



# Evaluation Summary



International  
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## *Implementation of the Agreement concerning additional employment injury benefits to the victims of the Ali Enterprises fire and strengthening of the employment injury insurance and benefit system in Sindh Province (Baldia Project)*

### Quick Facts

**Countries:** Pakistan

**Final Evaluation:** 1 December 2020 - 31 January 2021

**Mode of Evaluation:** *Independent*

**Administrative Office:** ILO Country Office Islamabad, Pakistan

**Technical Office:** Global Employment Injury Programme, Enterprise Department, ILO HQ

**Evaluation Manager:** Ms. Trang Tran

**Evaluation Consultant:** Ms. Samia Raof Ali and Mr. Ty Morrissey

**Project End:** 31 January 2021

**Project Code** PAK/16/06/DEU

**Donor & Project Budget:** EUR 1,700,000

### Background & Context

This report details the findings of the Project on *Implementation of the Agreement concerning additional employment injury benefits to the victims of the Ali Enterprises fire and strengthening of the employment injury insurance and benefit system in Sindh Province*.

A tragic factory fire on 11 September 2012 occurred in the Ali Enterprises a garment factory in Baldia Town, Karachi. Approximately 255 workers died and more than 50 were injured. The fire was the most serious industrial accident in the history of Pakistan. Following the fire, the German retailer and main buyer, Kik Textilien financed an initial emergency compensation package of US\$1 million (Rs. 97.975 million) for the families of the deceased victims. A further amount of US\$618,000 (Rs 61.8 million) was paid by the employers<sup>1</sup> and an amount of US\$57,000 (Rs 5.7 million) was contributed by local

<sup>1</sup> As a result of the petition filed by PILER in the Sindh High Court on 11 September 2012 the employers were fined and had to pay the amount of Rs. 61.8 million for immediate relief of the workers. This amount of Rs61.8million is included in the total amount of Rs.165,475 million (KIK PKR 97.975 million, and PKR 5.7 million by local Philanthropists).

philanthropists. The total compensation amount of US\$1,654,750 (Rs165.475 million) was distributed as immediate relief to dependants of identified victims through the Sindh High Court (SHC) Commission in 2013.

It is important to note that the background to the Baldia project is not about the initial funds provided as outlined above but rather the voluntary financing of the additional employment injury benefits to the Baldia victims.

To complement the compensation package provided by KIK, *Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung* (German Federal Ministry of Economic Cooperation and Development-BMZ) mobilised EUR 1.7 million, paid to the International Labour Organisation (ILO) through a grant agreement with *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ). The grant aims at the provision of technical support and guidance to the Government of Pakistan (GoP) and partners, in particular the Sindh Employees Social Security Institution (SESSI), to provide technical assistance and to support overall management of the compensation system.

The project commenced in January 2018 and was scheduled for an initial 18-month implementation period (1 January 2018–30 June 2019). The project period was extended for an additional 12-month period followed by an additional 6-month extension through to 31 December 2020. In late December 2020 a further final extension was granted to 31 December 2021.

The evaluation applied a participatory, mixed-method methodology. Key data collection methods included: (i) a desk review of project and other relevant secondary documents and analysis of the program's results management system (this included a review of project documents and other relevant research, reports and policies); (ii) key informant interviews (KIIs) with key stakeholders and donors and a series of interviews with beneficiaries who have been receiving cash payments.

### Main Findings & Conclusions

The project is highly relevant and responds to an immediate need to support and workers affected by the

fire. The project provided a unique opportunity for the ILO to fulfil its mandate as an independent and transparent broker to facilitate support and assistance.

The project does demonstrate a high degree of coherence (policy and priorities) but the scheduling and timing of the project to align with the MoU is lacking.<sup>2</sup> The MoU runs through until 2023, however the current project only runs until the end of 2020.<sup>3</sup> This means that important capacity building efforts will fall short or reaching desired outcomes and results. The project itself does not appear to align with the MoU with regards to the requirements of capacity building and the timeframe for action.

The project undertook a robust and detailed approach to confirm deceased individuals and the verify dependents of the deceased. Much of the work was taken from SHC lists and a significant part was done prior to the commencement of the project, with the actual verification of the dependents took place in March-April 2018.

The intent of the ILO with regards to capacity building is good and aligns to the ILO's comparative advantage. However there appears to have been limited discussion as to the staged nature of capacity building and what does a successful system or staff look like where there is an agreed approach. There needs to be more clarity in results framework as to what "success will look like" and to align the intervention to achieve this end.

The project is effective with regards to Objective 1 (Cash Transfer System). The overall progress is on track. The disbursement of compensation and pensions to beneficiaries has been successfully accomplished. Individual counselling has also been provided to the beneficiaries. By October 2018, to a large extent, the process of regular disbursements of benefits to affected families had commenced. Bank accounts were opened and funds were transferred through SESSI.<sup>4</sup> Initial payments were made for the period 1 January 2017 through to 31 August 2018. Bank accounts for those who could access and open were created in May 2018.

Despite the challenges of compliance, the system of monthly payments is a very good outcome and result. Initial requests from stakeholders were for lump-sum payments. The ILO resisted this pressure and this has proven to be a very positive result as it has promoted a

more sustainable outcome and reduced risks on misappropriation and misuse of funds.

For objective 2 (Capacity Development) progress has been somewhat slow. For capacity development to flourish, there needs to be appropriate political, legal and regulatory frameworks in place. Capacity development cannot occur within isolation. For capacity development to work, it needs to sit under enhanced frameworks that provide opportunity for the cash transfer system to operate and for the long-term hand-over of funds and responsibilities to SESSI. This is not to suggest that capacity development is removed, however a "third pillar" of work around legal and regulatory improvements that complements both objective one and two is warranted.

The focus of capacity building has been on the following subjects: (i) IT assessment; (ii) actuarial valuations; (iii) research on EII, (iv) awareness campaigns to expand the coverage; and (v) survey approaches to of workers, employers and injured workers about SESSI.

The Oversight Committee (OC) is a well thought out forum by ILO for the purpose of ensuring smooth decision making, transparency, and regular monitoring. A downside of the OC is that it is a temporary structure. There is scope for the OC to be finalised into a long-term governance mechanism which can continue once the project is completed. This would promote longer-term sustainability and maintain key members to support on-going oversight and decision making.

In light of the recent extension to the project, the following guidance is provided based on the findings and evidence presented in this report. The guidance is to provide an opportunity for further discussion and engagement on key lessons, priorities and strategies for action going forward.

Key elements to consider include:

- Consider a project that is aligned to the timing of the MoU which runs through to March 2023. This will provide time for relevant political engagement and capacity initiatives to be implemented.
- Technical support should be in line with what the ILO and Singh Government have agreed in the MoU. It may be useful to consider, as part of the extension phase, a brief update on the status of the MoU and priorities for the remaining 12-months, particularly as it relates to capacity development.
- Consider broader political engagement and work through the OC to promote possible enhancements/improvements to the legal and regulatory framework.
- In light of the above, re-design the capacity development program to focus on technical support and mentoring. Individual training sessions are not sufficient for long-term capacity development.

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<sup>2</sup> It is noted that the project was designed and approved before the MoU was signed.

<sup>3</sup> At the time of preparing the final evaluation report a 12-month extension had been provisionally approved, however this approval is outside the scope of the current evaluation. Even with a 12-month extension, the timelines with the overall MoU are not fully aligned.

<sup>4</sup> Two beneficiaries could not have their bank accounts because of the citizenship status they do not have CNICs which is mandatory for opening of bank accounts.

- Seek engagement with SESSI to prioritise areas of support and adopt a “formalised agreement” on capacity development. This limits the shifting of individuals and commits SESSI to a long-term plan.
- The agreement needs to be based on a detailed needs and capacity assessment to consider human resources and current systems.
- The OC is an important function but there also needs to be on-going social dialogue outside formal meetings.

The project has achieved significant progress in its efforts to establish and implement a cash transfer system to support beneficiaries. This is a significant achievement and establishes a sound model for the GoP to formally adopt and replicate.

To support the model, it is imperative that attention is provided to support enhancement of the legal and regulatory framework that underpins social security, compensation and associated cash transfers. The evaluation concludes that this would be a pre-condition for any eventual transfer of ownership and management of funds going forward. It would also shape and support the type and focus of capacity building initiatives. Without a clear framework, capacity building results will not be realised as the gains made in the short-term will not be supported by broader institutional reform and change.

It is hard to see long-term sustainability of results without the reciprocal commitment by GoP to formally establish these legal and regulatory requirements.

The guidance is not definitive but provides an opportunity for further discussion and engagement on key lessons, priorities and strategies for action going forward.

### Recommendations & Lessons Learned

This section covers the lessons learned on the Project that were garnered from interviews with project stakeholders and a review of key documents. Lessons learned can help to generate good practice that can be applied broadly and contribute to a knowledge base going forward. In light of a possible extension of the project, it is important these lessons are considered as a means to review and refine implementation and management arrangements going forward. Good practices identified include:

- Strong investment on the identification and verification process is critical for the establishment of a functioning, accountable, transparent and sustainable cash-transfer system.
- Local ownership is critical and the establishment of technical and management oversight and governance mechanisms is critical for long-term engagement and decision-making.

- Capacity development focus on priority areas using a mix of delivery methods is important but also required a clear structure and plan to determine intervention and exit points.
- Regular (weekly) coordination meetings between ILO HQ and ILO CO staff. Approach builds rapport and allows technical experts to consultation CO staff on workplan streams.

### Main recommendations and follow-up

**Recommendation 1:** ILO to consider adding a “third pillar” to any extension to focus on legal and regulatory support of social protection and compensation schemes going forward

Responsible Unit(s)	Priority	Time Implications	Resource Implications
ILO CO	High	Long	Medium

**Recommendation 2:** ILO to structure a detailed capacity building program that aligns to the political framework and context under the MoU. Important to identify what “success looks like” for SESSI to achieve an appropriate standard to receive and manage funds and where the ILO’s interventions commence and end.

Responsible Unit(s)	Priority	Time Implications	Resource Implications
ILO CO	High	Medium	Medium

**Recommendation 3:** It is pertinent the international companies coming to Pakistan must ensure the relevant partners are in compliance with ILS and relevant legislation in Pakistan. It is important that employers contribute to social security for workers, contracts of workers, social security, benefits, compensations, payments in accounts etc. This would also ensure safe and good working conditions and benefits for workers thus improving their conditions.

Responsible Unit(s)	Priority	Time Implications	Resource Implications
ILO CO, ROAP and EVAL	High	Medium	Medium

**Recommendation 4:** The ILO and SESSI should consider options to formalise the OC as a means for technical oversight and strategic input, not only for the remaining 12-months but as a model for other disasters and events that involve SESSI input.

Responsible Unit(s)	Priority	Time Implications	Resource Implications
ILO CO, OC	Low	Low	Low

