



Evaluation Summary



International
Labour
Office

Evaluation
Office

Independent Mid-term Evaluation of International Labour and Environmental Standards Application in Pakistan's SMEs (ILES)

Quick Facts

Countries: Pakistan

Mid-Term: December 2020

Evaluation Mode: Independent

Administrative Office: ILO Country Office Islamabad

Technical Office: DWT/CO New Delhi

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in Pakistan, EUR 11.6 million

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Leather Sector, SCORE

Background & Context

ILES, an ILO-led partnership with WWF, aims to help ILO tripartite constituents and other stakeholders to strengthen compliance with national and international labour and environmental laws and standards to sustainably increase the country's competitiveness while promoting inclusive development. ILES proposes to promote compliance with international labour and environmental standards through two sub- objectives:

1. To assist public sector institutions to improve the enforcement of existing legislation and compliance with international labour and environmental standards in Pakistan as well as define new laws where necessary; and

2. To assist textile and leather sector enterprises to institutionalize the implementation of, and compliance with international labour and environmental standards.

Present Situation of the Project

The project initiated in October 2016 and is currently scheduled to end in September 2022. Negotiations for a no-cost extension were underway at the time of the evaluation.

Purpose, scope and clients of the evaluation

The evaluation's goal was to review the progress made toward achieving intended results and outcomes, identify lessons learned, and recommend possible programmatic adaptations during the programmes final implementation period. It covered the period of October 2016 to October 2020.

Methodology of evaluation

The evaluation drew on primarily qualitative and quantitative data collected from programme stakeholder interviews, online surveys and programme documents and financial reports as well as secondary research.

Main Findings & Conclusions

Improving compliance with international and national labour and environment laws and standards in Pakistan's textile/leather sector remains a high priority among evaluation respondents. Stakeholder acknowledgement of the need for improvements notwithstanding, various evaluation respondents cited wide-ranging priorities for assistance in order attain higher levels of compliance. Given the scope of needs and the project's modest resources, ILES' objectives were relatively ambitious, even though its sector and geographic targeting and the projects relatively longer duration strengthened the project design.

Various stakeholders agreed that textile and leather SMEs are in greater need of external support to boost their compliance while, with donor acceptance, in both its labour and environment components, ILES has

served many large, export-oriented enterprises. Strong external drivers of compliance improvements such as trade agreements and brand/buyer pressure affect smaller, domestic market-focused enterprises to a much lesser extent. WWF's approach of targeting of "progressive" and "non-progressive" enterprises appears to be a useful approach to ensure that ILES contributes to progress but does not target primarily the most advanced enterprises. Moreover, such an approach ensures that the business cases developed through the project reflect enterprises at different starting points in terms of their labour and environmental compliance, if not primarily small and medium enterprises.

ILES' 2018 logframe revision was effective focusing the labour component's enterprise level intervention strategy, but less so its policy and capacity building interventions which continued to lack specificity. Overall, the environment component's bottom-up intervention logic was strong and consistent. At the time of the evaluation, the labour component's policy/capacity building component was lacking clear focus overall as well as strong strategic linkages between the policy, institutional capacity building and enterprise level intervention strategies. Although the labour component featured successful interventions, limited synergies between them diminished the component's overall relevance and coherence to date. Based on its workplans, ILES' labour component initiated and planned additional policy and constituent capacity building work in 2020, which was delayed by the onset of the pandemic. Much of this work has been reprogrammed and expanded in 2021, and if carried out may lead to a more focused policy and capacity building intervention strategy.

In contrast, linkages between WWF's different environment intervention strategies were stronger: assess enterprise level/city-wide opportunities to improve environmental practices → pilot solutions → draw conclusions/demonstrate benefits → inform/influence institutional policy and programs and public opinion. Moreover, WWF's largely disciplined focus on target industries and their key "problem areas" was useful to maximize project results as well as to produce good practices and lessons learned that might benefit the whole industry. WWF's green finance and awareness raising/communication activities likewise appear strategically important and complementary to its enterprise level facilitation approach.

ILES has been largely effective coordinating its work with other similar initiatives in Pakistan. However, potential synergies between WWF and ILO programming have not yet been exploited to their full potential. An example of effective coordination was ILO's

decision to focus labour component activities in Sindh, avoiding unnecessary competition with similar GIZ activities in Punjab. Within the ILO country programme, ILES coordination with Better Work, potentially soon to be the largest ILO programme in Pakistan, has likewise been effective. ILES has taken a complementary approach in its enterprise level interventions and has helped Better Work address some anticipated risks in recent assessment on Freedom of Association and Collective Bargaining (FOACB) and Labour Dispute Resolution (LDR). It could do more. The two programmes together, as well as ILO's DG Trade funded project share commonalities (same sector and/or compliance focus) that make joint strategic planning useful. Similarly, closer integration of ILES' labour and environment components in enterprise level activities offer promising opportunities for synergies (importance of workplace cooperation on both sides and the intersection of OSH and good environmental practices). There may likewise be opportunities for synergies between WWF and Better Work, if/when the programme is established in Pakistan.

ILES' labour component has produced notable achievements, but progress on several planned outputs is lagging. Achievements included: advancing Government of Pakistan (GOP) submission of ILO instruments to the Competent Authority/ies as a step toward implementation of ILO Conventions and Recommendations; support for Sindh Rules of Business which define how provincial labour laws should be implemented, and; recent FOACB and LDR assessments, which highlighted gaps and suggested relatively well-defined follow-on actions for which there appear to be national stakeholder buy in. At the enterprise level, ILES successfully launched two out of three planned enterprise support programmes, completing planned Occupational Safety and Health (OSH) training for 100 enterprises, and initiating the Sustaining Competitive and Responsible Enterprises (SCORE) programme in 20 of 50 planned enterprises. Participants in enterprise programmes reported small but positive changes in working conditions and cooperation between workers and management.

ILES' environment component is progressing steadily toward most planned outputs producing positive outcomes such as leveraging target enterprise investments in environmental upgrades, conserving resources, and increasing productivity. Key policy level/capacity building achievements include support for the draft Sindh Environmental Protection Agency's Clean Production Policy, expansion of city-wide partnerships and mobilizing corporate social responsibility investments in municipal water management, integration of green

tanneries guidelines in Sialkot Tannery Zone bylaws and collaboration with the State Bank of Pakistan on green financing guidelines. At the enterprise level, ILES' Smart Environmental Management Practices (SEMP) programme conducted environmental assessments in 65 enterprises and post assessments in 34. ILES' draft business case documented that target enterprises that implemented project recommendations realized significant water, electricity, gas, wood and coal use savings. Moreover, the first textile enterprise to achieve Alliance for Water Stewardship (AWS) 2.0 certification was an ILES partner.

ILES faced a variety of challenges that hindered progress. Key challenges included coordinating policy interventions between the federal and provincial levels, overcoming counterpart capacity constraints (e.g. few and changing GOP counterpart personnel, financial resource constraints) and identifying shared priorities. ILO interventions were also hindered by its main constituents' sensitivities on ILES cooperation with other partners. Project workplace cooperation methodologies came up against deeply held beliefs favouring traditional hierarchies and gender roles while lack of awareness of the negative consequences of poor environmental management as well as technical knowhow and financial means to implement solutions hindered more rapid adoption of SEMP. Finally, government and ILO mandated Covid-19 travel restrictions and social distancing hindered nearly all activities requiring travel and/or large, face-to-face gatherings planned in the last three quarters of 2020. Covid-19 challenges and risks continue, suggesting the need for project contingency plans anticipating stakeholders' different rates of recovery from Covid-19 in the coming year.

ILES' larger objectives benefit from relatively strong national stakeholder ownership which the project has leveraged to different degrees in its policy/capacity building and enterprise support interventions. ILES has only been modestly effective linking labour and environmental reforms and their implementation to broader, and arguably higher priority economic competitiveness and commerce policies. On the labour side, meeting GSP+ reporting obligations and facilitating the Buyers' Forum collaboration with the Ministry of Commerce intersected effectively with trade and competitiveness concerns. On the environment side, the draft Sindh Clean Production Policy and planned green financing guidelines broaden the State's largely punitive approach on environmental compliance to include more emphasis on the public sector role in helping industry achieve resource-saving environmental upgrades and practices. Likewise, green tannery guidelines and model designs were mainstreamed in a leather sector modernisation initiative in Sialkot. On the enterprise level,

industry leaders emphasized that to have their continued commitment, ILES needed to demonstrate its programmes contributed to increased productivity and/or profitability. Evaluation findings suggest ILES has had some success in this area. WWF's progressive enterprise partners demonstrated ownership for project objectives by investing over USD 1 million of their own funds in environmental upgrades. On the labour side, the Employers Federation of Pakistan's (EFP) enthusiasm for SCORE is likewise a positive sign of ownership.

ILES has taken initial steps to promote the continuation of ILES interventions by national institutions but needs a more comprehensive exit strategy, especially for enterprise services. ILES has developed a cadre of qualified national SCORE trainers but has not yet designated an anchor organization or developed a business plan for programme continuity. On the environment side, ILES worked with several national institutions to deliver services to its enterprise partners and engaged academic institutions in research activities but likewise has not yet outlined a business model for continuing enterprise support services.

The environment component's higher activity volume, greater progress toward targets, and higher activity budget expenditure rates suggests it was more efficient than the labour component, although both components featured examples of effective strategies to increase cost-effectiveness. ILES's 2018 budget revision reduced ILO administrative costs and increased budget allocations for activities. Likewise, ILES effectively mobilised ILO labour specialists and local environmental and labour ((to a lesser extent) organizations as well as academic institutions to achieve project results cost-effectively. While both sides of the project were negatively affected by Covid-19, the labour component also experienced other early setbacks including its several months long recruitment process, lengthy strategy and budget revision, and a leadership gap due to illness. WWF appeared to benefit from a larger implementation team with greater proximity to interventions zones. As a result of slower than planned spending and local currency depreciation, ILES has sufficient resources to extend implementation by at least a year and half, if not longer. An extension would likely allow the labour component to reach more of its objectives and for both components to consolidate and document results.

ILES regularly communicated about its activities, making some progress raising the profile of labour and environmental issues in Pakistan but may do more. ILES trained media on environmental issues which aimed to promote higher levels and more informed press coverage

of ILES activities. Both ILO and WWF developed communication materials about the project as well as project topics which were made visible on their websites and using some forms of social media. Evaluation respondents were largely aware of EU funding for ILES as well as the GSP+ benefit conferred on Pakistan by the Community. Although present in steering committee, ILES has not significantly amplified EU voice and concerns regarding Pakistan's labour and environmental compliance.

Recommendations

For ILES team:

1. To increase strategic coherence between enterprise and policy level interventions, develop synergies with productivity enabling environment stakeholders/programmes using mainstreaming approaches to promote compliance and improved practices.

- Increase cooperation with MCC and Industry Associations– potentially expanding the project steering committee
- Explore possible linkages to investment/business facilitation policy and programs: for example, Export Processing Zones, Sialkot Tannery Zone and similar initiatives.

2. Based on current and projected expenditures, develop strategy and detailed plan for no cost extension to be submitted to donor for its consideration.

- Revise budget and update logframe targets and indicators as necessary. For example, develop indicators related to the specific roll out and expected outputs and outcomes of activities on FOACB and labour dispute resolution to replace generic indicators under result 1.1 and measure specific expected changes in institutional behaviors.

For ILO/ILES

1. In consultation with ILO Country Office and considering possible arrival of Better Work Pakistan, continue to narrow the focus of policy/capacity building interventions in remaining implementation period.

- Maintain strong focus on Sindh province. Work in other geographic areas should be strongly justified
- Strengthen linkages between policy, capacity building and enterprise work, for example by reinforcing cross-cutting OSH linkages.
- Follow through on studies: Non-standard forms of employment, FOACB and LDR

2. Move forward with productivity program for 25 pilot enterprises keeping SCORE's workplace cooperation module at the core of the new programme. The terms of reference for the new programme should likewise require gender integration: female participation on committees, training for female workers (BW female supervisor training shown to improve productivity), accommodation for female workers (childcare and breast-feeding facilities). The new programme should feature a baseline and post-intervention data collection strategy so that ILO can develop and communicate the business case for programme interventions, including workplace cooperation.

3. Build capacity of EFP and SCORE trainers to develop a business plan to manage and market SCORE to industry post ILES. The plan might include a framework that would allow EFP to engage the services of SCORE trainers and offer SCORE training to members and others as an income generating service. The target market for SCORE training might include ILES targeted garment and leather enterprises as well as other enterprises from other industries.

4. Consider locating project personnel (regular ILO staff or ILO sub-contractor personnel) in Sindh. More clearly delineate programme managers responsibilities between enterprise level and broader institutional capacity building and policy level interventions.

For WWF/ILES:

1. Develop an exit strategy for SEMP and AWS enterprise facilitation interventions. In this context, explore possible synergies with Better Work.

2. Continue green financing guidelines work and plans to develop proposal for green financing facility. Consider developing a differentiated strategy for financing SMEs.

3. Consider intensifying support for the Sindh EPAs based on gap-analysis research and capacity building needs related to the implementation requirements of the Clean Production Policy.

4. Consolidate data and analyze trends in enterprise level audits and include with planned business cases. Based on results, develop industry-oriented briefs on topics of common concern with practical advice on "good practices."

5. Continue to facilitate networking and knowledge-sharing among key stakeholders (factory management, academia, government technical personnel): host topical and knowledge-sharing events. Consolidate participant database and target past participants with newsletter, technical briefs and/or invite to join online/offline community of practice.

6. Explore opportunities to integrate gender in activities. Some potential avenues include gender-focused research, one or more gender-focused pilot activity within city-wide partnerships, support to network female environmental engineers/engineering students.

For ILO Country Office:

1. Assess and develop longer-term integrated textile and leather strategy and develop new projects on high priority work areas not effectively addressed by ILES or other projects. Areas of work may include minimum wage setting mechanisms, extending social protection to home-based workers, labour inspection strengthening, and broad-based labour law reforms/labour protection framework follow-up.

For EU Pakistan delegation:

1. Continue to highlight outstanding concerns about Pakistan's compliance with international labour standards and multinational environment agreements in meetings with government officials and bi-annual GSP+ reviews

2. Consider strategic diversification of partners on-the-ground. For example, advocate for the right of European trade unions and other INGOs to provide support to Workers' Organizations in Pakistan's textile and leather sector on trade union strengthening, labour organizing, setting up workers' legal defense mechanism.