



Responsible Supply Chains in Asia (RSCA) – Final Independent Evaluation

QUICK FACTS

Countries: China, Japan, Myanmar, the Philippines, Thailand and Vietnam, as well as a Regional Component

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Background & Context

Background and project description

The present evaluation report is mandated by the Terms of Reference (ToR) for the Final Independent Evaluation of the programme entitled **Responsible Supply Chains in Asia - RSCA**. RSCA is a multi-stakeholder partnership developed by the European Union together with the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD). It is financed by the European Union with an amount of EUR 4.05 mln. for the ILO component, and it is implemented in six countries, i.e. China, Japan, Myanmar, the Philippines, Thailand and Vietnam, while it also includes a regional component. The Project has a total duration of 52 months including two no-cost extensions, from December 2017 until April 2022. Several earlier evaluation activities have been undertaken in 2020 and in 2021. The **overall objective** of is to contribute to the promotion of smart sustainable and inclusive growth by supporting Corporate Social Responsibility (CSR) and Responsible Business Conduct (RBC) practices in supply chains in Asia in line with international instruments, which



include the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (the ILO MNE Declaration).

Purpose, scope and clients of the evaluation

The main *purpose* of this final independent evaluation is to evaluate ILO's overall performance in the implementation of the project and promote accountability to ILO key stakeholders, and to enhance learning within the ILO and key stakeholders. The *scope* of the Evaluation covers the ILO component of the programme, and all geographical areas of the programme in the six Asian countries, as well as at the regional level. The evaluation covers the programme's period from the inception until the time that the evaluation is carried out. The actions by OECD are only investigated where they intersect with those of the ILO. The main *clients* include the ILO management at country, regional and Headquarters levels, ILO tripartite constituents, the partners of the programme and Joint Steering Committee members, in particular the EU as the main financing partner of this Action.

Methodology of evaluation

The *methodology* includes a desk study of the relevant documents, primary data collection through 36 interviews which were all conducted online due to the COVID-19 pandemic, data analysis and reporting. It also includes a critical reflection process by the key stakeholders in particular through the online stakeholders' workshop and the inputs by stakeholders to the draft report. Key deliverables are the inception report, the presentation of preliminary findings at the virtual stakeholders' workshop, the draft report, and the final report taking into consideration the feedback on the draft report.

Main Findings & Conclusions

The present and the earlier Evaluations found that the RSCA **Programme Design** and strategies were generally adequate to promote ILS and CSR/RBC instruments with the partner countries. It was a timely and important programme in view of an overall lack of knowledge on CSR/RBC in Asia and an incipient but increasing interest in it among a growing number of stakeholders. Nevertheless, the design was quite complex with 3 international partners, 6 Countries, 12 Sectors, and many stakeholders. Based on the EU Action Fiche (2016) a joint 'Description of Action' was developed by the ILO and OECD. The specific countries selected are logical because they have strong trade linkages with the EU as well as interlinked supply chains among themselves allowing for home-host country dialogues. The project design is logical and coherent with the objectives and expected results clearly defined, but the LogFrame in the DoA is more of an extensive listing of the (62) activities for each of the 6 countries by the four implementation modalities: Research, Outreach, Policy advocacy and Training (the so-called 'Output Monitoring Matrix'). One of the original reasons to design it in this way was to remain flexible for adaptations to the dynamic context of the six countries. During the implementation period the LogFrame was changed twice whereby in May 2020 a regional component for knowledge management and policy exchange was added as well as a Theory of Change.

With respect to the criteria of **Relevance**, it was found that the RSCA programme was highly relevant and that its objectives respond to the needs and priorities of the key stakeholders at policy and enterprise levels in the six partner countries, but this did not apply as much to the workers' organisations (WO). The programme has responded efficiently to the changing situation related to the COVID-19 pandemic.

With respect to **Coherence**, it was found that RSCA is aligned with national and international priorities. The intervention is particularly relevant in the countries where recent trade/investment negotiations have been concluded between the EU and partner countries (FTA, EPA, GSP). The RSCA programme is further aligned to other CSR/RBC initiatives in the region, and 45 of them are identified in the evaluation report. Significantly, the RSCA has collaborated with two EU funded programmes WeEmpowerAsia by UN Women and Business and Human Rights in Asia by UNDP.

The **Effectiveness** of the RSCA Programme in terms of *Activities and Outputs* was significant since almost 95% of all 66 planned activities were completed or ongoing (March 2022). The achievements of the four Outcomes listed in Table 1 differed and are detailed in the evaluation report. The RSCA programme encountered a series of *Challenges* such as COVID-19 and the political crisis in Myanmar but also some challenges inherent to the nature of the programme: the multi-country and multi-actor nature. Despite such challenges, RSCA managed to achieve good progress facilitated by several pertinent *Success Factors* such as: the interest in this action on the side of the relevant stakeholders and the gradual buy-in from the key stakeholders; the support of the Ministries of Labour in the partner countries; the effective collaboration established with key partners through the various multi-stakeholder Platforms; the timeliness of the programme with the interest in CSR/RBC increasing; the high commitment and technical expertise of the project team; the involvement, flexibility and adaptability of the EU and ILO; the combined legitimacy and credibility of the three international partners; the implementation by the ILO programme team was pro-active and transparent seeking EU guidance where needed; and the local presence of the ILO through the Country Offices. Following the complex programme design the *Management Arrangements* and the communication with such a large number of stakeholders also became at times complex. Arrangements of cooperation were established between EU, OECD and ILO, including the Joint Steering Committee (JSC).

In terms of **Efficiency of Resource Use**, it was found that financial resources and other inputs have generally been strategically allocated and efficiently used by the ILO. In March 2022, 94% of the ILO budget was spent or committed. For each of the six target countries about 5 – 8 % of the total budget was spent on activities. The largest amount is spent on Project Management (about 48%); however, the Project Staff were not only performing management duties, but they were also providing a lot of technical support. The programme resources were also leveraged incidentally with other related projects or partners' resources to maximise the programme impacts.

The programme design did not include a **Sustainability** strategy or an Exit Plan, but the interim progress reports included several measures. The sectoral research studies in the partner countries have informed the relevant partners about CSR/RBC and have stimulated research interest and partnerships in this area. The multi-stakeholder platforms for dialogue set up by the programme are potentially a powerful



venue for sustainability, but they are still in an early stage of development and require further technical support. The awareness raising and policy advocacy activities have left a lasting imprint on the stakeholders reached. The capacity building efforts, including ToT, are clearly durable as long as the trainees are using their newly learned skills. Sustainability is also enhanced by the training of future business leaders and the promotion of research on CSR/RBC. Furthermore, RSCA has enhanced *Ownership* of the relevant stakeholders in several specific ways. Firstly, the initiating and supporting of the multi-stakeholder policy dialogue Platforms in particular in Thailand, the Philippines and Viet Nam has enhanced commitment and ownership at the Ministries of Labour and at the Employers' Organisations. Secondly, RSCA has initiated the engagement with the Tripartite Constituents in the Philippines, Vietnam, Thailand and China on the possible appointment of National Focal Points (NFP) for the promotion of the MNE Declaration; it is crucial to continue this engagement because once these NFPs are actually appointed it concerns real Tripartite Institutional Development, and thus genuine Ownership. Thirdly, in Thailand, the RSCA Programme supported the setting up of the Project Advisory Committee (PAC) with the Ministry of Labour (MoL) and six other Government institutions as well as the social partners. Fourthly, OXFAM is taking over the support to the CSR Think-Tank for Vietnam's seafood sector. Fifthly, the various ToT activities will have trainers ready to be involved in further training activities. Lastly, in some universities, e.g. in Viet Nam and Philippines, CSR has been incorporated in the curriculum.

It proved to be difficult to measure the **Impact** of RSCA even though there are several indications that some degree of impact has been reached. The Awareness on the importance of CSR/RBC and Due Diligence increased to a certain extent in the concerned countries as some employers' stakeholders indicated. The Message of CSR/RBC is growing in the region and it is gradually moving towards a critical mass within the targeted sectors, e.g. stakeholders keep on requesting for more/more specialised events and training. Country-wise, the largest impact was achieved in Thailand, Philippines and Viet Nam, partly also as a result of the High-Level events organised jointly by OECD and ILO.

RSCA further created the conditions in the region for several measures to be accepted more easily, such as the Business and Human Rights Due Diligence and the recommendations of the MNE Declaration. In Thailand the intervention highlighted the two Fundamental Conventions that the Government did not yet ratify (C.87/C.89) important for FTAs. There was also an impact in terms of learning from each other (Think Tanks, etc.). In Japan, significant progress was achieved because the increasing degree of international demands for Due Diligence led the Japanese Government to consider a more active role for them in global supply chains. The intervention further contributed to the establishment of Platforms particularly in Thailand, the Philippines and Viet Nam. RSCA has in certain respects also contributed to supporting CSR/RBC practices at policy and enterprise levels in particular in targeted sectors through policy advocacy activities. In addition, the programme has contributed to the implementation of the recommendations outlined in the MNE Declaration by distributing its principles through the four implementation modalities.

On **Cross-cutting Concerns**, the programme design lacks a clear *Gender Equality* strategy, while several supply chains involved in RSCA have a very strong female presence (between 40-80% of

workers). An important achievement of the programme is that out of the 2,563 workers and managers reached by the intervention no less than 48% were women. The Research activities always included gender sections, and a few RSCA activities were specifically targeted at women, e.g. the joint activities with UN Women, and with CALSS in China. Overall, women in Global Supply Chains are a priority target-group for the ILO, and the Programme team itself was clearly gender sensitive. *Non-discrimination and Disability inclusion* did not receive much targeted attention, while *Environmental concerns* were not explicitly included in the Programme. *ILS, Tripartism and Social Dialogue*, as well as *constituent capacity development* were all key concerns in the RSCA Programme.

Recommendations

1. The present Evaluation agrees with the first Recommendation of the EU-Evaluation of RSCA (2021) that **it is highly relevant for the EU to provide further support to bilateral and multilateral processes on RBC and CSR, and for the ILO to be further involved as implementing partner.** This will demonstrate that the EU and the ILO are consistent global actors in the field of RBC. It is further recommended that this should include support to the implementation of the EU Directive on Mandatory Human Rights Due Diligence (MHRDD) (once fully approved by the EU/EC).
2. For a possible follow-up intervention involving the EU, **the ILO should continue to engage with DG INTPA (former DEVCO), Brussels, as well as with EU/FPI in Bangkok.** While generally DG INTPA has the responsibility to deal with developing countries and FPI deals specifically with High-Income Countries, these internal barriers are not absolute. Nevertheless, the funding source for RSCA was the *pilot* Partnership Instrument which has been dissolved/merged with DG INTPA.
3. **Involve the EU Delegations and the ILO Country Offices in the design and preparation of similar interventions** in particular through discussing with local governments and major private stakeholders to highlight the commitment of the EU and the ILO on RBC and the relevance of supporting specific supply chains.
4. **Reduce the number of countries (to 4) and increase the project duration (a minimum of 4 - 5 years) for a follow-up intervention** considering the experience with the RSCA Programme which was quite complex with a relatively short project duration. In order to contain the complexity of the programme, it is advised not to increase the number of sectors per country too much (2 or 3 sectors), and if possible, make sure that more *common* sectors in different countries are included.
5. **Include a much more comprehensive *Regional Component* in a new intervention.** This has been proven to be essential as it opens up possibilities for Peer-to-Peer and Triangular Cooperation, for the exchange of Good Practices among countries as well as for trade dialogues. Such a regional component would also allow for a mapping of labour issues in supply chains across countries and to design interventions in countries with interlinked supply chains including home-host dialogues.

6. **Involve Workers' Organisations more systematically in the activities and provide comprehensive Capacity Building for them.** This is necessary also to enhance Tripartite Dialogue whereby Workers' and Employers' Organisations (WO/EO) are participants but also often the drivers for policy development.
7. **Include a Gender Equality Strategy covering the particular role of women workers and entrepreneurs in the supply chains** in a follow-up intervention *from the design stage* in order to mainstream gender, and make sure to allocate dedicated resources to this strategy.
8. A follow-up intervention will need to **focus on collaboration with other UN Organisations.** Although all three international RSCA partners (EU, OECD and ILO) did indeed appreciate the value in implementing RSCA jointly because of the combined credibility and legitimacy, for practical reasons a next intervention will be different from the RSCA structure. In fact, EU/FPI is now preparing a project with OECD (alone) in High Income Countries on Green Resilient Responsible Supply Chains. This does, of course, not exclude targeted cooperation on specific activities and indeed coherence with the upcoming OECD intervention is recommended, especially also because both ILO as an organisation as well as its MNE Declaration are indeed also represented in High Income Countries.
9. **Involve SMEs and lower tiers of supply chains stronger in a new intervention with tools and methods adapted to their capacity.** This should include promoting the dialogue between buyers and suppliers to identify issues that prevent suppliers from complying with standards and to jointly develop solutions. It should also include research, innovative pilots, peer to peer learning partnerships, as well as a budget to support local (sector-specific) organisations, incl. WOs and CSOs, which have the expertise to reach these small and/or informal enterprises.
10. *If time still permits,* **organize a Closing Event, or "Sustainability Workshop" for the ILO-Component in the last month of the programme,** resulting in Recommendations for the future *discussed and endorsed by* all key (high-level) stakeholders.
11. **Consolidate the outcomes of the present RSCA phase by discussing long-term strategies with the policy dialogue Platforms** (possibly included in the above-mentioned workshop). Find thereby a balance between *National Platforms* (for example the National Tripartite Forums which are already engaging with the ILO Country Offices) and *Sectoral Platforms*. Both Recommendations 10 and 11 could further help to *bridge the gap to a new intervention* and to keep the momentum going with the possible support of the relevant ILO Country Offices.
12. **Create a Repository of all documents as a legacy of the project, including the digitisation of training modules.** This can refer to the platform of the Employers Confederation of the Philippines (ECOP) called *eCampus*. It can further include a roster of researchers and experts on CSR/RBC who collaborated with the programme in order to have a reference list for future collaborations especially given the lack of qualified researchers at the local/national level on this topic.