Evaluation Summary

International Labour Office

Evaluation Unit

Better work with Lesotho - Midterm Evaluation

Quick Facts

Country: *Lesotho*

Midterm evaluation: *11/2012*

Type of evaluation: *independent*

Technical area : *ED/DIALOGUE – Better Work*

Consultant : *Monika Zabel*

Project Code : *LES/09/01/USA*

Donor : *USA $1,960,000*

Keywords : *Productivity, working conditions, social dialogue*

Abstract from the main report

Background

Better Work Lesotho (BWL) is a partnership programme of the International Labour Organization (ILO) and the International Finance Corporation (IFC). It aims to strengthen the country's export position in global markets after the phasing out of the Multi-Fibre Arrangement in 2005, and aims to accomplish this objective by improving compliance with ILO core labour standards and the Lesotho national labour law, and by promoting competitiveness in global supply chains. IFC strongly laid out the case for an industry wide participation, when Better Work Lesotho was launched in 2010. It is financed in its first and second phase by the US Department of Labor (USDOL); the latter has started in May 2012 and will end in December 2013.

As of 1 August 2012, 16 factories - out of a total of 38 garment and one out of three shoe and leatherwork producing factories - had enrolled in Better Work. With the exception of two factories that are South African owned, they are all Chinese or Taiwanese owned and export to the US market. The third country provision under AGOA has been prolonged on 3 August 2012 until 2015, providing a relief, though a short-term perspective for the industry only. At the time of the last redaction of the evaluation in November 2012 there was still no clear position and timeline of the Government towards an industry-wide approach.

Purpose and Approach

The purpose of this evaluation is to review to progress made towards the achievement of the immediate objectives of the project and identify lessons learned from the key services implemented to date and approaches taken toward stakeholder capacity building and industry-wide implementation. BWL was designed as one of three pilot projects of Better Work. Better Work was launched as a partnership of the ILO and IFC in 2007, building on the success of the Better Factories Cambodia (BFC) project.

The scope of the mid-term evaluation includes all elements of the original project log frame that were due to be implemented in Phase I (first 24 months), through May 2012, two years after the Chief Technical Adviser (CTA) was appointed to the position. The clients of the evaluation report are Better Work; the US Department of Labour (US DOL) and ILO Pretoria Office and national stakeholders.

The evaluation implementation is based on a three – phase, mixed methods approach. The starting point was the desk phase with an analysis of the literature readily made available. This was followed by an in-depth briefing of the consultant in Geneva. The methodology applied for the field phase is a mix of direct observation at the implementation sites and local stakeholder consultation, through individual interviews, group interviews, and focus group discussions. Time requirement is nine days in the field, of which seven days will be performed in Lesotho and two in Pretoria. The field phase was concluded by a debriefing of the main stakeholders (the Project Advisory Committee, or PAC) presenting first preliminary findings, conclusions and recommendations. The debriefing was also used to clarify with the respective stakeholders at country level remaining questions and queries.

Conclusions

BWL is currently at a crossroads. Without the written evidence for GoL's support to an industry-wide approach either mandated or gazetted, BWL will likely not achieve this goal with a voluntary approach alone. The continued postponement of the introduction of an industry-wide approach until midterm has critically influenced the implementation of BWL and has deviated valuable human resources, time, and financial resources.

BWL has the potential to improve competitiveness of those textile and footwear companies that are working with buyers that value compliance to national and international standards and/or make them a prerequisite, i.e. where compliance becomes a positive sales argument. Strong buyer relations and commitment is thus crucial.

If GoL would like to achieve a positioning of Lesotho as an ethical sourcing location for textiles, it is mandatory to get membership in BWL. Human and financial resources of the MoLE do at present not allow guaranteeing an in-depth inspection of all textile sector companies with their own team of Labour Inspectors, hosted under the Department of Labour. Capacity building alone will not be enough to secure institutional sustainability. Restructuring of the MoLE has to be started at the same time. Cooperation in both, the restructuring and capacity building of the Labour Inspection Board would go beyond the means and resources of BWL and DWCP Lesotho.

The draft of a Cooperation Agreement is a step in the right direction that has to be further developed and a business plan with sourcing proposals developed. The restructuring should be starting prior to major investment in train-the-trainer activities. A spin-off from the Ministry like the model of LNDC might be considered as the current (modest) level of salary at the Ministry is unsustainable and leads potentially to frequent staff turnover.

Financial sustainability of BWL is not in reach. BWL currently has very low revenues and respective marginal recovery rate. BWL will likely not be financially sustainable without ongoing external donor support. The cluster of 38 textile factories is relatively small and Lesotho shares this disadvantage with other small BW countries like Haiti. The subscription fee has to be raised by 800%, i.e. to USD 16,000, to cover the cost of the programme. Trainings currently offered by BWL are either free for subscribers or sold far below market price.

Efficiency of delivery of services is improving but remains a challenge; in particular once the number of factories will increase significantly after becoming mandatory, from 16 to 38 factories. Speeding up the reporting cycle and QA process as well as increasing the number of deliverables are the challenges, in case BWL will be continued with the same amount and calibre of staff.

Better Work does not address environmental issues in the CAT yet; these are in particular important for buyers of denim products and related waste water recycling processes. This means the BWL assessment reports cannot fully replace buyers' compliance audit, but an environmental audit has to be performed or commissioned in addition at respective cost, reducing the advantage of BWL subscription for these buyers.

The implementation of BWL, as currently performed, is mainly activity oriented. Reporting is provided at several levels and can be streamlined. Narrative reporting should be combined with indicator monitoring where indicated. Project management needs to stronger direct towards achievement of results and achievement of objectives.

Ownership of the main stakeholder in government has been mainly passively assumed in the past. The commitment to sign a Memorandum of

Understanding by end of 2011 was delayed and a MoU with the PAC was finally signed in August 2012 (after the evaluation mission had been finalized). There are no results of a recent effort to investigate again steps towards an industry-wide approach. Leadership in PAC is still assumed by the CTA.

BWL has a clear buy-in from Workers and Unions. Positive aspects are emphasised. This can be an entry point to institutional sustainability. The buy-in from Entrepreneurs and Exporters is less clear, it is a currently a two tier system, the SA producers without any buyer pressure feel currently no need to become members and opt against a mandated approach, and those SEA owned companies that are for a good part already BWL members due to buyers' pressure, and also opting against a mandatory membership.

The long awaited prolongation of AGOA until 2015 came in act early August 2012. It has to be seen more as a relief for existing producers and investors in Lesotho, but not necessarily as an incentive for new additional investments.

Different profiles are required for EAs and AS providers. Currently there are a low number of factories subscribed in BWL; the two functions are assumed by the same people. Once the workload gets higher, two distinct teams for Assessments and for Advisory should be established, with different skill sets and interpersonal skills attached.

Whereas BWG is fully engrained in the delivery of BWL, the links and cooperation between BWL and ILO office in Pretoria is currently less pronounced. There are several promising entry points to capitalize on synergies in the future.

There is no modus operandi defined for the cooperation between BWL and ILO Pretoria office. There should be a strategic discussion about areas of complementarity, with a MoU to guide to collaboration. The Country Director of ILO office in Pretoria would be the suitable person to guide the process.

RECOMMENDATIONS

Recommendation 1: Perform an analysis of all trainings conducted and evaluations that have been performed with the participants. Retrieve information about content and trainer performance for an ongoing QA mechanism and feed information into the current process cycle for assessments and seminars. To endorse a tool for ex post evaluation of training courses and perform a first batch of ex post training evaluation. Use of training evaluation sheet for participants by BWL should be used for by all trainers (internal, external), without exception.

Recommendation 2: Provide HR and SST training in Chinese language for managers and supervisors that are native Chinese speakers. Involve the trained Chinese managers (ToT in SST has been provided by Chinese trainer)

Recommendation 3: Extend the "on the job" training of Labour Inspectors foreseen under BWL to reciprocal visits, i.e. EAs accompanying Labour Inspectors to visits to non BWL member companies as peers, and discuss after the visits aspects of situation and aspects of non-compliance observed. This would also provide insights on the real compliance status of these factories. The Labour Inspectors could focus more on non BWL factories, as the BWL member factories are already subject to an in-depth assessment. To make sure that non BWL factories are visited to gain an impression of their compliance situation.

Recommendation 4: Setting up a fully fletched training plan with a rolling scheme at least for one month and three months, and to integrate the plan with the forward planning of the team for assessment, advisory and other time bound activities in the office.

Recommendation 5: Consider splitting the function of training officer into one trainer and one training manager, the latter assuming responsibility for training evaluation and analysis, forward planning, contacting external trainers, applying QA and planning tools.

Recommendation 6: Intensify the exchange of structured information in course of debriefings of assessment, advisory and of training activities.

Integrate issues addressed in trainings in the assessments (for example the question of fixed term contracts with approbation period) and vice versa.

Recommendation 7: In order to proceed effectively and to demonstrate clarity for the other stakeholders MoLE has to clearly state if they can and will introduce a mandatory industry-wide approach to enhance compliance with international norms and national laws in the textile sector.

Recommendation 8 : Develop a plan on how BWL and MoLE can embed the planned cooperation agreement on capacity building into a restructuring of the Labour Inspection Board in the Department of Labour; consider various options and support to develop a business plan. These project outlines can be discussed with potential donors.

Recommendation 9 : Consider a new technical cooperation project, for example, linked to ILO head office LAB/ADMIN department.

Recommendation 10 : Involve MoLE and other interested parties more actively in contents, preparation and moderation of PAC meetings. Otherwise the sustainability of the results achieved in the meetings will remain limited.

Recommendation 11 : Revive the cooperation between BWL and ILO office in Pretoria , in particular related to the Buyers' Forum in Lesotho; further support to workers' unions; and ALAFA's strategy for the future.

Recommendation 12 : Work on a marketing and promotion strategy, based on the findings of the study of Godfrey and Shane and other recent study results. Brainstorm with ILO Pretoria office on how to promote BWL in RSA.

Recommendation 13 : Bring the situation of BW Lesotho with priority on the agenda of management group. Their next regular meeting is planned for March 2012 BWL should be also considered as theme for the extraordinary meeting of the MG related to the Bangladesh operations in January 2012. Circulate the evaluation report to the management group members as a base for discussion.

Recommendation 14: Streamline the reporting process and make it more efficient. Combine for monitoring purposes the Technical Progress Report (TPR) and the Country Programme M&E Indicator Matrix (44 Indicators). The narrative reporting as performed to date is too detailed, mainly activity oriented and not geared towards the planned results.

Recommendation 15: Combine for monitoring purposes the narrative reporting in the Technical Progress Report (TPR) and the Country Programme M&E Indicators. The narrative reporting as performed to date is mainly activity oriented, while at midpoint of the anticipated implementation**.**

Recommendation 16: Consider price differentiation of seminar costs between BWL member and non-member factories to increase remuneration through trainings offered.

Recommendation 17: Introduce a mechanism under which exchange of experience between staff of different factories will be facilitated.

Recommendation 18: Calculate the full cost of an enterprise assessment in all its components (preparation, enterprise visit, discussion, reporting); thereafter to analyze where are possible efficiency gains; consider streamlining the enterprise assessment process in working with one instead of two EAs wherever possible without extending the total duration of an EA.

Recommendation 19: Persons that should participate in specific trainings, as for example OSH, should get the invitation with training advertisement. It should be followed up prior to the training, that the targeted group has received the invitation and will participate. Otherwise the EA have to clarify with factory management.