported	New factories registered during the period	7	23	50	29	34
	Factories that unenrolled during the period	0	0	0	0	3
	Registered factories at end of period	7	41	60	89	117
Nexus Associates Calculation	Registered factories at end of period	0+7-0=7 (0)	7+23-0=30 (+11)	30+50-0=80 (-20) 41+50-0=91 (-31)	80+29-0=109 (-20) 60+29-0=89 (0)	109+34-3=140 (-23) 89+34-3=120 (-3)

⁹⁵ See Appendix H for the schedule for country-program evaluations.

BWG has established a small “Innovation Fund” to allow country programs to explore new approaches.

81. In keeping the *Project Document*, BWG established the Innovation Fund.⁹⁶ Two projects have been funded to date. One deals with the development of a new of supervisor training course to be taught on five successive Sundays. The other is exploring the use of mobile phones to disseminate information on labor laws.

Better Work Global plays a key role in staff development within country programs.

82. As noted above, CTAs are recruited internationally. The time required to fill these positions has varied, reflecting the relative difficulty of finding qualified personnel who are willing to relocate to certain countries. Four of the seven CTAs had extensive experience in the garment sector and/or knowledge of international labor standards prior to joining Better Work.⁹⁷ BWG “usually” organizes a week-long induction program in Geneva as well as briefing meetings with relevant ILO field office.⁹⁸ In general, the induction process has been sufficient to enable the CTA to get up to speed quickly; although one CTA interviewed during this evaluation feels that the support provided by BWG during the critical first six months of the program could have been better.
83. The CTA is responsible for recruiting local staff, including Enterprise Advisors. As of 31 December 2011, there was a total of 57 EAs working in the seven country programs as shown in Table 5. So far, staff turnover has been low.

Table 5. Number of Enterprise Advisors

Country Program	Number as of 31-Dec-09	Number as of 31-Dec-10	Number as of 31-Dec-11	Number of EAs that left BW Employ 2009-2011
BW Cambodia	15	15	15	3
BW Haiti	0	3	6	1
BW Indonesia	0	4	4	0
BW Jordan	4	4	8	1
BW Lesotho	0	4	4	0
BW Nicaragua	0	0	4	0
BW Vietnam	4	7	16	4
Total	23	37	57	9

Source: Better Work Global

84. Here again, difficulty in finding qualified candidates for the position has varied across countries. In general, most EAs have not worked in the garment sector or on labor issues prior to joining Better Work; some lack other skills needed for the job. According to BWG, this was anticipated and, as a result, the organization has invested heavily in staff training. EAs generally undergo a four-month induction process, which includes self-directed e-learning modules, classroom training, and on-the-job coaching.⁹⁹ In keeping with the *Project Document*, as noted above, BWG has developed an on-line introductory course for EAs available through Workspace and worked with the ILO Turin Centre to develop e-learning modules covering the four core ILO labor conventions.¹⁰⁰ However, this represents a small fraction of the training provided to EAs.¹⁰¹ The bulk of

⁹⁶ Interview with D. Rees, 30 January 2012.

⁹⁷ Written comment from BWG, 11 November 2011.

⁹⁸ *Operations Manual*

⁹⁹ The *Operations Manual* includes a list of “mandatory” training for EAs; however, there is no centralized record of the training received by each EA.

¹⁰⁰ This was included in the logframe in the *Project Document*.

training has been delivered by BWG staff and external consultants during visits to each country; courses have also been organized directly by the country programs drawing on local training providers.¹⁰² In addition, BWG has held global summits for EAs to provide an opportunity for them to share knowledge and receive additional training. For example, the BW Advisors Summit held in Cambodia in April 2011 brought together nearly 50 enterprise advisors from programs in six countries – Cambodia, Haiti, Indonesia, Jordan, Lesotho, and Vietnam – for four days.¹⁰³

85. The training curriculum has evolved over time from a focus on soft skills to more technical subjects. The latter include double books, OSH, and industrial relations. One important stream of training that is receiving much more attention is the compliance assessment process. Two senior BWG staff (one based in Vietnam, the other in Jordan) have been tasked with visiting other countries to help train EAs. In addition to classroom training, the senior staff accompany (“shadow”) EAs during initial factory visits as part of the induction process to observe, offer advice, and identify the need for additional support.¹⁰⁴ In many respects, however, training is a continual process. Typically, more experienced EAs are paired with less experienced staff when conducting compliance assessments. EAs also meet regularly as a group to discuss issues that come up during assessments and arrive at a common way to address them. A “CAT focal point” has also been appointed in each country to help ensure consistency.
86. In interviews conducted as part of the evaluation, both CTAs and EAs were of the opinion that training had strengthened competencies needed for the job. Some EAs expressed an interest in receiving more training on OSH and garment production, including production costs. Noting that the complexity of topics addressed by PICCs is likely to increase over time, some suggested a need to develop greater expertise in technical areas to ensure that they can continue to add value.

Better Work has delegated certain aspects of financial management to country programs.

87. In keeping with the objectives of streamlining financial administration and setting up independent organizations, BWG, in collaboration with ILO’s FINANCE department initiated a pilot to “find suitable financial management arrangements to facilitate the objectives of the project and maintain consistency with the ILO financial system requirements.”¹⁰⁵ Specifically, the pilot allowed BWV to use a commercially available accounting software and export data to ILO’s Integrated Resource Information System (IRIS).¹⁰⁶ It also established a separate bank account for the program and provided greater authority to the CTA to approve financial transactions.
88. The pilot was evaluated after six months and judged to be a success. The evaluators conclude that, “the new financial system prepares the BWV team very well for applying sound and transparent financial management

¹⁰¹ The e-learning modules are available only in English. According to BWG, all staff with the exception of some EAs in Nicaragua are proficient in English. To meet the particular needs of the Nicaraguan staff, the materials covered in the e-learning modules will be presented in Spanish in classroom-based courses.

¹⁰² See Appendix F. The lack of consistent course titles makes it difficult to compare training across countries.

¹⁰³ *Country Technical Progress Reports*, August 2011.

¹⁰⁴ Another staff member based in Jordan is planning a similar role.

¹⁰⁵ *Implementation Review – Financial Pilot for Better Work Vietnam* (undated).

¹⁰⁶ Prior to implementing the pilot, BWG and BWV i) developed and had approved (by ILO’s Treasurer) the BW Guide to the ILO Financial Regulator Framework document, ii) delegated authority to the BWV CTA, iii) Established a bank account for the project, iv) selected and installed commercial accounting software (MS Money), and v) trained staff.

once BWV is independent from the ILO.”¹⁰⁷ After some refinement, the new system has been rolled out to other countries.¹⁰⁸

Institutional Collaboration

BWG has worked closely with other departments in ILO, but greater coordination is needed.

89. The Better Work program is fully aligned with the Decent Work agenda. It is also the largest program in ILO that works at the enterprise level, offering important insights into policy issues.¹⁰⁹
90. Better Work works closely with NORMES on the development of the global compliance assessment framework as used in particular country programs. Better Work also works with DECLARATION¹¹⁰ as well as departments/programs in the Social Dialogue Sector – Employers' Activities (ACT/EMP), Industrial and Employment Relations Department (DIALOGUE), Labour Administration and Labour Inspection Programme (LAB/ADMIN), Sectoral Activities (SECTOR), and Workers' Activities (ACTRAV) – on projects in countries in which Better Work is operating. The extent of collaboration in these countries varies significantly. There is recognition within ILO that developing a coordinated approach to working in a particular country would be beneficial. The breadth and depth of activity depends, in part, on donor funding.¹¹¹

IFC has played an instrumental role in the program and the organizations are looking for ways to further capitalize on relative strengths.

91. Numerous people interviewed for this evaluation, including the two ILO representatives serving on the Management Group, attest to the critical role that IFC has played in expanding Better Work, instilling a more results-oriented approach.
92. In addition to serving on the Management Group and seconding staff to ILO, IFC has played a direct role in Better Factories Cambodia¹¹² and in Better Work Vietnam. With respect to the latter, IFC managed a US\$488,000 project (#565128) under which 20 training courses were developed for use in Vietnam and

¹⁰⁷ *Implementation Review – Financial Pilot for Better Work Vietnam* (undated).

¹⁰⁸ The evaluation suggested that certain modifications be made, including the selection of a new commercial software package, allowing for bank reconciliation in IRIS, and ensuring bank fees and exchange rate differences are recorded appropriately. Additionally, the evaluation states that prior to implementing the pilot in other BW country programs: i) “Training needs of local staff should be identified through a thorough assessment of financial capacity of the team. BWG will then provide tailor made financial training to ensure suitable capacity of the local team to manage its finances under the new system;” ii) “The BW Guide to the ILO Financial Regulatory Framework should be reviewed and, if necessary, adjusted to national circumstances in which each programme operates;” and iii) “Necessary arrangements with the ILO Treasurer and the ILO office responsible for each country programme should be made.” (Source: *Implementation Review – Financial Pilot for Better Work Vietnam* (undated).)

¹⁰⁹ ILO also operates the SCORE program. In Indonesia there are two experts and one support person on staff. (Interview with Peter van Rooij, Director, ILO Jakarta, 12 December 2011.)

¹¹⁰ Better Work has provided funding to DECLARATION to promote fundamental principles and rights at work in Bangladesh as a foundation for the planned Better Work program in that country. (Email from L. Dumas (BWG) to E. Oldsman (Nexus Associates), 13 February 2012.)

¹¹¹ While Better Work has served as a conduit for funds from external donors to department/programs, there are examples where internal resources have been used to support joint activities. In this regard, PSI funds provided by ED/DIALOGUE were used to support the following: activities undertaken by ACTEMP in Vietnam related to participation of garment employers in the National Employers Conference, provision of PICC training, a pilot industrial relations project in Binh Duong province with BWV-registered factories, and a survey on strikes in a subset of BWV-registered factories; activities undertaken by DIALOGUE in Haiti related to a review of the labor code; and the participation of labor inspectors from Lesotho (1), Cambodia (1) and Vietnam (2) in a training course on labor administration organized by LAB/ADMIN in Turin. (Ibid)

¹¹² A new MOU was signed between IFC and ILO on 29 July 2011 and runs until the end of 2013.

elsewhere. (ILO seconded a member of the BWG staff to MPDF to work on this project full-time.) Additionally, IFC managed a project (#561550) to support the launch of Better Work Vietnam. The US\$1.7 million project included a grant of US\$1.3 million to ILO. The grant covered the period from March 2009-June 2011.¹¹³ Since June 2011, ILO has supported the program entirely through direct donor grants. However, IFC is currently in the process of developing a new initiative for the Mekong region (#590967).¹¹⁴

93. IFC also is taking an active role in the design of the program in Bangladesh and is hoping to play a more direct role in its implementation through the IFC South Asia Enterprise Development Facility (SEDF), which is already active in the country's garment sector.
94. ILO and IFC are looking for ways to collaborate further. In this regard, BWG introduced IFC staff that were developing a new Global Trade Supplier Finance (GTSF) facility to a number of BW buyers during 2009 and 2010.¹¹⁵ The facility was recently approved. It provides short-term financing for open-account trade for emerging market suppliers. In general, the facility extends short-term financing to suppliers based on their invoices from pre-approved buyers. The terms are based on the buyer's credit standing rather than the supplier, which is expected to result in more favorable rates and greater liquidity for suppliers.¹¹⁶ BWG is now working with IFC to explore options to enable "better complying firms" to draw on the facility.¹¹⁷

Project progress and effectiveness¹¹⁸

Expansion of program into new countries

So far in Stage II, Better Work Global has established new country programs in Lesotho, Indonesia, and Nicaragua and has begun designing another country program in Bangladesh.

95. As of June 2009 (end of Stage I), BW had programs operating in Cambodia, Haiti, Jordan and Vietnam and had designed another program in Lesotho, which was waiting for donor funding. The logframe presented in the *Project Document* for Stage II envisioned that Better Work would design ten new country programs during Stage II and launch six new programs before 30 June 2012, increasing the total number of countries with Better Work programs to 10.¹¹⁹ As discussed below, BWG will not meet these targets.
96. The *Project Document* included a short-list of countries for consideration for new programs – Bangladesh, China, India, Indonesia, Morocco, Pakistan, and Nicaragua. It noted that the list was based on a preliminary assessment of potential demand and likely development impact. According to BWG, the assessment entailed an analysis of publicly available trade data and a survey of international brands.^{120,121}

¹¹³ Interview with Hong Dang, IFC

¹¹⁴ BWG, Written Comments, 11 November 2011.

¹¹⁵ See email from A. Luinstra (IFC) to E. Oldsman (Nexus) on 20 January 2012.

¹¹⁶ IFC Global Trade Supplier Finance Program (undated slide deck) proved by A. Luinstra (IFC) to E. Oldsman (Nexus) via email on 20 January 2012.

¹¹⁷ See email from A. Luinstra (IFC) to E. Oldsman (Nexus) on 20 January 2012.

¹¹⁸ This section focuses on the principal outputs included in the logframe for Better Work Global Stage II. However, the logframe also includes indicators related to governance and management which are dealt with in other sections of the report.

¹¹⁹ The *Project Document* indicates that starting from a base of four programs (Cambodia, Haiti, Jordan and Vietnam) Better Work was expected to have 14 operational programs by the end of the third year and 15 if Lesotho were successfully launched.

¹²⁰ BWG, Written Comments, 11 November 2011.

¹²¹ At the first AC meeting on 14 October 2009, BWG staff presented an update on activities in Morocco, Indonesia, Lesotho, and Central America along with the list of other countries where BWG planned to undertake scoping exercises including Bangladesh, China, India, and Pakistan. With respect to the countries where BWG planned on undertaking new scoping

97. Of the seven short-listed countries, BWG has undertaken scoping exercises in four during Stage II – Indonesia, Morocco, Nicaragua and Bangladesh.¹²² While the process has varied from country to country as described below, the same basic criteria have been used to gauge whether countries merited the establishment of a program and whether the conditions for success were present as shown in Table 6.¹²³ The four starred items (*) are threshold criteria, considered as the “minimum conditions for a potential programme to be successful in a given country.”^{124,125} Currently, the criteria do not account for the size of the sector in the country – the criterion, “industry employs a large number of vulnerable workers,” focuses on the *proportion* of women, informal workers, migrant workers, young workers, and/or ethnics workers in the sector workforce. For example, both Nicaragua and Bangladesh meet this criterion even though the former has a total of 50,000 workers in the garment sector and the latter has more than 2 million.

Table 6. Country Selection Criteria

Needs-based	Operational
<ul style="list-style-type: none"> • Labour standards in the industry in the target country are poorly enforced. • The industry in the target country employs a large number of vulnerable workers. • Competitiveness and economic prospects of the industry in the target country can be increased by improved labour standards performance. 	<ul style="list-style-type: none"> • There is social and political stability in the target country. • The industry in the target country has sound economic potential. • The relevant government, employers’ and workers’ organizations in the target country are committed to participate in the program.* • International brands or other supply chain actors have an interest in sourcing from this country.* • Better Work approaches can be adapted to the country context.* • The program has a potential to be financially and institutionally sustainable in the target country. • There are synergies with IFC, ILO and other initiatives in the target country • Donor funding is available for the target country.*

Notes: * indicates threshold requirement

Source: Better Work Country Selection Criteria, Governance Meeting, September 2010: Doc 6

98. Each of the four countries in which BWG undertook a scoping exercise during Stage II is discussed below:

Indonesia.

99. BWG staff initially visited Indonesia from 21 March to 3 April 2008 (more than one year before Stage II began) to consult with ILO, IFC and other key stakeholders to gauge whether there was sufficient interest “to justify a

exercises, AC members suggested that all four were “relevant, especially Bangladesh.” Members suggested that the US Government was interested in a regional program in Central America and “sees El Salvador as more promising starting point than Nicaragua.” (See AC Meeting Notes, 14 October 2009.)

¹²² The scoping exercise in Indonesia actually began during Stage I.

¹²³ The initial selection criteria adopted in September 2009 were revised in the mid-2010. Changes centered on the following: i) the two criteria “livelihoods in poor households could potentially be significantly improved as a result of Better Work intervention” and “There is potential job growth from investment and private sector development” were dropped “because Better Work’s experience has shown that this is an unrealistic pretention [sic]; ii) the criterion “large number of workers with high proportion of women/disadvantaged groups” was rephrased as “Large number of vulnerable workers” iii) The criteria on competitiveness of enterprises and compliance-related market driver [sic] have been integrated into one criterion “competitiveness and economic prospects of the industry in the target country can be increased by improved labour standards performance”; iv) The criterion “The per worker cost of a potential Better Work programme is reasonable” was dropped because “it was not specific and practical enough;” v) The criteria on potential for scaling up and extension to other sectors and the one on financial sustainability have been integrated into “The programme has a potential to be financially and institutionally sustainable in the target county”; vi) An additional criteria on availability of donor funding was added. See Better Work Country Selection Criteria. Governance Meetings. Sept 2010, Doc. (6)

¹²⁴ Ibid.

¹²⁵ The concept of “threshold criteria” was introduced after the assessments were completed in Indonesia, Morocco and Nicaragua. BWG, Written Comments, 11 November 2011.

full participatory design” and determine priority sectors.¹²⁶ Several sectors were identified as priorities, including apparel/textiles, palm oil and wood products; however, IFC and ILO felt that there was insufficient information to make a decision with respect to palm oil and wood products. ILO Jakarta’s preference was for “an immediate entry into apparel” in 2008 with expansion into other sectors starting in 2009 depending on the results of further research.

100. BWG staff conducted a second mission to Indonesia exactly one year later.¹²⁷ Meetings were held with various stakeholders, including relevant ministries, trade unions, employer organizations, international brands, and donors. According to the mission report, all of the different stakeholders were reported as showing “support and interest” in the program.¹²⁸
101. Preparatory work began during summer 2009 with the support of a staff member assigned from the ILO country office.^{129 130} Efforts to establish the program was discussed at the Management Group meeting in October 2009. Although no formal decision to proceed with the program is reflected in the minutes of the meeting, the work plan for BWG for the upcoming year that was presented to the MG for approval included the design and implementation of the program in Indonesia. Said BWG staff, “Therefore, although there is no formal record, the MG endorsed de facto the decision to proceed with programme design and implementation in Indonesia.”¹³¹
102. While the mission reports indicate substantial support for Better Work, in reality, there has been significant reticence on the part of government to launch the program. Some government officials were concerned that the program might impose an additional burden on employers, lead to labor unrest, and hurt the image of the country.¹³² Additional missions were held in 2010, eventually resulting in the government issuing a letter in August of that year agreeing in principle to the program. A draft *Project Document* was completed in September 2010, but was not finalized and officially endorsed until 30 November 2011.¹³³ At the request of the government, the initial year is being treated as a pilot with the number of assessments limited to 30 factories.¹³⁴
103. With initial funding in place, based on the letter, Better Work began staff recruitment in December 2010. The CTA began work in February 2011.

Morocco.

104. The scoping exercise was based on the results of two missions conducted by BWG staff – October 2009 and April 2010 -- supplemented with research undertaken by a consultant based in Morocco. During the missions, BWG made various presentations and held discussion with government officials, trade union

¹²⁶ R. Harvey, Mission Report, Indonesia 21st March – 3rd April 2008

¹²⁷ The decision to draft full feasibility reports for scoping countries was taken after the scoping exercise in Indonesia, as BWG felt the necessity to be more systematic in its approach. This process is now documented in the Operations Manual.

¹²⁸ R. Harvey and E. Germans, Mission Report, Indonesia 30 March – 3 April 2009.

¹²⁹ Interview with Rahmat, BWI, 15 December 2011.

¹³⁰ Interview with Peter von Rooji, op. cit.

¹³¹ Written comments from BWG, 11 November 2011.

¹³² Interview with Mr. Gunter Witjaksono, Head, Administration of International Cooperation, Ministry of Manpower and Transmigration, Indonesia, 14 December 2011.

¹³³ According to BWG, the delay in signing the agreement did not have a material impact on the schedule except for activities related to the PAC. (Written comments from BWG, 8 February 2012.)

¹³⁴ A review of the pilot was completed in early 2012. Ibid.

representatives, and employer organizations.¹³⁵ Findings from the scoping analysis were summarized in a report dated 25 June 2010.¹³⁶ Staff concluded that there was substantial support for the program among all constituencies. It notes that key ministries were behind the program and ANPME “had agreed in principle to help subsidize services of Better Work offered to factories.” (The report was shared with stakeholders in Morocco.)¹³⁷

105. Further discussions were held over the next two months. The final (internal) version of the report – *Morocco Feasibility Study for Management Group – For Decision* – was prepared by BWG and submitted the MG in September 2010. The document stated, “In the absence of a clear commitment from the AMITH by October 1, Better Work is recommending that preparations for Morocco be suspended until the next MG meeting. If a commitment is still not made by the AMITH by this time, and if additional funding is not secured, BW should conclude that a program in the garment and textile industry is not feasible.” The MG endorsed this position. At the meeting in September 2010, MG issued “a qualified ‘no-go’ recommendation for Morocco,” noting that “for a variety of reasons, MG recommends not proceeding with Morocco implementation at this time [...]”¹³⁸ After the MG meeting, the national stakeholders were informed of the MG decision in a letter signed by the BW Director.

Nicaragua.

106. Better Work began “exploratory discussions” with stakeholders in Nicaragua in 2008.¹³⁹ At the end of 2009, Better Work initiated “a pre-scoping analysis” in order to assess the situation in various countries of the region (Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua).¹⁴⁰ The study concluded that Nicaragua was the most promising country and the MG “took the decision to go ahead with the scoping analysis in order to analyze the possibility of a full-fledge Better Work programme in Nicaragua.”¹⁴¹
107. A “consultative mission” involving representatives from BWG, the ILO sub-regional office in San Jose, and USDOL was conducted in January 2010,¹⁴² during which “all stakeholders in Nicaragua confirmed their interest.”¹⁴³ Moving quickly, a “program design mission” was conducted in February-March 2010. Again, USDOL confirmed its commitment to fund the program and a decision was made to organize a brands’ forum in Managua in July 2010 to correspond to a country visit by the U.S. Secretary of Labor to announce the program.
108. The actual feasibility study was finalized in August 2010, drawing on findings from the various missions. It concluded that all criteria for a country program were met.
109. When asked to explain the rationale for launching the design phase and moving ahead with implementation prior to the completion of the feasibility study, BWG staff stated, “The scoping mission had created a high momentum both amongst stakeholders at national level, and at international level (brands, international

¹³⁵ After the mission in April 2010, major brands in Morocco – Inditex, Mango, Marks and Spenser, and Next – sent a letter to “Moroccan stakeholders expressing their support for Better Work.” MG Meeting Notes, 13 April 2010.

¹³⁶ Better Work, Morocco: Findings of Scoping Analysis, 25 June 2010. The report was sub-titled “Document for Discussion among AMITH and Moroccan Stakeholders”

¹³⁷ BWG, Written Comments, 11 November 2011.

¹³⁸ MG Meeting Notes, 22 September 2010.

¹³⁹ Better Work, *Feasibility Study – Nicaragua*, August 2010.

¹⁴⁰ Ibid.

¹⁴¹ Ibid.

¹⁴² BWG had invited IFC to join the mission, but IFC declined “due to other priorities.” See MG Meeting Notes, 13 April 2010.

¹⁴³ Better Work, *Feasibility Study – Nicaragua*, August 2010.

workers organizations, donor), with the full support and commitment of the ILO sub-regional office in Costa Rica. It was therefore considered that the opportunity created by an extremely favorable and quickly evolving context should be seized and BWG decided to engage in program design, with the full knowledge and support of the MG, while finalizing the feasibility study.”¹⁴⁴ Staff went on to add, “The MG was fully informed about the process and could have objected to [it] should its members have had some concerns. By not doing it, it de facto approved to proceed with the scoping analysis (this task was included in the workplan presented to the management group in October 2009), as well as the designing and launching of the programme [...]”¹⁴⁵

Bangladesh.

110. Based in part on the urging of the Advisory Committee, the MG agreed in April 2010 to undertake a scoping exercise in Bangladesh.¹⁴⁶ IFC assumed responsibility for retaining a consultant to carry out the study. According to BWG staff, “IFC has an existing garment sector program and EPZ labour program, which put them in a good position to lead on this work.”¹⁴⁷ It took more than eight months to get a consultant on board due, in part, to the involvement of IFC and ILO offices in Dhaka, Washington, and Geneva in the procurement process.^{148 149}
111. In the end, Adam Smith International was hired to conduct the feasibility study. Work was undertaken over a four-month period from mid-January to mid-May 2011.¹⁵⁰ The final report concluded that all criteria established by Better Work were satisfied.
112. The AC was updated on the initial findings of the Bangladesh “feasibility study” in March 2011. Noting the need for the government to commit to implementing the labor law and “strengthening legal protections for freedom of association,” members advised BWG to carefully convey this message and establish a roadmap with “reflection points” for deciding whether to exit, continue or scale up operations in the country. Members also suggested that BW consider working with “factories in Export Processing Zones (even though the law prohibits the formation of independent trade unions).” The specific conditions under which Better Work would agree to work with factories in an EPZ is an important issue and will be addressed during the design phase.¹⁵¹
113. The MG held a video conference on 31 May 2011 to discuss plans for Bangladesh (and Cambodia). With respect to Bangladesh, the MG decided to proceed to the design phase. Notes from the meeting indicate that the MG asked BWG to “lead the design phase in close collaboration with the ILO and IFC offices in Dhaka.” It noted that the lead advisor “should report directly to the Better Work Director.”
114. The lead design advisor was selected in September. The advisor participated in a two-week mission to Dhaka in October 2011 to meet with all stakeholders. In December 2011, following an “induction program with Better Work in Geneva,” the advisor took up residence in Dhaka and began work on designing the program. ILO has also retained BSR to conduct an “extensive brand/supplier mapping exercise.” According to BWG, the

¹⁴⁴ BWG, Written Comments, 11 November 2011.

¹⁴⁵ Ibid.

¹⁴⁶ AC Meeting Notes, 8 April 2010 and MG Meeting Notes, 16 October 2010.

¹⁴⁷ BWG, Written Comments, 11 November 2011.

¹⁴⁸ Ibid.

¹⁴⁹ In September 2010, BWG asked IFC to speed up the procurement process and indicated that it was “important” to select the vendor by the end of the year. MG Meeting Notes.

¹⁵⁰ Adam Smith International, *Feasibility Study for the Bangladesh Better Work Program*, Final Draft, May 2011.

¹⁵¹ BWG, Written Comments, 11 November 2011.

design phase has five primary objectives: improving stakeholder understanding of the program, particularly with respect the importance of freedom of association to the program mandate and the public reporting of factory compliance; determining entry points and incentives for factory engagement; developing collaboration with initiatives being undertaken by other organizations such as GIZ and BEPZA; refining the BW service model given the scale of industry and defining activities, staffing, office locations, and budget; and establishing entry and exit criteria.

Other short-listed countries.

115. There were three other countries identified in the *Project Document* as potential sites for expansion – China, India and Pakistan. Scoping exercises have not yet been undertaken in any of these countries. However, BWG has suggested that each would pose significant challenges for Better Work: China is massive and has a difficult political environment, particularly with respect to trade unions; India is also very large and the structure of the garment sector, with substantial sub-contracting and home work, complicates any intervention; Pakistan is likely to be considered too politically unstable at the current moment.¹⁵² At the same time, some members of the Advisory Committee have noted that Better Work needs to focus on these countries in order to have a global impact.

The process for assessing the need and potential for country programs has become more systematic.

116. As illustrated by the examples provided below, the assessment process has evolved. The current policy calls for a two-phase process to evaluate the potential for working in a particular country: pre-scoping and feasibility study. Pre-scoping is intended to present a general picture of current situation in the country with respect to, *inter alia*, general economic and political conditions, trends in the textile/garment industry, labor relations, potential brand interest, and the position of national stakeholders (particularly ILO constituents).¹⁵³ Assuming that further investigation is merited, a more detailed feasibility study is expected to be conducted directly by BWG staff (programming team) or an external consultant.¹⁵⁴ The feasibility study is submitted to the BW Management Group, which is responsible for deciding on whether to proceed with program design.
117. Assuming that a country project is deemed feasible, the next step is for BWG staff (programming team) to prepare a comprehensive project proposal, including a project document and project budget. Per ILO policy, the project proposal prepared by BWG is submitted to PARDEV for appraisal and official endorsement. Proposed projects budgets are also submitted to BUD/CT for review. After agreements are signed with donors and funding is secured, the project is officially approved by ILO via an “Approval Minute” issued by PARDEV.¹⁵⁵

Developing and launching three new country programs in less than three years, while supporting operations and expansion of four other country programs is no small feat; original objectives were overly ambitious.

118. When Stage I ended on 30 June 2009, Better Work had established a governance structure, assembled a professional team in Geneva, put in place mechanisms for regular stakeholder consultation, developed core tools and systems, and had programs in four countries: Cambodia, Haiti, Jordan, and Vietnam. Better

¹⁵² Ibid.

¹⁵³ *Operations Manual*

¹⁵⁴ Ibid.

¹⁵⁵ Ibid.

Factories Cambodia had been operating for roughly eight years. The other three programs were just getting off the ground. See Table 7 below.

Table 7. Country Program – Key Milestones

Country Program	Program Start (a)	CTA Start	Assessments Launched	First Synthesis Report
Better Work Haiti	Sep 2008	Jun 2009	Oct 2009	Jul 2010
Better Work Indonesia	May 2010	Feb 2011	Jun 2011 (b)	-
Better Work Jordan	Feb 2008	May 2008	Mar 2009	May 2010
Better Work Lesotho	Sep 2009	May 2010	Dec 2010	-
Better Work Nicaragua	Sep 2010	Feb 2011	Jun 2011	-
Better Work Vietnam	Jun 2009	Jun 2009	Dec 2009	Aug 2010
Better Factories Cambodia	Jan 2001	Jan 2001	Jun 2001	Nov 2001

Notes: Notes: (a) While the exception of Vietnam, this is defined as the date specified in the initial funding agreement. In the case of Vietnam, while the initial funding agreement specified a start date of March 2009, ILO and IFC subsequently agreed that the start date would be June 2009. (b) 10 factories were assessed on a pilot basis between March and May 2010 as part of the process of finalizing the CAT and training EAs.

119. Launching the new programs took longer and involved greater effort than expected. Country programs had to be designed. Funding had to be secured. Relationships with government agencies, industry associations and trade unions had to be established. The compliance assessment framework and guidance notes had to be developed. Teams had to be built and trained. Systems needed to be developed and installed. All of this took time and resources. In retrospect, the target set out in the *Project Document's* logframe to design 10 new country programs and implement six new programs in three years was simply unrealistic. In 2011, the target was revised to four new country programs by 30 June 2012 (presumably this included Bangladesh).
120. The *Project Document* also anticipated that 3,000 factories would be registered [in STAR] across all country programs by the end of the funding cycle. There was a clear recognition within BWG that this target could not be achieved and it was subsequently revised to 1,000. However reaching 1,000 factories by the end of the funding cycle appears similarly unlikely.
121. As shown in Table 8, 573 factories were registered as of 31 December 2011. Prospects for increased participation vary by country:
 - **Cambodia:** There were 316 registered factories in the country. The number may edge up or down between now and the end of the funding cycle, but it is likely to remain close to this level. This is a mandatory program and all exporting factories are already participating. In the second half of 2011, ten companies received advisory services.
 - **Haiti.** The 23 registered factories in Haiti represent all garment exporters in the country. All of the registered factories received advisory services in the second half of 2011.
 - **Indonesia.** As of 31 December 2011, 25 factories in the Jakarta area were registered with BWI (plus another eight located in areas not served by the program)¹⁵⁶ and eight had received advisory services. BWI has not been aggressive in signing up more factories given the government's decision to limit the number of compliance assessment to 30 through the end of June 2012.

¹⁵⁶ Most of these factories are suppliers to six brands that have permanent representatives in Indonesia – Wal-Mart, Adidas, Nike, H&M, GAP and Target. With the support of these brands, BWI organized a meeting attended by representatives from roughly 100 garment factories. Brands encouraged suppliers to participate, but emphasized the voluntary nature of the program. Many factories have not yet elected to register. (Interview with Simon Field, CTA, Better Work Indonesia.) Since the end of 2011, another five factories in Jakarta have registered with BWI. (Written comments from BWG, 8 February 2012.)

- **Jordan.** As of 31 December 2011, 50 factories were registered. Under recently approved regulations, the Government has mandated participation for 74 companies. Between 30 June 2011 and 31 December 2011, 28 factories received advisory services.
- **Lesotho.** There were 14 companies registered as of 31 December 2001. Between 30 June 2011 and 31 December 2011, six factories received advisory services. Even if all factories in the country decided to register between now and next June, the total would only rise to 45.
- **Nicaragua.** Factory registration and assessments are just beginning. There are 70 garment factories in the country. Not all of them can be expected to sign up before the end of the BWG funding cycle in June 2012.
- **Vietnam.** There were 141 registered factories as of 31 December 2011. In the last six months of 2011, 123 factories received advisory services. There is significant opportunity for expansion contingent on the addressing capacity constraints; however, at the current rate of growth, the number of registered factories is likely to be less than 200 by the end of the BWG funding cycle.

122. The table also shows the number of assessment reports prepared, the number of buyers subscribing to reports, the number of reports purchased in each period through 31 December 2011. For example, in the last six months of 2011, BWV produced 71 assessment reports. In the same period, 34 buyers purchased a total of 60 reports.

Table 8. Participation in Better Work

Indicator	Country	Jan-Jun 2009	Jul-Dec 2009	Jan-Jun 2010	Jul-Dec 2010	Jan-Jun 2011	Jul-Dec 2011
Number of registered factories at end of reporting period	Cambodia	285	276	271	267	288	316
	Haiti	12	21	21	29	24	23
	Indonesia	-	-	-	-	25	29
	Jordan	13	18	26	28	34	50
	Lesotho	-	-	-	2	12	14
	Nicaragua	-	-	-	-	-	-
	Vietnam	7	41	60	89	117	141
	Total	317	356	378	415	500	573
Number of compliance assessment reports completed in the reporting period	Cambodia	156	195	138	140	187	155
	Haiti	-	21	21	15	19	23
	Indonesia	-	-	-	-	0	12
	Jordan	5	9	5	11	9	15
	Lesotho	-	-	-	-	7	3
	Nicaragua	-	-	-	-	-	-
	Vietnam	-	2	28	37	46	71
	Total	161	227	192	203	268	279
Number of factories receiving advisory services in the period	Cambodia	NA	5	6	7	7	10
	Haiti	-	-	19	15	24	23
	Indonesia	-	-	-	-	0	8
	Jordan	-	11	18	21	25	28
	Lesotho	-	-	-	-	4	6
	Nicaragua	-	-	-	-	-	-
	Vietnam	-	-	29	59	82	123
	Total	NA	16	72	102	142	198
Number of buyers subscribing to at least one factory report in the reporting period	Cambodia	NA	28	30	33	35	35
	Haiti	-	-	1	4	2	5
	Indonesia	-	-	-	-	-	8
	Jordan	3	6	5	5	7	10
	Lesotho	-	-	-	-	4	6
	Nicaragua	-	-	-	-	-	-
	Vietnam	-	0	13	13	21	34
	Total	3	34	49	55	69	98
Number of factory subscriptions purchased in the reporting period	Cambodia	NA	349	312	346	168	97
	Haiti	-	-	5	2	6	6
	Indonesia	-	-	-	-	-	8
	Jordan	-	8	14	11	29	50
	Lesotho	-	-	-	-	11	4
	Nicaragua	-	-	-	-	-	-
	Vietnam	-	0	57	84	185	60
	Total	NA	357	388	443	399	225

Source: Better Work Monitoring and Evaluation Matrix: January –June 2011 and written comments from BWG, 14 February 2012.

Expansion of program into new services and sectors

BWG has considered the potential for expanding into environmental services and is undertaking a pilot.

123. In keeping with the *Project Document*, BWG has considered the possibility of addressing environmental concerns; however, a determination of whether and how to expand the assessment to this area has not yet been made. In this regard, at the meeting in October 2009, the MG received an update of the “environmental pilot” in Cambodia and reached the conclusion “[...] that environmental services is not a Better Work core product, but could be an added value in some countries based on a) market drivers and b) possibility to partner with local organizations with relevant skills.”¹⁵⁷ In April 2010, the MG decided that BFC should not “market the environment [sic] as full BW/BFC service”¹⁵⁸ and asked for a careful assessment of the need for moving into this area. IFC agreed to request one of its environmental specialists to assess how environmental services could be added to BFC, including potential reporting within the assessment process, capacity building and the existence of comparable initiatives.”¹⁵⁹ The assignment was not carried out due to circumstances outside of the control of the organization. However, a pilot program in Vietnam will be undertaken by IFC in Vietnam. This has been “approved at concept” and the implementation plan is being developed. As explained by BWG, the purpose of the pilot is three-fold: i) determine the demand for specific services; ii) determine the skills needed to deliver services and the best approach to meeting these requirements; and iii) pilot the delivery of the services.¹⁶⁰

BW assessed the feasibility of expanding the program into four new sectors and determined that none were promising.

124. In keeping with the Stage II *Project Document*, BWG has undertaken feasibility studies of four sectors – agribusiness,¹⁶¹ electronics, ship breaking and tourism. (The electronics feasibility study was based on a desk review; no field visits were conducted.) None of the feasibility studies resulted in a recommendation to implement a Better Work program in the respective sector. The main reasons are the lack of market drivers, such as lack of consumer awareness, as well as the existence of other certification or sustainability schemes that seem to satisfy brands.^{162,163}

¹⁵⁷ MG Meeting Notes, 16 October 2009.

¹⁵⁸ Ibid.

¹⁵⁹ Ibid.

¹⁶⁰ BWG, Written Comments, 11 November 2011.

¹⁶¹ The agribusiness study appears to have been completed at least six months prior to Stage II.

¹⁶² Ibid.

¹⁶³ The *Project Document* references the development of “global generic tools” for two sectors. Given the decision not to proceed with any new sectors, these tools were not needed.

Table 9. Feasibility Studies

Study Title – Author(s)	Countries	Description	Conclusions and/or Recommendations
<i>Better Work Agribusiness Scoping Project (Stage II) - Ergon Associates Ltd. (2008)</i>	Ethiopia, Kenya, Tanzania, Uganda, Zambia	The report analyzes three crops: i) floriculture in Kenya, Tanzania, Uganda, Ethiopia, and Zambia; ii) horticulture in Kenya; and iii) coffee in Kenya, Tanzania, Uganda, and Ethiopia. Feasibility was assessed in terms of the following criteria: sector employs a significant number of workers, existing or potential structure of collective employment relations, and exposure to labor inspection regimes driven by buyer demand as well as BW country selection criteria.	The report concluded that floriculture and horticulture sectors in Kenya represented the most promising opportunity. However, buyers had little interest in the Better Work program; they were satisfied with existing inspection frameworks such as Business Social Compliance Initiative (BSCI) and Supplier Ethical Data Exchange (SEDEX).
<i>Electronics Feasibility Study – Ergon Associates Ltd. (2010)</i>	Brazil, China, Indonesia, Mexico, Philippines, Thailand and Vietnam	The desk review focuses on consumer and business-oriented ICT equipment and assembled components used in their final assembly, such as circuit boards. The report describes the value chains of multiple countries and the commercial drivers in the sector, employment relationships and labor standards issues, and an initial evaluation using BW country selection criteria.	The report finds numerous BW selection criteria being met. It concludes that China is the strongest candidate, however, it “may not be the most suitable for initial engagement by Better Work” because of its large size. Given existing programs, Indonesia and Vietnam were identified as having “the most synergies,” although the report notes that the sector in these two countries was the smallest of those examined. The report recommends that “further consideration [be] given to weighting the feasibility criteria as a way of determining the most appropriate countries for visits.” (No field visits were conducted.)
<i>Shipbreaking Scoping Project-Phase I Report No. 2010-1010 - ILO (2010)</i>	Bangladesh, India, and Pakistan	The report evaluates the labor aspects and the sustainability of the shipbreaking industry in Bangladesh, India, and Pakistan. The key issues relevant to the possible next stage of ILO intervention are highlighted. Topics covered include shipbreaking’s recent history as an industry, the industry’s supply chain, international legislative frameworks and multilateral initiatives, and target countries.	Recommendations are provided to “improve the situation.” For example, recommendations include development of an OSH training program, establishment of a vocational training program, and establishment of waste reception facilities and storage and disposal sites. The report concludes that the “current situation is ‘best’ in India, followed by Pakistan and Bangladesh...In order to select and partner among these three, one should also consider the current impact of the activity in light of job creation, economic importance including its role as a source of supply of steel.” Finally, the report states that a fundamental question is “whether Better Work would be in a position to find an entry point in any (or all) of the above [countries]”.
<i>Feasibility Study on Extension of the Better Work Program to Tourism Final Report - Neosys AG (2011)</i>	Philippines, China, Indonesia, Vietnam, Thailand, Cambodia, Fiji, and Jordan	The report is a scoping study to assess the feasibility of BW entering the tourism sector, including–tour operator, hotels and cruise liners. (Cruise liners later dropped from the study.) The report provides data on tourism and employment in the sector, an overview of the tourism value chain, and outlines the market drivers for compliance with labor standards. Two case studies in Indonesia and Jordan focus on hotels. Findings are compared to on BW country/industry selection criteria.	The report recommends that BW <u>not</u> expand into the tourism sector (specifically hotel) because there is “Not sufficient market drivers at this point in regards to improving labor standards and workplace cooperation.”

Source: Nexus Associates based on cited feasibility studies.

Better Work is looking at the possibility to expand into sectors more directly related to garments.

125. At the AC meeting on 14 October 2009, while members felt that the sectors under consideration by BWG – agribusiness, electronics, ship breaking, and tourism– were “relevant,” the committee suggested that BWG diversify in countries in which it already had programs, particularly in related sectors such as cotton and footwear.¹⁶⁴ To this end, Better Work presented a concept note to the IFC TFESSD Fund in 2010 to explore the potential for working with the Better Cotton Initiative to promote labor standards on cotton farms.¹⁶⁵ While the proposal was not funded, BWG has indicated that expansion into cotton sector will be considered during the “Stage III visioning” exercise.
126. BFC has been piloting services to the footwear industry in Cambodia, and has recently received a mandate from the government to scale up to all footwear factories.¹⁶⁶ If the pilot in Cambodia is successful and if the Government of Vietnam agrees, services to the footwear sector “will likely be rolled out there as well.” Other country programs, particularly Indonesia may take this on within the next two to three years.

Development of tools and systems

STAR (V3.0/3.5) is still in the process of development.

127. STAR (Supply-chain Tracking of Assessments and Remediation) is a web-based, database application developed by Cambridge Technology Partners (CTP) under contract to the ILO.¹⁶⁷ The application is used to capture and store factory-level data obtained during compliance assessments and advisory services, and generate reports. The application sits on a server based in Geneva and is accessible by offices around the world via the internet.
128. Better Work deployed Version 2.0 during Stage I; it was envisioned that a new version of the application would be developed during Stage II, which would have additional features and functions. Specifically, the *Project Document* called for adding, *inter alia*, automated resource scheduling, on-line subscription registration and payment, modules to capture data on improvement plans, and an ability to collect and upload data from a mobile device.¹⁶⁸ Many of these functions are still in the process of being developed.
129. In March 2011, the MG expressed its concern about the magnitude of resources that had been invested in the development of STAR and asked BWG to define a long-term strategy.¹⁶⁹ At the request of BWG, IFC identified and retained a consultant to review STAR and offer recommendations to improve its “usability.” The consultant submitted a final report in May 2011.¹⁷⁰ The report concluded that the application had been developed according to “industry best practice,” the database and code “were properly structured,” and “all requested requirements have been implemented.”¹⁷¹ That said, the report highlighted major deficiencies, noting that “All Better Work country users stated STAR’s current functionality does not meet the needs of the business and is hard to use.” The consultant recommended that BWG negotiate a more favorable work agreement with CTP to address immediate requirements and complete Version 3.0. (They also suggested

¹⁶⁴ AC Meeting Notes, 14 October 2009.

¹⁶⁵ BWG, Written Comments, 11 November 2011

¹⁶⁶ Ibid.

¹⁶⁷ The initial contract with CTP was signed in July 2008. The application is built on the Microsoft SharePoint platform.

¹⁶⁸ *Project Document*, op. cit

¹⁶⁹ MG Meeting Notes, 25 March 2011.

¹⁷⁰ C. Leander, Telling Stone Software, *STAR Database Usability Study*, May 2011.

¹⁷¹ Ibid.

that BFC keep using its existing system – IMS – until STAR had been upgraded.) Looking further ahead, the consultant recommended that BWG consider two alternatives: i) continue to develop STAR as a proprietary application, or ii) migrate to an “off-the-shelf” package.

130. The report confirmed the staff’s own view of the shortcomings in the system, which were attributed to a development process that “focused on database integrity, perhaps, over the need [for] efficient usability.”¹⁷² Management has taken steps to rectify the problem and put the development back on track. Responsibility for STAR has been shifted to a different unit within Better Work. A user workshop was held in Vietnam in August 2011 with lead EAs from various country programs and the knowledge management officer and business systems analyst from BWG. A new development schedule has been prepared which called for priority functions to be delivered by the end of December 2011 and other functions to be delivered by the end of March 2012. At the same time, BWG will consider a “long-term solution” to ensure that user requirements are met.¹⁷³
131. Finally, while it has nothing to do with the design of STAR per se, the original logframe anticipated that 3,000 organization would be registered in the system by the end of the funding cycle. This target will not be reached. As of 31 December 2011, there were 573 registered factories across all country programs, including 316 in Cambodia that are not in the STAR system. (Cambodia continues to use a separate system – IMS).

BWG has developed a web-based application for Better Work staff.

132. Workspace was developed by BWG staff using the same platform as STAR (i.e., Microsoft SharePoint) for use by BW staff worldwide. The *Project Document* seems to infer that Workspace was intended for external users; however, this is not the purpose of the application. The principal features and function of Workspace are described in Table 10. All content is in English. (As previously noted, all BW EAs except those in Nicaragua was proficient in English according to BWG.)

Table 10. Workspace

Major Section	Description
My Dashboard	Contains recent announcements, tasks assigned to the specific user, and information on user groups.
Connect!	Includes program news bulletin and articles, general discussion boards, and links to working group. The latter include announcement, calendars and discussion boards pertaining to specific groups, i.e., Enterprise Advisors, STAR, Communicators, Training Team, Focus Groups, M&E, and Sexual Harassment. Connect! also includes “staff yellow pages” (personnel directory)
Intranet	Includes the Operations Manual, Program Directives, and ILO Circulars. The Operations Manual links to numerous documents/templates/PowerPoint used for program operations.
Learning Portal	Includes “Introduction to Better Work” as well as a links to four online courses on core labor standards developed in conjunction with the ILO’s Turin Centre. It also includes links to publicly available training materials on external sites.
Help	Includes information to help users to navigate and use the application
Country program workspace	Each country program has its workspace where program teams are able to upload documents and use it as an external server
Buyer Coordination	Includes company lists, contact information, buyer feedback, events and team discussion
Personnel	Set of libraries that contain confidential HR documents on BWG and BW country staff, including: performance appraisals, minutes, and other official HR documents.
Finance Tracker	System used to mange finance requests and track contracts. According to BWG staff, the tracker is a complementary system to IRIS that allows BW to see the status of all contracts. Global as well as all country programs (excluding BFC) use the system for “all finance requests.” (a)

Source: Nexus Associates based on Better Workspace. Note: (a) Email from James Martin (BWG) to E. Oldsman (Nexus) on 22 February 2012.

¹⁷² BWG, Written Comments staff, 11 November 2011

¹⁷³ Interview with C. Boyle, BWG, op. cit.

BWG has developed public websites.

133. The Better Work website (betterwork.org) provides an overview of the program, description of services, guidance and good practice sheets, synthesis reports and discussion papers, program brochures, program updates and press releases, and a list of donors and buyers. Pages are in English, Spanish and French. It also includes links to sites for Better Factories Cambodia, Better Work Indonesia, Better Work Jordan, and Better Work Vietnam. (Sites have not yet been developed for the other country programs.) The country program websites employ the same format. The main Better Work website and the four country program websites are the only Better Work sites to which external parties have access.

On-line self-assessment tools are in the process of being developed.

134. The *Project Document* envisioned that registered factories would be able to access STAR to conduct self-assessments and track corrective actions. While this function has not been added to STAR, according to BWG, a manual self-assessment tool is being used by a few factories in Haiti, Jordan and Vietnam as part of advisory services.¹⁷⁴

Better Work has developed training programs for factory managers and workers.

135. A number of training courses were developed under the auspices of Better Factories Cambodia and Better Work Vietnam during Stage I. The *Project Document* envisioned that these and other new courses would be provided to management and workers in these and other countries. Training would include multi-module training packages, single-issue seminars, and other training events. The *Project Document* included plans to license training curricula to third-parties; however, this idea was subsequently dropped.
136. A broad range of courses have been offered in the countries, cover topics such as labor law, supervisory skills, communication skills, workplace cooperation, HR management, gender awareness, OSH, worker life skills, and the role of the PICC.¹⁷⁵ The frequency and volume of training varies significantly by country; however, in general the demand for training has been below expectations. With the exception of training for the PICC, management and worker training is not bundled with compliance assessment and advisory services. In terms of the number of participants, most training has been provided free-of-charge to factories with brands and/or other parties picking up the cost of service delivery.¹⁷⁶
137. BWG has recently turned more attention to expanding training activities. It has established a full-time training officer on the BWG team in Geneva and appointed training officers in all country. A TOT event was held in Amman from 31 July to 9 August 2011. The event covered “three key training products that BW offers for factories: supervisory skills training, HR training, and OSH training.”¹⁷⁷
138. The *Project Document* also called for the development of a distance learning system. In this regard, BWG is planning to provide registered factories access to the training modules that it has developed as part of EA

¹⁷⁴ BWG, Written Comments staff, 11 November 2011

¹⁷⁵ See Appendix G.

¹⁷⁶ For example, in Cambodia, two courses – Open University for Workers on Labor Law (1,938 participants) and Supervisory College on Labor Law (2,260 participants) – were provided at no charge to factories. The cost of Worker Life Skills Training in Haiti (283 participants) and in Lesotho (170 participants) was fully covered by a grant from the Levi Strauss Foundation. Worker Training in Vietnam in five factories (4,910 participants) was fully covered by one of the brands. In Jordan, all training has been provided free-of-charge to factories (535 participants). These training events account for 88 percent of the total number of participants in all training events conducted in 2010 and 2011. (The total number of participants across all countries was 11,530, excluding 5,450 participants in the OSH FunRun in Vietnam.)

¹⁷⁷ *Country Technical Progress Report*, August 2011

induction (see below).¹⁷⁸ Four modules have been completed and another four modules were scheduled to be completed by the end of November 2011.¹⁷⁹ The modules are only available in English. According to BWG, they have not yet been made available for external use “due to technology constraints (bandwidth) in most of our partner factories.”¹⁸⁰

Establishment of a new funding mechanism

Consideration has been given to the establishment of a multi-donor trust fund

139. The *Project Document* notes that consideration will be given to establishing a multi-donor trust fund (MDTF) and IFC has continued to advocate for this action over the past two years. “The IFC had expressed on several occasions that it was difficult for them to mobilize resources for Better Work as some of the donors were already funding the program through the ILO. In addition, they felt that it would facilitate the implementation of the joint work plan, create more transparency on donor funding and create a more flexible, effective and efficient mechanism to fund all BW activities. Finally, MDTF’s are a common mechanism for IFC to pool donor contribution to fund IFC’s activities.”¹⁸¹
140. That said, the MG agreed in May 2009 that it would not proceed with establishing a trust fund *at that time* because of three factors: “(a) administrative and governance challenges, (b) risk of jeopardizing access to ILO framework agreement funds which have been the primary source of funding for Better Work, [and] (c) early stage of development of the programme.”¹⁸² Five months later, the MG agreed to the following: “(a) if a trust fund is to be established, the ILO is the most appropriate place as it mobilizes most of the resources needed; (b) the GPM should propose a mechanism that either i) allows for transfer of ILO mobilized resources to IFC or ii) facilitates funds from donor’s [sic] private sector development budget to be channeled to IFC for Better Work activities.”¹⁸³
141. Following discussion about donor relations, in April 2010, BWG agreed to “provide a document on the feasibility of setting up a multi-donor trust fund for Better Work, including i) interest of donors, ii) comparison between project donor support through current mechanism (diversification strategy) and project donor support through a trust fund, and iii) if possible, a name of a first donor that would provide support to BW through a multi-donor trust fund.”¹⁸⁴
142. In September 2010, IFC noted “[...] it is not fundraising for BW, except for Bangladesh, where it will make donor funds available for the feasibility study. Any future cooperation by IFC would be dependent upon establishing a mechanism for joint fundraising and sharing funds between the institutions, such as a Multi-Donor Trust Fund. IFC states that joint fundraising is to be set up by June 2011 or it will disengage from the partnership.”¹⁸⁵ The meeting notes state that IFC would submit a proposal for an MDTF by mid-November 2010. In March 2011, the MG requested that “BW continue taking necessary steps for the establishment of an MDTF and, if possible, submit a final proposal to the MG before June [2011].”¹⁸⁶

¹⁷⁸ These are linked to Workspace.

¹⁷⁹ BWG, Written Comments staff, 11 November 2011

¹⁸⁰ Ibid.

¹⁸¹ BWG, Written Comments, 20 September 2011.

¹⁸² MG Meeting Notes, 11-12 May 2009.

¹⁸³ MG Meeting Notes, 16 October 2009.

¹⁸⁴ MG Meeting Notes, 13 April 2010.

¹⁸⁵ MG Meeting Notes, 22 September 2010.

¹⁸⁶ MG Meeting Notes, 25 March 2011

143. Following the March 2011 meeting, Better Work prepared a paper updating progress that had been made in establishing an appropriate funding structure and outlining a “resource mobilization strategy.”¹⁸⁷ The paper noted that Better Work had been working in close collaboration with IFC since March 2011. The team concluded that an MDTF would not be an appropriate mechanism. It was felt that the organizations would be better served through the establishment of a Financial Intermediary Fund (FIF) at the International Bank for Reconstruction and Development (IBRD).
144. The team has developed and submitted a “concept note” to establish a FIF.¹⁸⁸ IBRD would serve as the trustee for the Better Work Trust Fund (BWTF). ILO and IFC would work jointly to secure funding. A Steering Committee (BW Management Group) would make decisions with respect to the allocation of funds held in the BWTF to the respective partners (ILO and IFC). The fund would have a ten-year lifespan with targeted funding of US\$20 million for the next four years. The paper noted that before the approval process within IBRD could be started, Better Work needed a clear indication of substantial donor support. The fund would be used specifically to support the global program (as opposed to country programs).
145. The paper and concept note were discussed at the MG meeting in September 2011. According to BWG staff, “The MG had a thorough discussion about different ways of securing donor support for Better Work and agreed to continue pursuing the establishment of an MDTF, in such a way that it would not jeopardize any existing funding relationship that BW has through its partner organisation. [It] also agreed that in order to maximize donor support, ILO and IFC had to join forces and share their networks and knowledge of donors to ensure concrete and joint occasions for resource mobilisation.” BWG plans on holding a series of meetings with donors to discuss the idea of establishing this type of funding structure.¹⁸⁹

Buyer relations

BW work has been working closely with international brands.

146. The involvement of brands in the Better Work program is critical for success. Over the years, Better Work has reached out to engage brands through various channels, including buyer forums.^{190,191} As shown in Table 11, 25 brands have gone on to sign the Better Work Buyer Principles.¹⁹² While many buyers adhere to the principles, other buyers do not. According to BWG, “many buyers continue to carry out activities that they committed not to do [...] These include commissioning duplicative reports [and] penalizing suppliers that

¹⁸⁷ Better Work Resource Mobilization Strategy, (undated).

¹⁸⁸ Financial Intermediary Fund for Better Work, 12 August 2011.

¹⁸⁹ At one point Better Work foresaw being able to secure substantial contributions from the private sector, leading to an MG decision to limit these contributions to 15 percent of total funding. (MG Meeting Notes, 16 October 2009.) At the donor meeting on 13 October 2009, the BW director (Ros Harvey) “informed the donors that Better Work is discussing pooled funds of 5 large brands to contribute to Better Work’s development costs.” (MG Meeting Notes, 16 October 2009.) While donations from the private sector have been secured, it appears the idea of establishing this type of fund was not pursued. According to BWG staff, “This was only a strategy for start – up. It was to initially signal to donors, stakeholders, and other brands, that the Better Work program had significant support among some of the largest brands. It was not planned as an ongoing source of revenue for the program over time – just a signalling effect to jump-start the scale up of Better Work.” (BWG, Written Comments, 20 September 2011.)

¹⁹⁰ Better Work retained Business for Social Responsibility (BSR) to manage outreach efforts.

¹⁹¹ According to data on the Better Work website (2 February 2012), a total of 42 buyers have participated in these forums.

¹⁹² betterwork.org as of 2 February 2012.

receive a poor Better Work audit by decreasing orders or cancelling production after an initial assessment is received.”¹⁹³

147. Companies do not need to sign the principles to receive compliance assessment reports. Currently, 42 companies are identified as having active subscriptions. Of these, 20 subscribe to reports for factories in more than one country -- three have subscriptions in four countries; eight have subscriptions in three countries; and nine have subscriptions in two countries. The remaining 22 currently have active subscriptions in only one country.

¹⁹³ BWG also noted that it has sometimes been difficult to get buyers to pay for assessment reports. Better Work, *Buyer Relations: For Decision*. Undated.

Table 11. Participation of Buyers (a)

Companies	Active Subscriptions					
	Signed Buyer Principles	Cambodia	Haiti	Indonesia	Jordan	Vietnam
Abercrombie & Fitch	•	•		•		•
Adidas Group	•	•				•
American Eagle, Inc.	•	•	•		•	•
Ann Taylor				•		•
Boolim Apparel						•
Brooks Sports						•
Children's Place		•				
Columbia Sportswear	•	•				•
Gap Inc.	•	•	•		•	•
Global Headwear		•				
G-Star Raw C.V	•	•				•
H & M (Hennes & Mauritz)	•	•		•		•
Inditex	•	•				
J Crew						•
JC Penney	•	•				
Jones Apparel Group, Inc.	•	•			•	•
Kaiser Corporation						•
L.L. Bean	•	•			•	•
Levi Strauss & Co.	•	•				•
Liz Claiborne Inc.	•					•
Marks & Spencer	•				•	
Migros	•					
Moret Group		•				
New Balance	•	•			•	•
NIKE, Inc.	•	•				•
Nordstrom	•	•		•		•
Patagonia, Inc.					•	•
Pentland Group	•			•		•
Phillips -Van Huesen						•
Primark	•	•				•
PUMA	•					•
PVH		•				
SBS Tekstil San. Ve Tic.						•
Sears Holdings Corp	•	•		•	•	•
Shane Hunter, Inc.		•				
Socam GmbH		•				
Takson Co.,Ltd						•
Talbots, Inc.		•		•	•	•
Target	•	•				
Teijin						•
Timberland			•			
Wal-Mart Stores, Inc.	•	•		•	•	•
Walt Disney Company	•	•				•
Total	25	27	3	8	10	31

Note: (a) There were no active subscription in Lesotho or Nicaragua. Source: Nexus Associates based on betterwork.org as of 2 February 2012, and written comments from BWG, 8 February 2012..

BWG is in the process of rolling out a new model for buyer engagement.

148. In March 2011, the MG called for the development of a new “partnership agreement” prepared in consultation with buyers. BWG formed a “Task Force” including BWG staff and representatives of major buyers to outline the elements of an agreement. It also commissioned a study during summer 2011 to obtain additional feedback from buyers on the proposed agreement and pricing schedule.¹⁹⁴ The study was based primarily on a telephone survey of representatives of 18 companies, including 11 that served on the task force. More than 90% of respondents (16 companies) reported that they purchased BW services because they “believe that it is a good way to promote continuous improvement,” but less than 40% (7 companies) “believe that BW audits are more credible and thorough than third party external audits.”¹⁹⁵ However, when asked to comment on the relative strengths of BW compared to other initiatives, roughly 90% of respondents pointed to the program’s association with ILO/IFC.¹⁹⁶ Most of the survey focused on issues related to communications with BW and elements of the partnership agreement. In this regard, the report noted that most respondents preferred an annual membership fee with additional fees assessed on a per factory basis.
149. Based in part on the results of the survey, BWG drafted a new buyers’ agreement. Under the draft agreement, partners would, among other things, receive public recognition, participate in the governance of Better Work through elected representatives on the advisory committee, receive more detailed reports on factory improvements, and have the opportunity to engage in factory-level activities, including training and PICC meetings.¹⁹⁷ Buyers will be asked to pay an annual “partnership fee” to support Better Work. The fee would be on a sliding scale based on corporate revenue from garment sales, ranging from US\$7,500 to US\$20,000. Partners would also be charged for assessment reports, with prices subject to volume discounts (US\$500 to US\$700 per report).¹⁹⁸ Not all buyers are expected to become partners, including the two largest purchasers of reports which account for 25 percent of subscription revenue. As such, the model still allows buyers (“participants”) to purchase reports without entering into the partnership, albeit at a higher price (US\$800 to US\$1200). The financial model developed by BQF suggests that 2011 revenues would total roughly US\$746,000 under the new model compared to \$496,000 under the existing structure – a difference of US\$250,000. Revenues would be shared between BWG and country programs. (To put this in context, expenditures in 2011 for BWG and the seven country program totaled more than US\$13.2 million.)
150. The draft partnership agreement calls on buyers to actively encourage participation in the program, strive to increase the number of participating suppliers over time, stop duplicative assessments of suppliers in areas covered by the BW compliance assessments, and work together on remediation based on the improvement plan. However, it does not obligate buyers to require participation. According to BWG this is in keeping with program’s voluntary nature; moreover, requiring suppliers to purchase services from one designated provider may run counter to US and EU competition laws.¹⁹⁹
151. A final draft of the agreement, including a pricing schedule, was sent to buyers in January 2012. BWG is currently awaiting a response.

¹⁹⁴ Centro de Alianzas para el Desarrollo, *Better Work Communications and Marketing Study*, undated.

¹⁹⁵ The finding is difficult to interpret given the wording of the question. The consultants used a three-point rating: “no reason,” “indifferent,” and “major reason.”

¹⁹⁶ *Ibid.*

¹⁹⁷ Better Work, *Buyer Relations: For Decision*. Undated.

¹⁹⁸ *Ibid.*

¹⁹⁹ Written comments from BWG, *op. cit.*

152. BWG plans on adding a new post – Buyer Relations Manager – to handle outreach and communications with buyers. The staff person will be recruited by IFC.²⁰⁰ To streamline the process, under the new model, billing will be handled by BWG rather than by individual country programs.

Efficiency of resource use

Better Work has been successful in raising significant funds for BWG and the country programs.

153. All told, roughly US\$17.3 million has been secured for Better Work Global from six donors as shown Table 12. With the exception of US\$850,000 provided through United States Council on International Business (USCIB), all remaining grants have been provided by government agencies. All agreements are due to expire on or before 30 June 2012.

Table 12. Donor Funding for Better Work Global

Source of Funds	Funding information		Amount (US\$)
	Start date	End date	
Netherlands	1-Jul-09	20-Apr-10	1,900,000
	1-Nov-10	30-Jun-12	6,900,000
Australia	11-Aug-10	30-Jun-12	3,342,521
SECO	3-Jul-09	30-Jun-12	3,000,000
BMZ	3-Jul-09	30-Jun-12	1,300,000
USCIB	16-Nov-09	30-Jun-12	850,000
Total			17,292,521

Source: Nexus Associates based on data provided by BWG.

154. An additional US\$31 million has been raised to support country programs from 2009 on.²⁰¹ As shown in Table 13, AusAid and SECO are the only agencies that are providing funds for both BWG and country programs. However, Better Work has instituted a “bill back” arrangement in which a designated percentage of funding for country programs is channeled to BWG.²⁰²

²⁰⁰ Ibid.

²⁰¹ The terms of the agreements vary – some end as early as 30 April 2012, others extend to 31 December 2015.

²⁰² This totaled roughly US\$882,000 between 2009 and 2011.

Table 13. Donor Funding for Better Work Global and Country Programs

Donor	BWG	Country Program	Amount (US\$)
USDOL	0	16,280,000	16,280,000
Netherlands	8,800,000	0	8,800,000
Australia	3,342,521	3,328,427	6,670,948
USAID	0	4,788,269	4,788,269
SECO	3,000,000	600,000	3,600,000
IFC	0	1,486,303	1,486,303
GMAC (Cambodia)	0	319,435	319,435
BMZ	1,300,000	0	1,300,000
Alliance Française de Développement		1,080,000	1,080,000
Jordanian Govt.	0	1,050,000	1,050,000
USCIB	850,000	0	850,000
World Bank	0	760,000	760,000
HRSDC Canada	0	715,053	715,053
Royal Government of Cambodia	0	600,000	600,000
Total	17,292,521	31,007,487	48,300,008

Source: Better Work Global

ILO spent more than US\$10.6 million on BWG between 2009 and 2011; another US\$2.1 million was encumbered for 2012.

155. Table 14 shows the original budget for Stage II as presented in the *Project Document* alongside actual expenditures. The original budget ran for three years from 1 July 2009 to 30 June 2012. While ILO's fiscal year corresponds to the calendar year ending 31 December, a new project account was opened at the start of Stage II. As such, figures for 2009 only include expenditures subsequent to the start of Stage II on 1 July 2009.
156. As shown in the table, the bulk of the budget and expenditures are related to "operational expenses." These include ILO salaries, equipment, travel, administrative support, and operations and maintenance (O&M). Since operational expenses are only allocated to major outcomes, it is not possible to discern the magnitude of resources committed to specific activities or the reasons for variances. For example, it appears that much less was spent on STAR than was originally budgeted; however, it is possible that more ILO staff time was committed to the STAR than was envisioned. The latter would be included in operational expenses under global development costs. (The ILO system is not geared to full activity-based costing.)

Table 14. Better Work Global Program Budget and Actual Expenditures 2009-2012

		Actual Expenditures					
Task	Task Description	Original Budget (July 2009 – June 2012)	2009	2010	2011 (Act.+Encum.)	2012 (Encum.)	Total
Outcome 1-Global Development Cost		4,641,288	81,565	851,156	1,606,057	2,538,778	3,117,124
1.1	STAR	850,000	0	210,246	111,044	96,130	417,420
1.2	Enterprise Assessment	50,000	0	0	0	0	0
1.3	Governance (QA Scheme, etc.)	190,000	0	0	0	0	0
1.4	M&E	410,000	2,327	35,375	441,670	38,785	518,157
1.9	Operational	3,141,288	79,238	605,535	1,053,343	443,431	2,181,547
Outcome 2-Country Program Development		3,261,050	175,595	943,619	1,408,568	2,527,783	3,059,325
2.1	Apparel (non-operational)	675,000	19,246	68,369	156,155	4,000	247,769
2.2	Non-Apparel (non-operational)	850,000	0	88,145	57,039	0	145,184
2.9	Operational	1,736,050	156,349	787,105	1,195,374	527,542	2,666,371
Outcome 3-Training extension services		3,061,008	85,128	656,039	1,386,024	2,127,192	2,636,148
3.1	Pilot licensing training in two countries	550,000	0	158,115	41,912	0	200,027
3.2	Establish QA training program	338,000	0	1,540	30,894	0	32,434
3.3	New training materials	170,000	5,600	53,886	374,881	0	434,367
3.4	Knowledge management	130,000	0	1,373	48,658	2,740	52,771
3.9	Operational	1,873,008	79,528	441,126	889,680	506,216	1,916,550
Outcome 4-Sustainability and Engagement		2,597,808	376,189	606,839	1,860,500	2,843,528	3,326,439
4.1	Governance	175,000	98	73,162	107,682	0	180,942
4.2	Effective management	90,000	0	14,601	91,471	0	106,072
4.3	Effective resource mobilization	40,000	0	0	0	0	0
4.4	Innovation fund	50,000	9,532	0	40,518	8,500	58,550
4.5	Communications (a)	142,400	9,943	41,393	3,265	0	54,601
4.6	Financial Management (b)	0	0	6,686	102,884	6,564	116,134
4.7	Sustainability (b)	0	0	0	20,000	0	20,000
4.9	Operational	2,100,408	356,616	470,997	1,494,681	467,847	2,790,141
	Direct Program Costs-Subtotal	13,561,154	718,478	3,057,654	6,261,150	2,101,754	12,139,035
	Program Support Cost (c)	949,281	33,814	220,773	305,307	0	559,894
	Provision for Cost Increase (5%)	678,958	0	0	0	0	0
	Total-BW Global	15,189,392	752,292	3,278,427	6,566,457	2,101,754	12,698,929

Notes: (a) Communications was initially included under Global Development Costs (Outcome 1) in the original budget; however, expenditures were recorded under Sustainability and Engagement (Outcome 4), for comparison purposes, Communications was moved to Outcome 4 in the table; (b) Not included as a budget line item in the original project document budget; (c) Program Support Costs were 5% in the original budget, but were increased to 13% in subsequent revised budgets.

Source: Nexus Associates based on information provided by BWG.

157. On a consolidated basis, as shown in Table 15, ILO spent a total of roughly US\$23.7 million, including US\$13 million for the seven country programs.²⁰³

Table 15. Better Work Expenditures (2009-2011)

Actual Expenditures					
Use	2009	2010	2011	Total	% of Total
BW Global	752,292	3,278,427	6,566,457	10,597,175	45%
Cambodia	1,162,569	1,193,317	799,799	3,155,685	13%
Haiti	255,163	730,886	1,133,169	2,119,217	9%
Indonesia	0	63,879	878,537	942,416	4%
Jordan	706,574	852,283	1,297,783	2,856,640	12%
Lesotho	0	375,904	804,142	1,180,046	5%
Nicaragua	0	0	605,301	605,301	3%
Vietnam	28,278	986,159	1,290,000	2,211,052	9%
Subtotal country programs	2,152,583	4,202,428	6,808,731	13,070,357	55%
Total	2,904,875	7,480,855	13,375,188	23,667,532	100%

Source: BWG

High costs relative to the activity in countries reflect the development stage of the program.

158. Over the last three years, roughly US\$1 was spent on BWG for every US\$1.23 spent on country programs. Put another way, 45 percent of total expenditures were incurred in head office operations.

159. Since 2009, BW has spent roughly US\$23.7 million worldwide. To put this in context, as of 31 December 2011, BW was working with roughly 570 registered factories employing over 600,000 workers. (A total of 1,330 assessment reports has been produced up to that date.) The cost of developing and managing programs in countries with small garment sectors is roughly the same as countries with large sectors. Fixed costs are high.

160. It is too early to gauge the cost of the program relative to the impact on working conditions, worker livelihoods, or factory performance. While preliminary findings suggest positive gains, research is still underway and it will be some time before impact can be quantified.

Impact orientation and sustainability of the project

Impact orientation

Since the inception of the program, Better Work has been committed to a rigorous assessment of its impact.

161. When the program was in still in the initial planning stages, ILO/IFC began taking steps to establish the foundation for studies with the rigor needed to demonstrate whether Better Work resulted in intended outcomes. Researchers at Tufts University were retained to develop and implement an M&E system,

²⁰³ This excludes expenditures by IFC covered by funds flowing directly to IFC.

including a methodology for assessing the impact of the program.²⁰⁴ The senior research team consists of eight individuals, including faculty from Tufts University, Warwick University and Macalester College.

162. *Measuring the Impact of Better Work* laid out the research objectives and critical questions to be addressed in the impact assessment as well as the evaluation design, specific impact measures, and plans for data collection and analysis.²⁰⁵ BW's impact was expected to be measured on numerous dimensions such as worker compensation, worker health, working conditions, and factory productivity. The latter is part of making the "business case" for compliance with labor laws and innovative HR practices. The scope of the assessment, magnitude of fieldwork, and use of sophisticated evaluation designs and analytical techniques is unprecedented in this field of research.
163. The field work entails extensive surveys of factory managers and workers that complement data collected by Better Work through compliance assessments. Surveys of factory management are administered through Computer-Assisted Self-Interview (CAPI) methodology and covers workplace practices and factory characteristics and performance. A separate survey is administered to workers through Audio Computer Assisted Self-Interview (ACASI) methodology. Worker surveys collect data on factory and worker characteristics, workplace practices, hours, compensation, mental and physical health of workers and "human development characteristics. Both the managers' and workers' survey are completed on either netbook or tablet devices.
164. Another element that makes the impact assessment unique is the use of experimental and quasi-experimental designs – both of these approaches essentially compare the performance of factories/workers that participate in the Better Work program to similar non-participants. Random assignment or statistical controls are used to isolate the impact of the programs from all other extraneous factors. Originally, Tufts University planned on using an experimental design in Vietnam, Indonesia, Jordan and Nicaragua in which factories, upon registration, would be stratified based on characteristics believed to affect impact and then randomly assigned to two groups. The first group would have compliance assessment done immediately; the second group would have theirs delayed for six to 12 months.^{206,207} The feasibility of the design hinged upon the program being oversubscribed and an ability to undertake assessments according to a specified schedule.²⁰⁸ As it turns out this has not been possible. As a fallback, Tufts University has designed a new approach that is based on the timing of surveys. Compliance assessments will proceed apace based on the schedule set by the country program. Researchers will assign factories to cohorts according to the date of BW registration. Factories in each cohort will be randomly assigned to one of three groups, which will be resurveyed at different intervals. (This is not the same as random assignment to treatment.) The approach will enable researchers to investigate what they term a "dosage effect" – those surveyed later will have participated in the program longer than those surveyed earlier.

²⁰⁴ The original contract (May 2007) was administered by IFC. The ILO and Tufts University entered into agreement on 1 September 2009. The contract was amended 17 March 2010 and again on 4 May 2011.

²⁰⁵ Tufts University, *Measuring the Impact of Better Work*, 1 November 2010. A second version of the document was produced on 5 October 2011.

²⁰⁶ The design is referred to as a "framed sequential stratified controlled field experiment" in the approach paper.

²⁰⁷ The delay was intended to be 12 months in Vietnam and Indonesia and six months in Jordan and Nicaragua.

²⁰⁸ As explained, "Delaying the initiation of treatment for six months or a year requires that the number of enrolled factories exceeds program capacity during the first period" (Source: *Measuring the Impact of Better Work*, 5 October 2011, Revised.)

165. The research methodology also included what was termed a “natural experiment” to assess the impact of compliance on firm survival.²⁰⁹ (See below).

166. The research methodology also include the preparation of case studies of selected factories . Topics will include managerial innovation, occupational health, and human development.²¹⁰

So far, Better Work has produced four discussion papers.

167. A brief summary of the papers is presented in Table 16. Three papers were prepared by the research team. These involve econometric studies based on data from Better Factories Cambodia and/or the Cambodian National Institute of Statistics. The fourth paper is a literature review on excessive overtime drafted by a summer intern hired by BWG. A fifth discussion paper on findings from surveys conducted in Vietnam is slated to be released in March 2012. A number of other papers and articles are in various stages of preparation based on survey work conducted in Vietnam and elsewhere.²¹¹

168. The papers have generally been well received by BWG. Findings from research on the impact of public disclosure on compliance (Better Work Discussion Paper Series: No. 1) were used to inform the decision to require publication of results on individual factories in all countries.²¹² (An article based on this discussion paper has been accepted by publication by the *Review of Development Economics*.)

169. The reaction to the discussion papers and presentations made by the research team among members of the MG and AC that were interviewed as part of this evaluation was mixed.

²⁰⁹ The analysis focused on the rate of compliance following changes in policy regarding the public release of compliance results. This is not a natural experiment in the sense that the event randomly assigned factories to groups that received different treatment.

²¹⁰ *Measuring the Impact of Better Work*, 5 October 2011, Revised.

²¹¹ Interview with Drusilla Brown, Tufts University, 17 January 2012.

²¹² Written comments from BWG, 11 November 2011.

Table 16. Discussion Papers

Paper Title – Author(s)	Methodology	Main Finding(s)
<p><i>Better Work Discussion Paper Series: No. 1</i> “Labour Law Compliance and Human Resource Management Innovation: Better Factories Cambodia”- Robertson et al. (January 2011)</p>	<p>The paper is an analysis of labor law compliance data from Better Factories Cambodia. The researchers utilize data from 1,154 factory inspections along 405 dimensions of labor standards from five survey rounds over a six-year period. They use a change in the format of BFC public reports to decompose the impact a reputation sensitive buyer (a), the threat of public disclosure, and “information acquired by firms on the productivity and product quality effects of some aspects of compliance on a factory’s decision to comply.” Employs factor analysis (identifies 5 dimensions of compliance) and multivariate regression analysis to estimate the impact of public disclosure of noncompliance on the rate of compliance with labor standards controlling for geographic and firm fixed effects.</p>	<p>The paper finds broad improvement in working conditions among factories both with and without reputation sensitive buyers (a). Factories with reputation sensitive buyers found to have higher average compliance rates. After public disclosure of factory level noncompliance stopped, the rate of improved compliance slowed for factories with a reputation sensitive buyers and declined for factories without a reputation sensitive buyer. But compliance did not return to the baseline even for factories without a reputation sensitive buyer. The paper notes that these findings are consistent with the following hypotheses: “(a)Third party enforcement complements code compliance efforts by reputation sensitive buyers,(2) factory-specific public disclosure of noncompliance helps control free-riding of noncompliant factories lacking a reputation sensitive buyer on the market-level reputational externalities generated by compliant factories and that (3) enforcement activities induce factories to experiment in human resource management innovations that are both more humane and more efficient.”</p>
<p><i>Better Work Discussion Paper Series: No. 2</i> “Excessive Overtime, Workers and Productivity: Evidence and Implications for Better Work” - Seo (May 2011)</p>	<p>Literature review focusing on the issue of working time regulations and the impact of overtime on workers’ health, safety, social life, and productivity.</p>	<p>Defines “excessive overtime” and looks at the relationship with labor productivity. Presents measures to reduce excessive overtime such as introducing control and records systems to monitor overtime and training and education programs. The paper highlights the relevance of the issue for the design and operation of BW and presents current overtime limits in the seven BW countries.</p>
<p><i>Better Work Discussion Paper Series: No. 3</i> “Apparel Wages Before and After Better Factories Cambodia” - Robertson (July 2011)</p>	<p>The paper examines changes in the apparel sector relative to other sectors in Cambodia before and after the establishment of BFC. The paper uses factory-level wage data from the 1996, 1999, 2004, and 2007 Cambodian National Institute of Statistics Socio-Economic Survey. The author decomposes wages and compares specific and general movements in wages overtime, attributing those “due to external conditions and those that are specifically due to BFC visits.”</p>	<p>The paper finds that both BFC visits and external forces played a role in improvements in working conditions over time. It concludes, “External forces explain some worsening conditions...all of the statistically significant effects of BFC visits are positive. Furthermore, the changes that are attributable to BFC are arguably those that are important for productivity and high on the list of workers’ concerns, such as payments of wages.”</p>
<p><i>Better Work Discussion Paper Series: No. 4</i> “Working Conditions and Factory Survival: Evidence from Better Factories Cambodia” - Brown et al. (December 2011)</p>	<p>The paper presents results from a survival analysis used to estimate the relationship between changes in working conditions and the probability of plant closure. The researchers utilize a panel dataset of plant-level data from 446 Cambodian factories (2,113 total observations).</p>	<p>The paper finds very few compliance categories to have a statistically significant effect on survival probability. There is “little, if any evidence that improving working conditions increases the probability of closure.” Rather, the paper notes “some evidence suggests that improvements in standards relating to compensation [and modern HR practices] actually increase the probability of plant survival.” While not highlighted in the conclusions, some compliance elements appear to increase the likelihood of enterprise closure.</p>

Source: Nexus Associates based on cited works. Notes: (a) A reputation sensitive buyer is determined by “data on each buyer’s commitment to corporate social responsibility...” and other measures of brand value such as Inter-Brand’s Best Global Brands Rankings and Fortune’s Most Admired Companies.

Better Work held a conference to disseminate the research results and promote a better understanding of the role of compliance in global supply chains.

170. A Better Work conference was held in Washington, D.C. at the headquarters of IFC on 26-28 October 2011. The conference, “Workers, Businesses and Government: Understanding Labour Compliance in Global Supply Chains” had more than 200 participants and covered many of the key topics related to improving compliance with labor standards and supporting sustainable supply chains.²¹³ BW research, as well as other research in the labor compliance field, was presented at the conference.

Sustainability of country programs

A central concern of IFC/ILO and donors since the inception of the Better Work has been the sustainability of country programs.

171. The *Project Document* indicates that the intent is to “build sustainable independent organizations that will continue after funding has stopped.”²¹⁴ The *Operations Manual* maintains this objective with qualification, stating, “In large markets, where the industrial base can support such actions, the aim is for Better Work country programmes to become independent and self-financing over time.” There are two distinct concepts embedded in this objective – legal independence and financial self-sufficiency.²¹⁵ It is expected that responsibility for program activities will be assumed by local organizations established as separate legal entities. It is also expected that these organizations will be able to cover the cost of activities through fees. These organizations would be formed within five years of the inception of the country program. At that point, the role of BWG would focus on quality assurance. The *Project Document* stated, “The first country level program to move to independent operations under the quality assurance procedures will be Better Factories Cambodia in 2011.”²¹⁶

Better Factories Cambodia is still operating under the auspices of the ILO and still requires donor support to cover the cost of its operations.

172. With respect to independence, BWG has indicated that it had “planned for staff transition and the legal aspect of establishing a local organization.”²¹⁷ While the government had previously endorsed the plan, in mid-2011 the Ministry of Commerce voiced its opposition to creating an independent local organization and asked ILO to continue operating the program. The government was concerned about governance issues and the ability of a local organization to perform the same functions. ILO has complied with the government’s wishes. At the MG meeting in May 2011, the MG asked BWG to shift attention to financial sustainability (rather than independence), “especially in light of the opportunities to move into footwear sector and scale up the environmental component of the programme.”²¹⁸
173. In September 2011, BWG noted that BFC had “achieved a very high degree of cost recovery (85%) and was on the path to be fully self-financing [...]”²¹⁹, ²²⁰ Separately, financial data provided by BWG show total

²¹³ Better Work Program Update (Oct 2011-Jan 2012)

²¹⁴ *Project Document*, op. cit.

²¹⁵ It should be noted that these two issues are severable. An independent institution need not be financially self-sufficient and a program that continues to be part of ILO does not necessarily require donor support to continue to operations.

²¹⁶ Ibid.

²¹⁷ *Sustainability for Better Work Programmes, For Decision*, September 2011.

²¹⁸ MG Meeting Notes, 31 May 2011

²¹⁹ Ibid.

expenditures for BFC of just under US\$1.2 million in 2010; fees were approximately US\$232,000 in the same year, representing roughly 20 percent of total expenditures. In 2011, BFC generated revenue of roughly US\$324,000. Expenditures totaled US\$800,000 in 2011 – a 33 percent drop from the year before. This would suggest that fees covered about 41 percent of total expenditures in 2011.

The ability to establish a local organization that offers the full array of services currently provided through Better Work country programs without donor or government support is unlikely.

174. Table 17 shows the fee revenue and cost recovery percentages for each country program as presented in the M&E matrices. Reports show a significant increase in revenue in Jordan in the second half of 2011. BWG attributes growth the increase in the number of registered factories as well as a hike in the fee charged per factory (from a range of US\$1500 – US\$3000 to a flat fee of US\$3000).²²¹ Reports for Vietnam show that revenue rose steadily over the first four six-month periods, before tapering off in the second half of 2011. For 2011 as whole, fees totaled US\$450,826 or 42% of “operating costs.”²²² The cost recovery percentage translates into “operating costs” of roughly US\$1.06 million – equal to roughly 82 percent of total expenditures in 2011. If cost recovery were calculated on the basis of total expenditures, the figure would drop to 35 percent.
175. In the remaining countries, fees are minimal and account for a scant fraction of “operating costs” and an even smaller share of total expenditures.

Table 17. Revenue (US\$) and Cost Recovery (a)

Output/ Outcome	Country	Jan-Jun 2009	Jul-Dec 2009	Jan-Jun 2010	Jul-Dec 2010	Jan-Jun 2011	Jul-Dec 2011
Program revenue received in the reporting period (US\$)	Cambodia	N/A	24,728	203,245	29,726	266,607	57,655
	Haiti	NA	NA	NA	4,000	3,750	4,500
	Jordan	NA	NA	24,427	24,000	24,000	144,056
	Lesotho	NA	NA	NA	N/A	21,250	11,749
	Vietnam	NA	34,997	86,417	97,748	238,653	212,173
Revenue as a percentage of “operating cost” (cost recovery) in the reporting period.	Cambodia	NA	NA	NA	45.0%	N/A	54.0%
	Haiti	NA	NA	NA	0.1%	<0.1%	<0.1%
	Jordan	NA	NA	N/A	5.1%	N/A	20.0%
	Lesotho	NA	NA	NA	N/A	N/A	2.8%
	Vietnam	NA	20.0%	20.0%	21.0%	39.0%	47.0%

Notes: (a) NA is not applicable; N/A is not available. Nicaragua and Indonesia are excluded from the table; neither program generated revenue during these periods.

Source: Better Work Global

It may be possible to offer specific services on a full cost recovery basis in some markets.

176. For example, in Vietnam EA salaries are roughly US\$1,500 per month or US\$75 per day.²²³ EAs commit roughly 20 person-days per year to each factory at a cost of roughly US\$1,500 (not including travel and other direct expenses). In 2011, the price for this service was US\$2,000 per factory. Subscriptions to each report

²²⁰ According to BWG, the cost share included contributions from “national stakeholder,” including GMAC. Costs excluded those associated with the CTA. (Written comments from BWG, 8 February 2012.)

²²¹ Email from E. Germans (ILO) to E. Oldsman (Nexus Associates), 14 February 2012.

²²² The guidelines for the M&E matrix define cost-recovery as total revenue divided by total project budget. Another document indicates that “special programmes, for example, capacity buildings for social partners” should be excluded from the calculation. (See *Sustainability for Better Work Programmes, For Decision*, September 2011)

²²³ Interview with Mrs. Dang Thu Hong, IFC Sustainable Business Advisory, Mekong Region, 5 December 2011.

generate an additional US\$1,500 (assuming two subscriptions per factory). Therefore, it appears that fees fully cover variable cost while providing a margin to contribute to fixed cost (including indirect expenses and overhead). Whether or not the service can break even depends on the magnitude of fixed costs and the volume of business that Better Work can secure given the pricing schedule.

177. Given high fixed costs and the limited number of potential customers, some countries such as Haiti and Lesotho are unlikely to break even under the current model. Establishing services on a regional basis is conceivable, but the savings from this approach are unclear. Country offices would need to be set up in each country in the region, although there would be some efficiency gains as a result of regional management (i.e., one CTA for the region) and administration. (BWG has not yet developed detailed plans for this initiative.)

While an appropriate licensing agreement could be developed, the argument for spinning off core services is debatable.

178. There has been discussion about spinning off core services (compliance assessment and advisory services) to a new NGO, an existing NGO, or a government agency. Presumably, this would be done under a licensing agreement,²²⁴ whereby ILO/IFC would grant the entity the right to use the “Better Work” trademark,²²⁵ BW materials, and other intellectual property owned by ILO/IFC.²²⁶ The right would be contingent on providing services according to specified performance standards. ILO/IFC would be responsible for certifying whether entities were meeting these standards. Depending on the precise terms of the agreement, ILO/IFC may have ongoing obligations to provide marketing, training, advice and/or other assistance to the licensee. There are a number of other issues that would need to be addressed in the agreement such as licensing fees, right to sublicense, and ownership of derivative work.²²⁷
179. The argument for spinning off core services centers on the notion of building local institutional capacity. There are clearly merits to this approach. However, it comes at a cost. BWG will need to oversee the delivery of services based on specified performance standards. In effect, it will need to develop and implement a certification system. Perhaps, more importantly, the value of these services to governments, buyers and other stakeholders is linked to the role that ILO/IFC plays in service delivery, particularly in countries where governance is poor and local institutions are weak. It may not be possible to transfer the imprimatur of ILO/IFC through a license, no matter how strong the oversight, or credible the delivery agency. (This seems to be the case in Cambodia.) Finally, one of the unique attributes of Better Work is the close coupling of factory-level engagement with efforts to spur national dialogue on worker rights, working conditions, and industrial competitiveness.²²⁸ Splitting these functions may erode the value of both.

Long-term sustainability requires fundamental changes in institutions.

180. Better Work aims to boost compliance with international labor standards and national labor law among factories in selected countries. It also aims to foster a greater commitment to improved labor conditions through social dialogue. The need for Better Work will continue until governments establish and enforce

²²⁴ BWG has referred to this as a “franchise.” Franchises are generally regulated under specific franchise law.

²²⁵ *Sustainability for Better Work Programmes*, op cit.

²²⁶ The *Cooperation Agreement* indicates that intellectual property developed under the agreement is owned jointly by the parties.

²²⁷ According to BWG, a draft license agreement was prepared for BFC in June 2010, which covered most of these topics. (Written comments from BWG, 8 February 2012.)

²²⁸ As noted above, information obtained during the course of the compliance assessments has served as important input to PAC discussions. For example, the decision to examine labor law reforms in Haiti and Vietnam grew out, in part, from the work done in individual factories.

strong legal codes, trade unions have the capacity to protect workers, and businesses operate with enlightened self-interest. This may take awhile. The concept of an “exit” strategy implies that the intervention is no longer needed. It is not clear how or when these conditions would be met.

Major Conclusions and Recommendations

Principal conclusions

- **Better Work Global has accomplished a great deal over the past three years.** Since the inception of Stage II, BWG has designed and launched programs in three new countries, while continuing to support the development of programs in four others. Work on designing an eighth country-program is underway. As the head office of a global program, it has established policies, procedures and systems to drive operations and ensure consistency across the seven country programs. As part of this process, it has instituted new approaches within ILO, including fees for service, decentralized financial management, and different reporting lines. STAR and self-assessment tools are still under development. While BWG has not achieved all of the original objectives, its accomplishments are significant.
- **Governance mechanisms are functioning as intended.** The organization has established a joint Management Group that brings together two institutions with different perspectives under a common agenda. The decision-making process appears to be working well, albeit some decisions are not well documented. The lack of a clear resolution on a proposed new funding structure for Better Work is contributing to some tension in the partnership.

The Advisory Committee provides a vehicle for stakeholders to offer their views on program-related issues and debate the merits of different courses of action. While the composition of the AC is in line with approved policy, given the geographical focus of the current program, it might benefit from greater representation of Asian brands and employer organizations. If Better Work expands into new sectors, the structure and composition of the AC would need to be adjusted accordingly.

- **Better Work is learning by doing.** While the basic concept for the program was in place before the start of Stage II, there has been a steep learning curve on how to plan, organize, direct and control it. BWG has put structures in place such as the Operation Management Team (OMT) to provide a mechanism for discussing critical issues that emerge during the course of day-to-day operations and developing a common approach to address them. BWG commissioned an external review of its operations in January 2011; the final report was delivered in April 2011 and many of the recommendations were adopted. BWG fosters communication and knowledge-sharing within the organization.
- **The compliance assessment process is well designed, but several issues merit attention.** The assessment process revolves around determining whether a particular factory is not in compliance with international labor standards and national labor laws. The compliance assessment process is generally valid and reliable; however, there are several challenges that need to be addressed, including the difficulty in establishing workplace discrimination and freedom of association, dealing with ambiguous national laws, and ensuring that the instrument is applied in a consistent manner. In addition, while publishing assessment results for individual factories in *Synthesis Reports* may encourage greater compliance among participating factories, it could have adverse consequences in countries where participation is voluntary both in terms of legal mandates and buyer requirements.
- **Better Work is entering a crucial stage of development.** Various program documents emphasize the idea that the program is market-driven, relying on market incentives to drive greater compliance with

labor standards. At this point, however, governments in four of the seven countries – Cambodia, Haiti, Jordan and Lesotho – have or are considering regulations mandating participation in Better Work. The jury is still out on whether a sizeable share of garment factories in Vietnam and Indonesia will elect to join the program. The program is entering a crucial phase where it needs to demonstrate that it can reach a substantial percentage of garment factories operating in these countries. The strong encouragement of buyers is crucial. The new buyer partnership model is intended to secure a greater commitment from major international brands to the program.

- **The current service delivery model is not scalable in large markets such as Bangladesh, Indonesia and Vietnam.** The current approach to conducting **compliance** assessments and providing advisory services is very labor intensive. Better Work would need to increase the number of EAs in Indonesia and Vietnam and substantially to reach a significant share of garment factories. Similarly, Better Work would need a large number of EAs to reach a sizable portion of factories in Bangladesh. In addition to the cost implications, finding and retaining a large number of qualified staff is likely to be difficult. Better Work is aware of this issue and is exploring various options.
- **There is some evidence that the program is resulting in better compliance, but an understanding of the full impact of the program awaits further research.** Research conducted in Cambodia suggests that Better Work has contributed to improved working conditions and that compliance with labor standards did not reduce the prospect of firm survival during the recent global recession. The results of rigorous impact studies are still pending.
- **Sustainability is challenging.** Some services might be able to be provided on a full cost-recovery basis, which arguably could be provided by local organization under a licensing agreement with ILO/IFC. The terms of such an agreement, including standards of performance and procedures for ensuring compliance, have not yet been defined by BWG. Moreover, continued ILO/IFC management of programs may be needed for an extended period, particularly in countries with poor governance and weak institutional capacity. Furthermore, the integration of core services and efforts to foster social dialogue under one roof may have benefits. Long-term sustainability requires fundamental changes in institutions. The conditions under which Better Work would exit completely from a country have yet to be defined.²²⁹
- **Improved labor conditions require a multi-faceted approach; greater collaboration with other parts of the ILO and IFC is needed.** BWG has worked closely with other parts of ILO in some countries, but not in others. A coordinated approach, involving other department/programs within the ILO, particularly ACT/EMP, DIALOGUE, LAB/ADMIN, SECTOR, and ACTRAV is needed. The breadth and depth of activity depends, in part, on donor funding. Similarly, while Better Work has worked closely with IFC, more might be done to draw on resources available in the organization including relevant financial (such as the GTSF) and advisory services. More broadly, IFC can provide a path to greater involvement of the World Bank in supporting efforts to ensure greater compliance with international labor standards and national labor laws.

²²⁹ BWG has been working on defining an approach to sustainability over the past eight months in concert with the MG and AC. A strategy paper was prepared in September 2011.

Implications for Stage III

1. **Anchor Stage III in a long-term vision for Better Work.** Before embarking on the detailed planning for Stage III, Better Work should clearly articulate what it wants Better Work to be, the general path for getting there, and the magnitude of resources that are likely to be required. In so doing, the vision should address the following: i) evolution of the BW compliance assessment framework (including the inclusion of environmental and other social dimensions); ii) adoption of the BW compliance assessment framework as the de facto standard in the sector; iv) geographical scope of its activities and market penetration; v) transfer of responsibility for the delivery of core services to independent local organization; and vi) conditions under which Better Work would exit from a country. Better Work should provide a rough estimate of the financial resources that will be needed, including BWG and country programs. Ambition needs to be tempered by a realistic assessment of the prospect for securing donor funding and/or generating revenue.
2. **Remain focused on the garment/footwear sector for at least the next three years.** Many of the country programs are still in their infancy and the planned program in Bangladesh has not yet been designed. There is still a long way to go to ensure the success of these programs. Significant time and effort will be required if the decision is made to expand into other countries such as India or China. If past history is a guide, it will take two to three years to establish a new country program from the date of the first scoping mission to the launch of services. Given the high fixed cost of establishing a country program, Better Work should consider modifying selection criteria to include a minimum threshold for the size of the sector, i.e. number of factories and/or number of workers in the target sector.
3. **Refine the service delivery model.** A new model is needed that will allow country programs to reach the intended scale. There are various approaches that might be considered, including reducing the frequency of assessments, reducing the scope of the assessment, reducing the frequency of advisory service visits, and/or focusing attention on a sub-set of factories identified as strategic, high-risk, or with the significant buyer overlap. Any decision on a reduction in service levels has to take the potential impact on program objectives into account.
4. **Refine the buyer engagement model.** BWG has completed work on a new partnership agreement. As such, the potential for significant changes in the near term are limited. That said, Better Work should explore the potential for entering into long-term service contracts with selected buyers. More immediately, country programs should engage more directly with buyers to address issues in specific factories. Buyers should be involved in the development of improvement plans, specifying the actions that they will take to help resolve problems (e.g., excessive overtime) and the incentives that they will provide for improved compliance. As Better Work assumes greater responsibility for assessments, local compliance staff should have more time to provide direct assistance to factories. All buyers that source from the same factory should be involved in the process. Finally, any agreement with buyers should include provisions reflecting plans for transferring core service to local organizations.
5. **Develop specific plans for transferring responsibility for the delivery of core services to independent, local organization in each country and draft a licensing agreement.** Each country program should have a detailed plan, though they may differ given the specific conditions within the country. A draft licensing agreement should be developed. In addition to granting the right to use the Better Work trademark, Better Work materials, and other intellectual property owned by ILO/IFC, the agreement should delineate acceptable service standards and the method that Better Work will use to verify that these standards are met. It should specify licensing fees (and royalties) and identify restrictions with respect to the pricing of

services. Further it should lay out Better Work's obligations with respect to marketing, training, advice and/or other assistance to the licensee.

6. **Continue to refine the approach to assessing compliance.** Better Work should continue to refine the compliance assessment framework to ensure that it measures what is intended and does so in an accurate, consistent, and transparent manner. In this regard, particular attention should be paid to instances where the law is ambiguous and no clear interpretation from relevant ministries or judicial authorities is available. It should explore the use of CAPI technology in the compliance assessment process to help determine whether factories are non-compliant with laws related to discrimination and freedom of association. Further, Better Work should review the format and content of *Synthesis Report* and consider publishing the guidance notes. The impact of public disclosure of the results of compliance assessments of individual companies should be closely monitored in countries where participation is not legally mandated.
7. **Consider instituting procedures for certifying EAs.** At this point, Better Work has a good understanding of the competencies required for an EA and training programs in place to help ensure that EAs are competent. It may be appropriate in Stage III to develop a formal certification system. This will be needed if, and when, responsibility for core services are transferred to a local organization.
8. **Redirect some evaluation resources to investigate issues directly related to the design of the program.** The focus on assessing the impact of the Better Work program on worker livelihood, working conditions, and firm productivity is appropriate. However, within that context, it would be helpful to investigate the benefit of specific elements of Better Work's approach, including the added value of PICCs and advisory services. Hopefully, this could be done without the collection of any additional data. In addition, good qualitative research is needed on the role and function PICCs. Research should address the process used to establish the PICC, the way in which the agenda is set, its role in developing an implementation plan, and the degree to which it contributes to improved management-labor relations. The research should also investigate the extent to which the PICC duplicates existing structures within factories, such as OSH committees, and potentially undermines the development and operations of trade unions.
9. **Strengthen collaboration with other part of ILO and IFC/IBRD.** Better Work should work with IFC and other department/programs within the ILO to develop a coordinated plan for each country to ensure that all necessary and sufficient conditions for success are met. Plans should draw on ACT/EMP, DIALOGUE, LAB/ADMIN, SECTOR, ACTRAV, NORMES and EMP/ENT. Funding for integrated initiatives will need to be secured. This may affect the selection of countries for new programs. More broadly, Better Work should look for ways that it can influence the agenda of ILO and the WBG with respect to compliance issues in global supply chains.
10. **Make a decision on the funding structure and undertake joint fundraising for the Better Work as a whole, including BWG and country programs.** A decision on the MDTF or other structure should be made before launching a fundraising campaign for Stage III. Assuming that an acceptable solution can be found, ILO and IFC should engage in joint fundraising efforts. Given the integrated nature of activities, this should be geared toward BWG and country programs. Better Work should also give attention to the current bill-back policy to better reflect the role that BWG plays in country programs, recognizing that its support may not be proportional to the size of the program.

Appendix A. List of Interviews

Interview List – MG, AC, Donors, and Others

Name	Title	Organization / Company
Adam Greene	Vice President, Labor Affairs and Corporate Responsibility	United States Council for International Business
Arlette van Leur	Director Sectoral Activities Department (SECTOR) International Labour Office	ILO
Brent Wilton	Deputy Secretary General	International Organisation of Employers
Celeste Helm	Division Chief, Trade Agreement Administration and Technical Cooperation (TAATC)	Office of Trade and Labor Affairs Bureau of International Labor Affairs U.S. Department of Labor
Debra Young	DG International and Intergovernmental Labour Affairs	Canada
Drusilla Brown	Associate Professor of Economics and Director of Tufts International Relations Program	Tufts University
Hans-Peter Egler	Head Trade Promotion, Economic Development Cooperation Division	Swiss State Secretariat for Economic Affairs (SECO)
Maggie Opondo	Senior Lecturer	Department of Geography and Environmental Studies - University of Nairobi
Michael Kobori	Vice-President, Supply Chain Social and Environmental Sustainability	Levi Strauss & Co.
Monica Weber-Fahr	Senior Manager, Global Business Leader	IFC Advisory Services in Sustainable Business
Ravi Kanbur	T. H. Lee Professor of World Affairs, International Professor of Applied Economics and Management, and Professor of Economics	Cornell University
Robert- Jan Scheer	Head of Strategy and Food Security, Sustainable Economic Development Department	Ministry of Foreign Affairs, Netherlands
Sachiko Yamamoto	ILO Regional Director for Asia and the Pacific	ILO
Sharan Burrow	President	International Trade Union Confederation
Stephanie Barrientos	Senior Lecturer	School of Environment and Development Institute for Development Policy and Management -The University of Manchester
Steve Grinter	Education Secretary	International Textile, Garment and Leather Workers' Federation
Tania Lozansky	Regional Head of Advisory Services, East Asia and Pacific	IFC

Interview List – Vietnam Fieldwork

Name	Title	Organization / Company
Alec Barnard	Ethical Trade Manger – South East Asia	Primark
Dang Thu Hong	Project Manager, IFC Sustainable Business Advisory, Mekong Region	IFC
Hoang Thi Le Hang	Country Manager	Union Aid Abroad APHEDA, Vietnam
Hong Dang	Project Manger – Advisory Services, Mekong Region	IFC
Le Vu Bao Han	EA – BWV	Better Work
Luong Xuan Cuong	Senior Specialist – Sustainable Manufacturing Performance	Nike Vietnam LLC
Nguyen Hoang Ha	Senior Progamme Officer	ILO Hanoi
Nguyen Hong Ha	Deputy General Director - HCMC Branch, Bureau for Employers' Activities, VCCI	Vietnam Chamber of Commerce and Industry
Nguyen Thi Hoa Binh	Training and Communications Coordinator	Better Work
Nguyen Thi Hong Hanh	EA – BWV	Better Work
Nguyen Van Tien	Chief Inspector, MOLISA	Ministry of Labor, Invalids and Social Affair (Vietnam)
Pham Dang Khoa	CEO Assistant	Quang Xuan Co., LTD.
Pham Quang Anh	Corporate Responsibility Manager (South East Asia)	Columbia Sportswear Company
Pham Quoc Thuan	EA – Team Leader – BWV	Better Work
Pham Thi Hoang Lien	EA – BWV	Better Work
Phillip Hazelton	Regional Manager - Mekong	Union Aid Abroad APHEDA
Tara Rangarajan	BWV Programme Manager	Better Work
Tran Van Ly	Head ICD, VGCL	Vietnam General Confederation of Labor
Vu Thi Huong Loan	Finance and Administration Manager	Better Work
Vuong Hoang	Compliance Auditor	Puls Trading Far East Limited – H&M

Interview List – Indonesia Fieldwork

Name	Title	Organization / Company
A.Mudji Handaya	Director General of Labour Standard Supervision and Development	Ministry of Manpower and Transmigration (MoMT)
Ade Sudrajat	Chairman of API	Indonesian Textile Association (API)
Andi Zuhri	Senior Corporate Responsibility Specialist	Columbia Sportswear Company
Arim Chang	Marketing and Communications – BWV	Better Work
Ary Joko Sulisty	General Secretary	National Board of Federation Garment, Crafting, Textile, Leather and Shoes
Ashari R. Wastomi	Project Manager SME's, Women Employers, Women Labours, Gender and Social Division	APINDO
Bae Eung Sik	President Director	PT. Kyung Seung Trading Indonesia
Bambang Haryanto.S	HRD. Manager	PT. Kyung Seung Trading Indonesia
Bambang Surjono	General Secretary	Chemical, Energy, Mines, Oil & Gas and General Workers Union
Catur Wuri Utami	Social Compliance	PT. Kyung Seung Trading Indonesia
Choi Young Goo	General Manager	PT. Kyung Seung Trading Indonesia
Dewi Maharani	Senior ES Coordinator – Ethical Sourcing	Wal-Mart
Djimanto	Chairman of APINDO	APINDO
E.G. Ismy	Executive Secretary	Indonesian Textile Association (API)
Elly Rosita	President	National Board of Federation Garment, Crafting, Textile, Leather and Shoes
Ernovianto G.Ismy	Secretary General of API	Indonesian Textile Association (API)
Fauzan Azhima	EA- BWI	Better Work
Guntur Witjaksono	Director, International Cooperation Center	Ministry of Manpower and Transmigration (MoMT)
Helmy Salim	Chair Person for International Affairs	Indonesia Textile, Garment and Leather Worker's Union
Iftida Yasar	Director of Networking and External Relation	APINDO
Josephine Imelda	Knowledge Management Officer	Better Work
Josephine Imelda	Knowledge Management Officer – BWI	Better Work
Lusiani Julia	ILO Program Officer	ILO
Mitra		Indonesia Textile, Garment and Leather Worker's Union
Mohamad Anis Agung Nugroho	EA- BWI	Better Work
Myra Hanartani	Director General for Industrial Relations	Ministry of Manpower and Transmigration (MoMT)
Olivia Krishanty	Supplier Development Manager – Ethical Sourcing	Wal-Mart
Peter van Rooij	Director ILO Jakarta	ILO
Rahmatsyah	National Program Coordinator	IFC
Retno Wahyu Nugrahini	EA- BWI	Better Work
Simon Field	Chief Technical Advisor - BWI	Better Work
Sutrisna	EA- BWI	Better Work
T. Saut P. Siahaan	Secretary of Directorate General	Ministry of Manpower and Transmigration (MoMT)
Teddy Gusmara		Puls Trading Far East LTD - H&M
Teuku Rahmatsyah	National Programme Coordinator - BWI	Better Work

Interview List – Haiti Fieldwork

Name	Title	Organization / Company
Antonio Cruciani	ILO National Coordinator	ILO
Armando Escobar	Caribbean Contractor Manager	Gildan
Charles Henri Baker II		One World Apparel S.A.
Clifford Apaid		Apaid Group
Dominique Saint-Eloi		CNOHA
Evel Fanfan	President AUMOHD	AUMOHD
Francois Michelet		CNOHA
Henri Claude Muller-Poitevin	President of CTMO-HOPE and Executive Director Georges Sassine	CTMO-HOPE
James Moise		CNOHA
Jean Paleme Mathurin	President (former) of CTMO-HOPE	CTMO-HOPE
Julia Fechlin		Island Apparel
Justine Treadwell	Economic Officer	US Embassy – Haiti
Leon Ronsard Saint-Cyr	Director General	Ministere des Affaires Sociales et du Travail
Louis-Pierre Joseph	Director General (former) of MoLSA, member of CTMO-HOPE and President of PAC	MoLSA
Marie-Lyne Thomas	Enterprise Advisor - BWH	Better Work
Mark D'sa	Senior Advisor	Office of the Haiti Special Coordinator
Lysa Thybulle	Enterprise Advisor – BWH	Better Work
Louis-Edher Decoste	Enterprise Advisor – BWH	Better Work
Patrice Laventure	Enterprise Advisor – BWH	Better Work
Rolf Berthold	Enterprise Advisor – BWH	Better Work
Ose Pierre	Coordinator – Haiti	Solidarity Center – AFL-CIO
Richard Lavallee	Chief Technical Advisor – BWH	Better Work
Roland Jeudy		Gildan
Ronald Decembre		MoLSA
Sanite Desir	Advisor	Ministere du Commerce & de L'Industrie
Susan Washington	Assistant to the President	AFL-CIO
Wilhelm Lemke, Jr.		Enmarcolda S.A.
Yannick Etienne		Batay Ouvriye

Appendix B. Criteria for Selecting Country Programs for Field Visits

Profile of Country Programs

	Cambodia	Haiti	Jordan	Vietnam	Lesotho	Indonesia	Nicaragua
Stage	Pre-Stage I	Stage I	Stage I	Stage1	Stage I-2	Stage II	Stage II
Start Date	2001	Jan 2009	Feb 2008	Mar 2009	Sep 2009	Aug 2010	Feb 2011
Mode	Mandatory	Mandatory	Mandatory	Voluntary	Mandatory	Voluntary	Voluntary
Industry Scale	Large	Small	Small	Large	Small	Large	Small
Pilot site	Yes			Yes			
Region	EAP	LAC	MENA	EAP	SSA	EAP	LAC
Review/Evaluation	Planned Q3 2011	Planned Q1 2012	Completed Q2 2011	Planned Q4 2011	Planned Q2 2012	Planned Q1 2013	Planned Q4 2013

Appendix C. Better Work Global Logframe

BWG Logframe

Note: Shaded indicators were adopted on recommendations made in the Ergon Report (March 2011), op. cit.; they were not included in the original Logframe.

Outputs	Topic	Indicator	Original Target (a)	Revised Target (b)	Status Relative to Revised Target
1	Immediate Objective 1: Tools and approaches that promote improvement in compliance with labor standards and competitiveness are developed and used in up to 14 country programs and on self-directed basis	STAR, enterprise assessment tools, M&E system, and communications strategies adapted and in use in country programs	10	7	Achieved
1.1	Supply Chain Tracking of Assessments and Remediation (STAR)	STAR V. 2.5 developed (c)	1	1	Expected by end of funding cycle
		Independent evaluation of STAR completed	1	1	Achieved
		Results of evaluation implemented	2011	2011	Expected by Mar. 2012
		STAR supported and maintained in Country projects	12	7	Below target, not used in BFC
		Number of organizations registered in STAR and using it	3,000	1,000	Below target, unlikely to be achieved by end of funding cycle
1.2	Enterprise Assessment tool (CAT)	Global generic tool for each sector rolled out and developed	2	1	Achieved
		Sector-specific self-assessment tools developed	2	1	Below target, unlikely to be achieved by end of funding cycle
		Number of users accessing self-assessments	400	200	Below target, unlikely to be achieved by end of funding cycle
		Number of users completing self-assessments	150	100	Below target, unlikely to be achieved by end of funding cycle
		Assessment tools translated into French, Spanish, Chinese and local languages	3	3	Achieved
1.3	Governance and quality assurance	Finance plan developed	1	Dropped (d)	Dropped
		Quality assurance content and procedures developed for the following: HR Resource Development, Governance, Enterprise Assessments, and Training	4	4	Achieved
		Support transition of Better Factories Cambodia to independent program	1	1	Not Achieved
		Evaluate transition of Better Factories Cambodia	1	1	Not Achieved
		Financial viability of Better Factories Cambodia (% operational cost recovery)	65%	70%	Achieved (if CTA salary excluded)
		Number of establishments served under independent Better Factories Cambodia	120	Dropped (d)	Dropped
		Relationship between independent BFC and BW Global clearly defined with clearly established criteria		Not quantified	Not Achieved
1.4	Monitoring and Evaluation tools and impact assessment methodology	M &E matrix adapted and implemented in country programs	12	7	Achieved
		Annual report produced on Better Work activities globally	3	Dropped	Dropped
		Mechanism for research with collaborating research institutions developed	1	1	Achieved
		Number of research proposals received, reviewed, implemented.	4/year	4/year	Achieved
		Number of papers/books related to Better Work published.	5	5	On target, likely to be achieved by end of funding cycle

Outputs	Topic	Indicator	Original Target (a)	Revised Target (b)	Status Relative to Revised Target
		International conference to share the results of the impact assessment and research agenda held.	1	1	Achieved
		Number of participants	50	50	Achieved
		Independent evaluation of global program and strategy	1	1	On target, likely to be achieved by end of funding cycle
		No. of country level synthesis reports produced		2/country/year	Below target, unlikely to be achieved by end of funding cycle
		No. of BW countries in which impact studies initiated		5	On target, likely to be achieved by end of funding cycle
		No. of countries for which impact data analyzed and preliminary conclusions on impact drawn		3	On target, likely to be achieved by end of funding cycle
		Key BW success criteria defined with 3 most relevant indicators for each success criteria identified		9	Not Achieved
		Review of M&E matrix and impact assessment data collection frameworks conducted		1	On target, likely to be achieved by end of funding cycle
2	Immediate Objective 2: Up to 10 new BW Country programs to improve compliance with labor standards and competitiveness are designed	Country programs designed	10	4	Not Achieved (Nicaragua and Indonesia)
		Country programs implemented	6	4	Not Achieved (Lesotho, Nicaragua and Indonesia)
2.1	Advise member states on design of 10 BW country programs activities in apparel and assist with resource mobilization	Number of Initial scoping missions completed	10	Dropped	Dropped
		Number of consultative project documents drafted	10	Dropped	Dropped
		Number of second consultative missions, including tripartite sign off	7	Dropped	Dropped
		Number of final project proposals	7	Dropped	Dropped
		Number of country projects fully resourced	6	Dropped	Dropped
		New operational manual providing improved guidance to new country programs produced		1	Achieved
		No. of feasibility studies completed		4	Achieved
2.2	Advise member states on design of BW activities in 4 non-apparel and assist with resource mobilization	New Industry scoping research papers produced	4	4	Achieved
		Workshops to discuss outcome of the research and recommend action	4	Dropped	Dropped
		Number of participants	40 each	Dropped	Dropped
		Implementation strategies developed (depends on outcome studies)	2	Dropped	Dropped
3	Immediate Objective 3: A strategy for knowledge management and cost-effective provision of quality training extension service to increase access to BW tools and approaches is developed and tested	3 rd party delivery of BW services developed, tested and evaluated	2 pilot countries	Dropped	Dropped
		KM strategy developed and implemented	1	1	Achieved
3.1	Pilot program of working with third party providers in two countries	Pilot working with third parties to deliver BW Training in two countries	2	Dropped	Dropped
		Feasibility study for licensing	1	Dropped	Dropped
3.2	Distance learning platform implemented	Distance learning modules and community of practice for enterprise advisers (EAs) developed	3	3	Achieved
		Number of participants [EAs] completing modules	40	40	Not tracked, but likely to have been achieved (e)

Outputs	Topic	Indicator	Original Target (a)	Revised Target (b)	Status Relative to Revised Target
		Number of participants in communities of practice for EAs	40	40	Achieved
		Distance learning modules and community of practice for training partners developed	1	1	Not Achieved
		Number of participants completing modules for training partners	20	20	Not Achieved
		Number of participants in communities of practice	20	20	Achieved
		Distance learning pilot training program on financial governance for BW country programs	1	1	Not Achieved (f)
3.3	New Training Materials	New tools for enterprises and workers on responsible restructuring	2	2	Achieved
		Single issues training on Performance Improvement Consultative Committees	1	1	Achieved
		Self-study guides for managers	1	1	Not Achieved (g)
		Existing training materials to ensure relevance in new program countries adapted		3	Achieved
		New training modules and materials in response to demand from country programs developed		1 new module/ material/ year	Achieved
		Good practice tools and templates that assist EAs to deliver advisory services to enterprises effectively developed		2	Achieved
		Review of existing model for provision of training services conducted, and an improved model piloted		1 country	Not Achieved
3.4	KM System (workspace)	Workspace V2.0 developed and launched	1	1	Achieved
		Workspace global portal translated: French, Spanish, and Chinese	3	3	Achieved (h)
		Workspace rolled out in country projects	12	12	Not Achieved
		Increase in number of hits (global)	10% (7/09-7/10)	10% (7/09-7/10)	Achieved
		Bounce rate	<50%	Dropped	Dropped (i)
		Increase in number of hits (country)	10%/year for first 3 years	Dropped	Dropped
		Capture, maintain, and disseminate good practice materials from across BW operations	5/year	Dropped	Dropped
3.5	EAs/field staff in old and new country programs sufficiently trained and supported to carry out their roles effectively	Number of EAs in old and new country programmes trained on core technical skills (i.e., how to conduct/provide assessments, training and AS) and soft skills (interviewing, presentation and negotiation skills)		30	Achieved
		Number of EAs trained on industrial relations		10	Achieved
		Percentage of EAs receiving training that have expressed satisfaction with the quality of training provided		80%	Not tracked
4	Immediate Objective 4: Governance and management systems for the ILO and IFC BW program are developed so that it can sustainably and effectively respond to demand for activities	Stakeholders continue to support BW	>70% positive	>70% positive	Not tracked (j)
		BW staff have high level of job satisfaction	>70% positive	>70% positive	Not tracked (k)
		BW has sustainable funding mechanism via multi-donor TF and cost recovery for operational costs	1 MDTF 70%	1 MDTF 70%	MDTF expected by end of funding cycle; cost-recovery unlikely to be achieved by end of funding cycle
4.1	Governance and stakeholder engagement	ILO-IFC management meetings	1/year	1/year	Achieved
		Advisory group meetings	1/year	1/year	Achieved

Outputs	Topic	Indicator	Original Target (a)	Revised Target (b)	Status Relative to Revised Target
		Donor's meetings	1/year	1/year	Achieved
		Buyer's forum for apparel and other sectors as required	2/year	2/year	Achieved
		New buyer membership model to increase quantity and quality of buyer engagement, and improve efficiency of buyer relationship management developed and rolled out		1	Achieved
4.2	Effective management of BW global program	Cost benefit and feasibility study on models for decentralization	1	1	Below target, unlikely to be achieved by end of funding cycle (I)
		Internship and associate program developed	1	1	Achieved
		Annual global strategic and work planning meeting	1/year	1/year	Achieved
		Standardized BW Global HR systems and procedures to improve efficiency and staff motivation developed and rolled out		1	Achieved
4.3	Effective resource mobilization strategy in place	Legal and governance infrastructure for a multi-donor trust fund (if appropriate)	1	1	Expected by end of funding cycle
4.4	Administer an innovation fund for product development	Guidelines developed	1	1	Achieved
		Number of projects funded and implemented	2-4/year	2-4/year	Achieved in 2011
4.5	Global communications systems	Monthly program update	12/year	6/year	Below target
		Frequency of new content placed on Workspace and hits	Weekly	Weekly	Achieved
		Number of media campaigns [press releases and press conference]	3/year	3/year	Achieved
		Video stories for electronic media produced	3	3	Achieved
		Number of speaking events/ conferences highlighting BW	6	6	Achieved
		Number of new information products	3/year	3/year	Achieved
		Targeted global communications strategy that ensures effective communication of BW's key successes and lessons to priority audiences developed and implemented		1	Achieved
		BW websites and publicity materials (both global and country level) have effectively communicate prioritized BW messages to key stakeholders		Not quantified	Content of BW website refreshed, country program websites developed, facebook pages launched, videos posted on YouTube, newsletters prepared
		Existing country programs are adequately supported to deliver/produce effective communications outputs (including events, publicity materials, website, press conferences/interviews)		Not quantified	Global Communications & Marketing Officer supports country program through emails, telephone and in-person consultation
4.6	Financial Management	BW Country programs using the new financial system	7	7	Not Achieved (Used in VN and Jordan, expected to be adopted in Lesotho by end of the funding cycle)
		BW guidelines to clarify and improve efficiency of financial and administrative processes for country programs		Not quantified	Guide for financial pilot developed
4.7	BW Sustainability Strategy	Quality assurance system in place that define the future relationship between BW Global and independent country programs, including what services countries can expect from Global and what rules county programs have to adhere to		1 system applied by countries	Not Achieved

Outputs	Topic	Indicator	Original Target (a)	Revised Target (b)	Status Relative to Revised Target
		Future institutional purpose and structure for BW Global defined, including how it will be financed and staffed		Not quantified	Expected by Apr. 2012
		Possible approaches for individual country programs to attain institutional, political and financial sustainability elaborated, allowing for sufficient flexibility on how financial sustainability is achieved		Not quantified	Expected by Apr. 2012

Source: Nexus Associates based on program documents. Notes: (a) Stage II Project Document, Annex III. (b) Revised LogFrame (March 2011). (c) The Project Document refers to Version 3.0, however, the Logframe presented in Annex III refers to Version 2.5. (d) The revised logframe set the new target as “0,” suggesting that the indicator was dropped. (e) The modules are used as part of the Enterprise Advisor induction program. 43 EAs were hired between 2010 and 2011. (f) According to BWG staff, this training was done as face-to-face training rather than distance learning as specified by the indicator. (g) Developed as classroom training rather than self-study guides based on an assessment of needs, according to BWG staff. (h) According to BWG staff, “Workspace global portal” refers to the public BW website (rather than the BW Workspace), which is currently available in English, French, Spanish, and Chinese. (i) While the indicator was dropped in the revised logframe, BWG staff indicate it was achieved (42%). (j) No satisfaction surveys have been conducted; however, BWG notes that the participation rate of AC members from 2009 to 2011 has been about 85%. (Written comments from BWG, 22 February 2012.) (k) The intention was to conduct a staff satisfaction survey; however, BWG decided not to do this, “following consultations with the staff and staff union about key issues of relevance to them.” (Written comments from BWG, 22 February 2012) (l) The initial part of this analysis was undertaken in 2011 as part of the HR Review. Final decisions on which posts should move to the field will be made in Q3 2012. (Written comments from BWG, 22 February 2012.)

Appendix D. Advisory Committee

Members of Advisory Committee

Category	Name	Title	Organization/Company
IOE	Brent Wilton	Deputy Secretary General	International Organisation of Employers
IOE (a)	Adam Greene	Vice President, Labour Affairs and Corporate Responsibility	United States Council for International Business
Union	Sharan Burrow	President	International Trade Union Confederation
Union	Patrick Itschert	General Secretary	International Textile, Garment and Leather Workers' Federation
Retailer	Ingrid Schullstrom	Head, CSR	Hennes and Mauritz
Retailer	Michael Kobori	Vice-President, Supply Chain Social and Environmental Sustainability	Levi Strauss & Co.
Donor	Greg Vines	Minister – Counsellor (Labour)	Australian Permanent Mission to the United Nations
Donor	Robert-Jan Scheer	Head, International Markets Division	Ministry of Foreign Affairs, Netherlands
Donor	Hans-Peter Egler	Head, Trade and Clean Technology Cooperation	Swiss State Secretariat for Economic Affairs SECO
Donor	Sandra Polaski	Deputy Undersecretary for International Affairs	U.S. Department of Labour
Expert	Nimmith Men	PhD Student, Melbourne University	Former Executive Director for the Cambodian Arbitration Council Foundation
Expert	Ravi Kanbur	T. H. Lee Professor of World Affairs, International Professor of Applied Economics and Management, and Professor of Economics	Cornell University
Expert	Maggie Opondo	Senior Lecturer Department of Geography and Environmental Studies	University of Nairobi
Expert	Stephanie Barrientos	Senior Lecturer, School of Environment and Development, Institute for Development Policy and Management	University of Manchester

Notes (a) USCIO is the US affiliate of the IOE.

Source: Better Work Global

Appendix E. Outline of Operations Manual

Chapters	Description	Sections
1. Overview	Covers the beginnings of the BW program, the current Global Program, its services, various reporting methods, the strategy for sustainability and key stakeholder involvement	The Origin of Better Work - Better Factories Cambodia The Global Program Better Work Services Public Reporting Sustainability Strategy Key Partners
2. Project Cycle	Explains the main stages of the BW project cycle from design to implementation and monitoring.	Project Design Appraisal and Approval Process Pre-implementation and Start-up Phase Implementation and Monitoring Monitoring and Evaluation Research Project Reporting and Revision
3. Financial Management and Administration	Under development	N/A
4. Human Resource Administration	Outlines the HR policies, procedures and practices, including contracts, recruitment, EA induction training, and code of conduct	Categories of Project Personnel Contracts Recruitment Process Contract Administration HR Database and Indicators Other Contracts Induction Performance Management and Professional Development Staff Code of Conduct Staff Security and Welfare Leave Administration
5. Knowledge Management	Briefly explains the strategy and framework, outlines various systems which BW uses to facilitate knowledge sharing, covers the tools currently available for use in all country programs (including work plan module, timesheet module, and brand coordination), and describes two BW organized activities (Annual Planning Meeting and Enterprise Advisor Summit)	Strategy and Framework Systems Tools Activities
6. Public Communication	The communications chapter covers the programs communications strategy as well as policies and procedures for external program communication and donor communications. Additionally, materials for communication purposes and an overview of the BW website are also included in this chapter.	Communications and Strategy Planning Policies and Procedures for External Communication Available Communications Materials Web Site Donor Communications and Visibility
Linked Documents	Includes linked documents such as forms, guidance notes, legal agreements, references, templates etc. Documents can be accessed directly or sorted by category or chapter. Notably, each document has a contact person assigned to it who will respond to questions/comments.	Documents by category Documents by chapter

Source: Nexus Associates based on Better Workspace <http://workspace.betterwork.org/intranet/Operations%20Manual/Home.aspx>

Appendix F. Better Work Internal Training Courses

BW Internal Training Courses (2010-2011)

No. of Events by Country Program (a)								
2010 and 2011 (as of 1 November)	BFC	BWH	BWI	BWJ	BWL	BWN	BWV	Total
Classroom Training (Total)	5	4	12	12	16	13	164	226
Advisory (includes Advisory Introduction, Shadow/Coached Advisory, etc.)	1	1			2		44	48
Assessment Process (Incl. Shadow/Coached Assessment, etc.)			1	1	1		71	74
Assessment Tools and Docs							1	1
CAT							8	8
CTA Induction Training					1	1		2
Double Books						1	1	2
E-Learning Modules							4	4
Facilitation Skills	1						5	6
Freedom of Association Training						1		1
Global Garment Industry Supply Chain					1	1		2
Induction to Assessment training to new EAs			1			1		2
Industrial Relations/TU Engagement		1		1	1			3
Interviewing Skills							5	5
Introduction to Better Work							2	2
Introduction to PICC process	1							1
Knowledge Management Systems		2		2				4
Lean Manufacturing						1		1
Ongoing training to the current staff and the newly recruited EA's				1				1
Performance Appraisal training					1			1
Presentation Skills							5	5
Problem Solving	1							1
Public Website Training				1				1
Reporting							8	8
Services tracking			1				1	2
Soft Skills Training			1				1	2
Staff Team Building					1			1
STAR			1		1		1	3
TOT HR Training (b)	1		1	1	1	1	1	6
TOT OSH Training (b)			1	1	1	1	1	5
TOT Pricing of training services (b)			1		1	1	1	4
TOT Sales and marketing training services (b)			1	1	1	1	1	5
TOT Sexual harassment (b)			1	1	1	1	1	5
TOT Supervisory Skills Training (b)			1	1	1	1	1	5
TOT Training evaluations (b)			1	1	1	1	1	5
Internal Project Briefing	0	0	0	0	0	0	3	3
Internal Project Briefing - APHEDA & Buyer Communication							1	1
Internal Project Briefing - M&E							1	1
Internal Project Briefing - Training Programs							1	1
Observe Training	0	0	0	0	0	0	3	3
APHEDA training							1	1
Observe Training - MOLISA							2	2
Online	0	0	0	0	0	3	0	3
Assessment Training						1		1
Introduction to Better Work						1		1

No. of Events by Country Program (a)								
2010 and 2011 (as of 1 November)	BFC	BWH	BWI	BWJ	BWL	BWN	BWV	Total
Workspace training						1		1
Reporting	0	0	0	0	0	0	3	3
Reporting - 1st							1	1
Reporting - 2nd							1	1
Reporting - 3rd							1	1
Self Study	0	0	0	0	0	0	2	2
Reading CAT and ILS/VN Law							2	2
Videoconferencing	0	0	2	0	0	0	1	3
Assessment Reporting Skills Training			1					1
Global supply chain							1	1
Industrial Relations/TU Engagement			1					1
Total	5	4	14	12	16	16	176	243

Notes: (a) Includes 4 events in Nicaragua that were scheduled to be held in December 2011. (b) ToT events do not appear to have been held in the country because each of the ToT topics was held on the same day for all countries that participated.

Source: Nexus Associates based on BWG provided data.

Appendix G. Better Work External Training Courses in 2010 and 2011

Note: (E) No. of Events; (D) Duration of Event – in 8hr days; (P) No. of Participants in Event

Course Title	Cambodia			Haiti			Jordan			Lesotho			Vietnam		
	E	D	P	E	D	P	E	D	P	E	D	P	E	D	P
Become more efficient Managers				1	1	10									
BWJ Data Collection and Reporting Systems (for MoL)							1	1	16						
Communication Skills				1	2	25									
Funrun OSH event													2	1	5,450
Gender Awareness Training	2	1	29												
HR Management				1	6.25	20									
Human Resources Training	1	2	14												
Induction Kit Training	3	2	50												
Introduction to BWJ and Preparation for Assessments (for MoL)							1	1	17						
Intro. to HR Management (Module 1 – 3)							2	5	40						
Introduction to OSH in the dormitories							5	0.13	56						
Introduction to OSH in the workplace							30	0.13	374						
Labor Law	1	2	15				1	1	10						
Managing Across Culture	1	1	17												
Negotiation Skills Training	4	1	63										2	1	53
Occupational Safety and Health Management Training							1	2	22						
OSH Hazards and Risk Assessment				1	1	28									
OSH Training	3	2	54										1	2	25
OSH training seminar													2	0.50	43
PICC Training for Managers				2	1	17									
PICC Training for Workers				2	1	80							10	1	167
Risk assessment seminar													1	0.50	49
Supervisor College Labor Law	5	1	2,260												
Supervisory Skills Training	15	4	346							1	4	17	7	4	179
Tot Training													2	2	45
Union Training on Role & Responsibilities	1	1	18												
Worker Life Skills Training (Finance 1-3, HIV, Maternity, and Workplace Communication)				10	0.13	283				11	0.13	170			
Worker Open University Labor Law Training	4	1	1,938												
Worker ToT induction training													1	2	18
Worker Training (Scavi, Eclat, Viet Hung, Sarah, Quoc Hai)													5	0.25	4,910
Workplace Cooperation	2	2	27										1	2	25
Total	42	20	4,831	18	12	463	41	10	535	12	4	187	34	16	10,964

Source: Nexus Associates based BW program files.

Appendix H. Schedule for Country-Program Evaluations

Country-Program Evaluations		
Country program	Type of evaluation	Schedule
Better Work Haiti	Mid-term evaluation	Q1 2012
	Final evaluation	Q4 2013
Better Work Indonesia	Internal review	Q1 2012
	Mid-term evaluation	Q1 2013
	Final evaluation	2015
Better Work Jordan	Mid-term evaluation	Q2 2011
Better Work Lesotho	Internal review/mid-term evaluation	Q2 2012
	Final evaluation	2015
Better Work Nicaragua	Mid-term evaluation	Q4 2013/Q1 2014
Better Work Vietnam	Mid-term evaluation	Q4 2011
Better Factories Cambodia	Independent evaluation	Q3 2011

Source: BWG