



Evaluation Summary



International
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Labour Standards in Global Supply Chains – Programme of Action for Asia and the Garment Sector Independent Final Evaluation

Quick Facts

Countries:	<i>Cambodia, Indonesia, Pakistan</i>
Final Evaluation:	<i>December 2018</i>
Evaluation Mode:	<i>Independent</i>
Administrative Office:	<i>ROAP</i>
Technical Office:	<i>INWORK</i>
Evaluation Manager:	<i>Aatcharaporn Chaowahem</i>
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Project Code:	<i>RAS/17/50/DEU, RAS/15/09/DEU, RAS/15/56/DEU</i>
Donor(s) & Budget:	<i>Germany (US\$ 5,100,000)</i>
Keywords:	<i>Industrial Relations, Global Supply Chains, Wages</i>

Background & Context

Summary of the project purpose, logic and structure

The overall objective of LSGSC was to improve the lives of workers and increase decent work opportunities in the global garment sector supply chain,

starting with three main beneficiary countries: Cambodia, Indonesia, and Pakistan. The project had three immediate objectives:

Immediate Objective 1 (IO1): Systems for participatory and evidence-based minimum wage-fixing, wages policy, and collective bargaining will have been improved in the target countries.

Immediate Objective 2 (IO2): Systems for assuring labour standards compliance at the factory level will have improved in the target countries;

Immediate Objective 3 (IO3): Institutional capacity of tripartite partners to respond to labour standards challenges in the global garment sector supply chain will have improved.

Towards these objectives, LSGSC organized activities at factory, country, regional, and global levels. Gender was addressed as a cross-cutting issue.

The LSGSC implementation team included ten (10) full-time staff – two in Bangkok, three in each of Cambodia and Pakistan, and two in Indonesia.

Present Situation of the Project

The project will close on 31 March 2019.

Purpose, scope and clients of the evaluation

This final evaluation covered phases II and III of Labour Standards in Global Supply Chains (LSGSC), an ILO project funded by German Federal Ministry for Development Cooperation (BMZ) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of BMZ with a total budget of US\$ 5.1

million. The purpose of the evaluation was to promote accountability and learning by assessing the project's relevance, effectiveness, resource-use efficiency, management effectiveness, impact orientation and sustainability. It likewise documents challenges, lessons-learned, good practices, and recommendations to guide its main target audience, the ILO and ILO's tripartite partners, on potential follow-up actions and for the design and implementation of future global supply chain projects. The evaluation covered the project implementation period from 8 December 2015 to 31 December 2018.

Methodology of evaluation

The evaluation team conducted data collection via SKYPE and face-to-face meetings in ILO's Regional Office for Asia and the Pacific (ROAP), Cambodia, Indonesia, and Pakistan from 7 November to 14 December 2018. The evaluators employed qualitative data collection methods including document review, key informant interviews, focus group discussions, and direct observation of some project activities. The lead evaluator also consulted LSGSC as well as Better Work monitoring and evaluation data for Cambodia and Indonesia.

Main Findings & Conclusions

1. Overall, LSGSC was well-designed and relevant to stakeholder needs.

The LSGSC project was in line with ILO and ILO constituents' recommendations articulated and validated in recent global meetings and conferences as well as country-level consultations and research. It differentiated intervention strategies from country to country and between tripartite partners to fit differing institutional arrangements, roles, capacity and commitment. Interventions likewise fitted with international frameworks on responsible multinational business, ILO Programme and Budget (P&B) indicators and country level Decent Work Country Programmes (DWCPs). LSGSC work on minimum wages especially appeared to fill a niche unfilled by other organizations working to strengthen labour standards in the garment global supply chain, a noteworthy accomplishment considering the large number of organizations and initiatives active in the field.

The project integrated gender concerns into its design and implementation in well-considered ways – in the choice of sector, by considering women's special concerns in project intervention strategies and by promoting women's participation and, in some cases, leadership. The needs of other groups often affected by discrimination such as persons with disabilities, were not explicitly addressed by the project.

2. LSGSC interventions to promote participative and evidence-based minimum wage setting mechanisms ranged from very successful to modestly successful depending on the target country.

LSGSC was largely successful in achieving its intended outcomes on promoting participative and evidence-based minimum wage setting mechanisms in its three target countries. Cambodia is a LSGSC success story of effective support for minimum wage-setting mechanisms reform with notable outcomes in terms of improving the wage-negotiation process as well as in terms of raising actual wages while maintaining the garment industry's competitiveness. In Pakistan and Indonesia, outcomes-to-date measured by actual changes in practices are more modest. In Indonesia, the project has provided initial inputs for reform and created demand for follow-up support, but the project's influence on wage policy is still to be seen. In Pakistan, where minimum wage setting is devolved to provincial minimum wage boards, project capacity building has produced a demonstrable outcome in one province with reports of changes in wage board members awareness in two other provinces sampled during the evaluation. In all three countries, LSGSC effectively leveraged ILO wage specialist expertise and produced useful research that guided project and constituent decision-making. Project research on wages and home-based and informal sector workers and other complementary activities contributed expanding minimum wage coverage in provincial-level regulations in Sindh province in Pakistan, a noteworthy accomplishment, notwithstanding that enforcement of statutory minimum wage laws remain a significant challenge in the country context.

3. Project outcomes-to-date promoting collective bargaining in target countries were good but limited in reach. Cambodia may be an exception.

LSGSC contributions to negotiations of a first-of-its-kind sector-wide collective bargaining agreement in Cambodia LSGSC was an ambitious strategy, although its outcome is still to be seen. Project contributions to promoting collective bargaining in Indonesia and Pakistan were modest due to the scale of the programmes and limited prospects for institutionalization. However, the capacity building methodology utilized by the project was largely effective in terms influencing factory-level bipartite Collective Bargaining Agreement (CBA) negotiations and in Indonesia especially has potential for scaling-up. LSGSC interventions in Indonesia also created an opening for possible future work on strengthening labour dispute settlement mechanisms.

4. The LSGSC global component contributed to the project's overall value even if its linkages to country-level work were stronger in some cases than others.

The LSGSC project made a modest financial contribution to ongoing Better Work programmes in Cambodia and Indonesia aimed at improving garment factory compliance with international and national labour standards. Impact evaluations of Better Work programmes provide evidence of compliance improvements. In addition, Better Work engaged in productive dialogue and cooperation with other LSGSC project implementing units, especially by providing access to Better Work compliance data and facilitating LSGSC contacts with relevant garment sector stakeholders for policy-level work.

INWORK's global component activities produced quality research contributing evidence and awareness on key factors affecting decent work and wages in garment sector global supply chains, especially the impact of purchasing practices on decent work. LSGSC's global component also contributed to producing online courses on decent work and fair wages in global supply chains, and ILS that ultimately were accessed by around 14,000 trade union members and other relevant stakeholders, who found the content useful. Global and country level activities, although broadly relevant, did not all join-up to enhance project effectiveness except in a few instances such as in the development of the ILO's Minimum Wage Policy Guide which was developed with the support of

LSGSC and translated and used by the project in its country-level activities.

5. Overall, the LSGSC project was efficient managing project resources.

The ILO put together an effective project management team and capitalized extensively on the technical expertise of ILO's regional specialists in project activities. Even with its limited external visibility, and repeated donor extensions via short project implementation phases, project planning and resource allocation decisions were overall good. LSGSC Phase II and III programme and budget delivery rates were high, with some divergence among implementing units. LSGSC appropriately allocated the largest budget to country level activities where the need was the greatest. Although all sets of activities delivered by the project were worthy of project funding, spreading the LSGSC project budget over seven implementing units may not have been the most rational strategy, especially considering the relative disconnect between some regional and country-level activities and global activities. Nevertheless, bringing all the implementing units together under the umbrella provided by LSGSC project contributed to modest improvements in communication and collaboration between the ILO units involved in the project around a common focus on global supply chain issues in the garment sector.

LSGSC cooperation with other relevant development partners and stakeholder initiatives including the GIZ-implemented Social and Labour Standards in the Textile and Clothing Sector in Asia (SLSG) regional project was limited but appeared to seize relevant opportunities and leveraging external GIZ resources at both the country-level (in Pakistan) and at the regional-level (for example in the context of a regional-level workshop convened jointly by the LSGSC and SLSG projects in March 2017). The ILO was effective in limiting duplication of LSGSC vis-à-vis its concurrent related development cooperation projects and was effective in building on the accomplishments of previous projects in the context of LSGSC.

6. The LSGSC produced tangible outcomes that contributed to the project's overall goal.

In Cambodia, LSGSC made significant contributions to the project's goal, as well as broader SDG goals on decent work and employment. In Cambodia, statutory

minimum wages have more than doubled since 2013. In addition, LSGSC support for social dialogue brought relative calm to industrial relations compared to the labour unrest that had preceded the project. Moreover, exports and employment in the garment sector in Cambodia continue to grow despite five successive years of rapidly rising wages. According to key informant reports, the purchasing power of garment workers has increased, and this in turn has had a positive follow-on effect on wages in other labour-intensive sectors of the economy, even if the latter are not yet covered by minimum wage legislation. Through its capacity building programmes, LSGSC strongly anchored improved wage setting mechanisms in national institutions in Cambodia, which is positive for sustainability.

In Indonesia, LSGSC impact on wage setting mechanisms and potential scaling-up of the successful pilot enterprise-level collective bargaining activity is unsure. In the absence of additional assistance, sustainable changes in wage setting mechanisms and collective bargaining is unlikely in Indonesia. Although the LSGSC enterprise-level pilot programme on collective bargaining included Training-of-Trainers (TOT) approach, and was viewed positively by the stakeholders involved, there is currently no ready strategy to embed the training programme in ILO constituent institutions.

In Pakistan, LSGSC project research contributed to improving provincial legal frameworks on minimum wages in Sindh province, as well as to modest gains in provincial minimum wage board practices. LSGSC interventions in Pakistan were notable for addressing the concerns of the lower tiers of garment supply chains and culminated in extending minimum wage coverage and other legal protections to informal sector workers. Constraining immediate tangible outcomes of these policy-level results, legal enforcement of statutory minimum wage laws in Pakistan remains weak.

7. The LSGSC is developing relevant sustainability strategies.

Although starting late, LSGSC is currently mounting its exit strategy. The main exit strategies being put forth by the project include the integration of follow-up activities in target country DWCP, continuing work through regular ILO specialists and Country Office

personnel on a smaller scale, raising additional funds for priority initiatives, integrating some follow-up activities in an already-funded development cooperation projects; leveraging ongoing Better Work activities; and/or informing the design and planning for forthcoming pipeline development cooperation projects, such as the recently-signed SIDA-funded 'Decent Work in the Garment Sector Supply Chains in Asia' regional project.

Recommendations

Main recommendations and follow-up

The following five recommendations of the evaluation are addressed to the ILO:

1. The ILO should provide short-term follow-up support:

- Indonesia:
 - *Technical support to government revisions of minimum wage policy prior to finalization of the government's new wage policy planned for 2020.*
 - *Follow-up to anchor CBA training in national institution(s) in Indonesia; consider potential as value-added Better Work advisory service and/or constituent service.*
 - *Follow-up on wage policy monitoring "balanced score card" mechanism, to extent that stakeholders request follow-up and demonstrate intention to implement monitoring mechanism.*
- Cambodia:
 - *Support completion of sectoral CBA negotiations in Cambodia, if progress remains likely, including technical support to address current bottlenecks such as the question of 'Most Representative Status' of trade unions in the negotiations, and the related issue of the establishment of a garment sector Bargaining Council as a mandated forum for the negotiations.*
 - *Identify and support a suitable institution to produce garment sector technical notes, building on the methodology and utility of the*

Cambodia Bulletin; consider potential of integrating industry research as a value-added Better Work service.

- *Follow-up on wage policy monitoring “balanced score card” mechanism, to extent that stakeholders request follow-up and demonstrate intention to implement monitoring mechanism.*

• **Pakistan:**

- *Follow-up to ensure the Garment Sector Stakeholders’ Forum (GSSF) and Pakistan Buyers’ Forum (PBF) have action plans to continue periodic meetings to the extent there is demand from members; facilitate linkages between the GSSF, PBF and other LSGSC interventions with potential Better Work Pakistan programme.*

2. The ILO should consider the following intervention areas for medium or long-term follow-up on LSGSC interventions, if funding is available:

• **Cambodia:**

- *Support the establishment of credible and effective monitoring and grievance handling mechanism for sectoral CBA if agreement reached*
- *Support capacity of a garment sector bargaining council, if such a council is established.*
- *Provide technical advisory services on extension of minimum wage to new sectors in Cambodia per new (July 2018) minimum wage law and apparent government intentions.*

• **Indonesia:**

- *Follow-up on policy note on “Building a More Effective Industrial Dispute Settlement System in Indonesia” by identifying need for additional technical assistance and investigating potential for identifying donor resources to support larger scale follow-up support to the ILO Tripartite partners to implement policy note recommendations.*

• **Pakistan:**

- *Consider a follow-up set of interventions to identify mechanisms to promote payment of statutory*

minimum wages to home-based and informal sector workers in the garment sector.

3. The ILO should develop and implement a strategy on how to capitalize on the LSGSC purchasing practices study.

In addition to planned follow-up research, ILO should consider how it will capitalize on existing partnership with Action Collaboration and Transformation on Living Wages (ACT) and develop other potentially innovative partnerships with organizations engaged in consumer advocacy work and the promotion of good purchasing practices among buyers at the top of global supply chains; possibly also consider partnerships with “sustainable trade” initiatives that link purchasing agreements, support for producer productivity increases, and with producer social compliance improvements. Consideration should be given to existing Better Work “influencing” strategy and Better Work role in strategy.

4. The ILO should develop and test a strategy on how to use knowledge from piecework research in the garment sector at country level.

5. The ILO should continue to invest in innovative online learning resources for ILO constituents.

Future use of existing and potential new courses should allocate appropriate resources to make blended learning approaches (identifying and making local partnerships and collaboration with local trade union leaders) effective.