



Evaluation Summary



International
Labour
Office

Evaluation
Office

Indicators and methodologies for wage setting project – Final evaluation

Quick Facts

Countries:	<i>Global, Costa Rica, Ethiopia, India, Indonesia, Viet Nam</i>
Final Evaluation:	<i>December 2021-February 2022</i>
Evaluation Mode:	<i>Independent</i>
Administrative Office:	<i>INWORK</i>
Technical Office:	<i>INWORK / WORKQUALITY</i>
Evaluation Manager:	<i>Özge Berber Agtaş</i>
Evaluation Consultant(s):	<i>Mel Cousins</i>
Project Code:	<i>GLO/18/23/NLD</i>
Donor(s) & Budget:	<i>Netherlands, 1,125,000 USD</i>
Keywords:	<i>Wage setting, Minimum Wage, methodology</i>

Background & Context

Summary of the project purpose, logic and structure

This is a Development Cooperation (DC) project with a total budget of US\$1,125,000 funded by the Ministry of Foreign Affairs of the Netherlands, implemented by a technical team in INWORK based in Geneva and pilot-tested in 5 countries, namely, Costa Rica, Ethiopia, India, Indonesia and Vietnam.

The overall aim of the project is to develop indicators and methodologies that strengthen the

capacity of governments and social partners to negotiate and set appropriate wage levels, taking into account both the needs of workers and their families and economic factors. The development objective of the project is to improve the earnings, and hence the working conditions and the living standards of workers in the formal and the informal economy, starting with beneficiary countries. The project has two immediate objectives:

Objective 1: By the end of the project, the evidence base for better-taking workers' needs alongside economic factors into account in wage-fixing in the formal and informal economy, as well as in global supply chains, will have been strengthened and disseminated in the project countries.

Objective 2: By the end of the project, stakeholders and ILO member states will have access to better indicators and methods for adequate wage fixing, enabling them to negotiate and/or set wages adapted to the national context.

The ILO Senior Economist based in Geneva led the implementation of ILO activities and outputs in collaboration with the Technical Officer assigned to this project and the ILO regional wage specialists covering the piloting countries. In addition, administrative assistance for the project was provided by INWORK.

In order to support implementation, the ILO agreed collaboration with Rainforest Alliance which contributed in partnership with ILO to the

supply chain activities in the tea, coffee and banana sector.

Present Situation of the Project

The final project implementation period was 39 months (October 2018 to December 2021 including a no cost extension from August 2021). The project has now concluded.

Purpose, scope and clients of the evaluation

The scope of the evaluation encompasses all activities and components of the project under the direct responsibility of the ILO throughout the lifetime of the project both globally and in the five target countries. The main recipients of the evaluation are:

- *ILO Project Management Unit*
- *ILO Offices and/or focal points in India, Indonesia, Vietnam, Costa Rica and Ethiopia*
- *Relevant ILO departments and units*
- *ILO ACTRAV and ACT/EMP*
- *ILO Constituents*
- *Ministry of Foreign Affairs of the Netherlands*
- *Project partners and stakeholders such as Rainforest Alliance.*

Methodology of evaluation

The evaluation methodology included:

- *Desk review and analysis of documents related to the project,*
- *Desk review of other relevant documents.*
- *Online interviews with project team and key ILO Specialists at central and regional/country level*
- *Online semi-structured interviews (Zoom, Teams) with key informants in 3 countries including national experts, government representatives and social partners*

The interviews were carried out in January-February 2022. The evaluation was carried out in

the middle of a pandemic caused by the COVID-19 virus and was carried out entirely online.

The evaluation applied the key criteria of relevance, coherence, effectiveness, efficiency, sustainability and impact potential and apply international approaches for international development assistance established by OECD/DAC.

Main Findings & Conclusions

RELEVANCE

The project was very relevant to the work of the ILO, the donor and, in general, the countries which participated in the project. The project addressed and contributed to key relevant components of the ILO results framework. Its results are linked to Sustainable Development Goals including SDG 1 (poverty), SDG 8 (inclusive and sustainable economic growth, employment and decent work for all) with particular reference to 8 and 8.5, and SDG 10 (reduce inequality) with particular reference to 10.4.

The intervention strategies, outcomes and assumption were, in general appropriate for achieving the planned results and the stated purpose within the given timeframe, resources available and the social, economic and political environment. The project was impacted by COVID and was not able fully to implement all its objectives. With the benefit of hindsight, it is possible to say that (even without COVID), the project was perhaps somewhat ambitious and it might have been difficult fully to implement all aspects in the time available. However, it would have been difficult at the planning stage to anticipate exactly how much work would have been involved in finalising the methodology and how this might have impacted on the implementation of the supply-chain studies.

The intervention logic was generally coherent and (subject to the comments on ambition) realistic to achieve the planned outcomes. In

general, the outputs and activities did support the achievement of the set project objectives.

COHERENCE

In general, the project was very closely related to and integrated into the core work of INWORK and of the wage experts in the field. It followed on from their ongoing activities and supported their future work. Thus, the project did fit well and work closely with other relevant ILO interventions at the global and country levels. This project – especially the methodology aspect - was not an add-on project allowing ILO to do something additional but rather a project which supported its core work by providing ILO with a tool to assess an adequate minimum wage. One of the lessons learned from the project is the benefits of using project funding to support the core work of the organisation and to expand the capacity of the ILO to carry out its core work.

EFFECTIVENESS

As set out above, the project had two objectives: (1) to strengthen the evidence base for better-taking workers' needs into account in wage-fixing and to disseminate this the project countries; and (2) that stakeholders and ILO member states would have access to better indicators and methods for adequate wage fixing, enabling them to negotiate and/or set wages adapted to the national context. One can say that these two objectives have certainly been achieved. The project has developed and published a detailed guidance document on how to estimate the needs of workers and their families. The project has also applied this methodology in the five pilot countries and has published detailed reports on this approach. Stakeholders and ILO member states thus have access to better indicators and methods of wage fixing. The project has been able to influence the debate about the minimum wage setting and to bring the needs of workers and their families into a more central position.

EFFICIENCY

Overall, the project has spent (or committed) 84.5% of the original budget. The reasons for the

main areas where expenditure is lower than planned are an underspend on national and international conferences due to COVID (50% of underspend) and salary (34%) as the project technical officer moved to another position at the original end of the project in July 2020 and was not replaced. Underspending due to COVID in 2020-21 would appear to be a common issue for project work. Insofar as can be established, the project resources (time, expertise, funds, knowledge and know-how) have been used efficiently to produce outputs and results. There was no indication of any misuse or wastage of funds. Resources were allocated strategically to achieve the project objectives and, when COVID arose, resources were reallocated from in-person meetings to webinars. The project was very closely integrated into the overall work of ILO and this mean that the project was able to benefit from complementary resources at the global and country levels that supported the achievement of its intended objectives.

SUSTAINABILITY AND IMPACT

Overall, the impact of the project has been positive in terms of providing access for stakeholders and ILO member states to improved indicators and tools to assess and compute an adequate minimum wage. All those interviewed in relation to the project were positive in relation to the impact it had already had and about its potential for future impact. Given the relatively small-scale nature of the project and, more importantly, the medium to long-term timescale involved in making changes in minimum wage setting (either introducing a Minimum Wage or altering how it is calculated), the results of the project should be seen as a tool to advance sustainable development objectives.

Unsurprisingly, it is difficult to identify specific changes to most national Minimum Wage setting approaches at this time although in Costa Rica respondents did state that the project has already had an impact on the national approach in relation to the basket of goods selected. It is also difficult to disentangle the impact of the project from the overall work of ILO in this area. The

sustainability and impact of the project is not limited to the project countries, as the guiding documents for fixing adequate minimum wages published under this project would be extremely relevant to many countries and constituents

In all the countries concerned, national stakeholders and ILO field specialists expressed the need for ongoing support in the implementation and updating of the minimum wage. This included those countries (Ethiopia and Indonesia) where the specific conjuncture inhibited progress during the lifetime of the project. The extent to which the achieved progress is likely to be long lasting in terms of longer-term effects will depend on the extent to which ILO supports the sustainability of the project outputs, in particular the use of the guidance document. There is a real potential to make this an important tool in the work which ILO does in relation to wage setting and to maximise the impact which the project will have.

CROSS-CUTTING ISSUES

The project was very important from a gender perspective in that, in most countries, women make up a significant proportion of those who earn minimum wages. In addition, in some countries there is a significant gender pay gap at low levels of earnings. Although the project did not include gender equality as an objective, it did analyse and address the needs of both men and women in relation to the minimum wage. Given the fact women account for a disproportionate share among low wage earners, any attempt to set the minimum wages at an adequate level, will largely benefit women workers and may have implications for addressing gender pay gaps.

The implementation of the project was closely linked to international labour standards including, in particular, the Minimum Wage Fixing Convention, 1970 (No. 131). The project encouraged a tripartite approach in the setting of minimum wages. The social partners were closely involved in the implementation of the project at global and national level.

Recommendations

Main recommendations and follow-up

1) **Capacity building for INWORK staff.** *The development of the methodology required considerable technical expertise which was supported by the project. Although the methodology is designed to be as easy to use as possible, inevitably the use of complex methodology and linking it to national data sources requires a degree of expertise. However, with the end of the project, the technical expertise is no longer available and it is recommended that INWORK should develop capacity of its existing staff and ensure that the person selected can be available to support the use of the guidance document.*

2) **Ongoing capacity building at global and national levels.** *Due to COVID it was not possible to implement training and capacity building to the full extent originally planned. INWORK and regional offices should ensure that capacity building on the use of the methodology is included in ongoing work at global and national levels. This would include (a) specific capacity building at national level for tripartite constituents, in particular, key policy makers, statistical agencies and universities; and (b) ensuring that the methodology is integrated into general ILO training.*

3) **Possible future project.** *ILO and the Netherlands MFA should discuss the possibility of further collaborative work to build on the achievements of the project. Such work might look at how economic factors could be integrated into the needs of workers and their families in wage fixing. It might also include funding to support capacity building to follow up this project at both global level and also some capacity building in some countries (some covered by the current project and some 'new' countries) depending on national priorities, added value and availability of other (local/regional) resources. In designing a future project, consideration should be given to having more gender sensitive indicators/activities directly targeting women workers in particular.*