

# Trade and Global Value Chains Initiative

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## Mid Term Evaluation Report

August 2016



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## **Acknowledgements**

We would like to thank all of the workers and managers who kindly gave their time, feedback and insights to the evaluation team. We would also like to thank all the grantees, implementing partners, and key informants for their participation in the programme evaluation process and Cardno, the Project Management Unit, for their sharing of monitoring information and a 'lessons learned' document. We would also like to thank Man Kwun Chan, independent consultant, for providing her insightful comments on an early version of this report.

## **Disclaimer**

This report represents the views solely of the evaluation team.

## **Citation**

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## Acronyms

BBW	Benefits for Business and Workers
DEG	Deutsche Investitions-und Entwicklungsgesellschaft
EL	Emerging Leaders
EMU	Evaluation Management Unit
ETI	Ethical Trading Initiative
FLA	Fair Labor Association
FWF	Fair Wear Foundation
HCDA	Horticultural Crops Development Agency
HR	Human Resources
ICT	Information Communication Technology
IE	Industrial Engineering
ILRF	International Labor Rights Fund
Jo-In	Joint Initiative on Corporate Accountability and Workers' Rights
KFC	Kenya Flower Council
MTE	Mid-Term Evaluation
PMU	Project Management Unit
RMG	Ready Made Garment
SETA	Agriculture Sectoral Education and Training Authority
STEM	Science, Technology, Engineering, Medicine
TBIE	Theory based impact evaluation
TGVCI	Trade and Global Value Chains Initiative
TOC	Theory of Change
WRC	Worker Rights Consortium

## Contents

Executive Summary.....	i
1. Introduction .....	1
2. Purpose, Scope and Objectives.....	4
3. Methodology.....	6
4. Contextual analysis .....	8
4.1 South Africa.....	8
4.2 Kenya.....	11
4.3 Bangladesh.....	15
5. Does Social Upgrading lead to Economic Upgrading? .....	18
5.1 Relevance of the different impact pathways.....	18
5.2 Additionality of impact pathway.....	24
5.3 Effectiveness and Impacts of Impact Pathways.....	29
5.4 Sustainability.....	42
5.5 Demonstration effect / Systemic Change .....	42
5.6 Cost-effectiveness.....	44
5.7 Gender and Social Difference .....	45
6. Effectiveness of the Delivery Mechanism.....	48
6.1 Performance of the Fund Manager.....	48
6.2 Effectiveness of catalytic fund .....	50
6.3. Formation of effective coalitions investing in social upgrading .....	50
7. Measurement and dissemination of evidence .....	54
8. Conclusions .....	58
8.1 Relevance, Additionality & Innovation .....	58
8.2 Effectiveness and Impact, including Systemic Impact .....	59
8.3 Effectiveness of the delivery mechanism (at building coalitions and delivering impact). .....	64
8.4 Corporate Buy-In.....	65
8.5 Demonstration effect.....	65
8.6 Sustainability.....	65
9. Recommendations .....	66
The remainder of current TGVCI programme (up to 2016) .....	66
A potential follow-on phase of the TGVCI (post-2016).....	66
References .....	68

Annex 1: Summary of project achievements against targets and evidence on effectiveness and impact available. ....	70
Annex 2: Project Analysis & Review of Evidence Generation by TGVCI Project .....	72
Annex 3: Technical, life and leadership skills enhanced in South Africa and Kenya export fruit and horticulture industry (Impact Pathway 1).....	76
3.1 Theory of Change of Impact Pathway 1 .....	76
3.2 Relevance of Impact Pathway 1 .....	76
3.3 Additionality and innovation in Impact Pathway 1.....	79
3.4 Efficiency of Impact Pathway 1 .....	81
3.5 Effectiveness and Impacts of Impact Pathway 1 .....	81
3.6 Sustainability .....	92
3.7 Systemic Impact .....	94
Annex 4: Improved workers' health awareness, access to health services & reduced exposure to health hazards in Kenya horticulture & Bangladesh RMG (Impact Pathway 2) .....	97
4.1 Theory of Change Impact Pathway 2 .....	97
4.2 Relevance of Impact Pathway 2 .....	97
4.3 Efficiency of Impact Pathway 2 .....	99
4.4 Additionality and innovation in Impact Pathway 2.....	99
4.5 Effectiveness and Impact of Impact Pathway 2 .....	101
4.6 Sustainability .....	115
4.7 Systemic Change .....	118
Annex 5: Manager and worker skills training on better management for mature industrial relations and ethical compliance (Impact Pathway 3).....	119
5.1 Theory of Change - Impact Pathway 3:.....	119
5.2 Relevance of Impact Pathway 3 .....	119
5.3 Additionality and innovation of Impact Pathway 3 .....	122
5.4 Efficiency of Impact Pathway 3 .....	123
5.5 Effectiveness & Impact of Impact Pathway 3 .....	123
4.6 Sustainability .....	133
4.7 Systemic change.....	134
Annex 6 Models for engaging smallholders and workers in more productive, resilient & horticulture supply chains (Impact Pathway 4) .....	135
6.1 Impact Pathway 4 Theory of Change .....	135
6.2 Relevance of Impact Pathway 4.....	135
6.3 Additionality of Impact Pathway 4.....	135

5.4	Efficiency of Impact Pathway 4.....	137
5.5	Effectiveness and Impact of Impact Pathway 4.....	137
5.6	Sustainability of Impact Pathway 4.....	138
Annex 7: Terms of Reference for the TGVCi Evaluation .....		139

# Executive Summary

## 1. Introduction

The Trade and Global Value Chains Initiative seeks to test whether investments in social upgrading (better working conditions and access to better work) can lead to business and development gains, and also ensure that better skilled, younger workers enter the sector and work more productively. Previous research indicated that companies do not invest in social upgrading because they lack both sufficient incentive to act on their own and convincing evidence of the benefits. Investment with other stakeholders in social upgrading could deliver business benefits and help to ensure the longer-term profitability and sustainability of corporate supply chains. A catalytic fund is the delivery mechanism (a modified challenge fund with technical advice provided to grantees), making public funds available to successful coalition applicants and leveraging private sector investment. The aim is to facilitate corporate behavioural change, benefitting workers/smallholders (social upgrading) and suppliers and retailers (economic upgrading). The TGVCi focuses on Ready Made Garments, Bangladesh, and horticulture in South Africa and Kenya.

This report presents the Mid-Term Evaluation (MTE) of the TGVCi conducted by the Evaluation Management Unit (EMU). Twenty projects have been funded in two rounds. The Round 1 projects are nearing completion and Round 2 projects are still on-going. This slightly delayed implementation means that the evidence available and the analysis feasible at this stage are necessarily limited. The projects do nevertheless allow reasonable conclusions to be drawn on relevance, effectiveness and plausible impacts, provide initial findings on cost-effectiveness and indications on sustainability.

## 2. Approach to the Monitoring and Evaluation

The Mid-Term Evaluation considers whether social upgrading leads to economic upgrading and if so, in which sectors and under what conditions, and if the implementation model of a modified challenge fund is effective. The analysis considers relevance, additionality, and innovation and four subsidiary questions relating to: i) sustainability; ii) the buy-in of participating companies, iii) demonstration effects, and iv) the effectiveness of coalition building. The projects have been clustered into four types to support theory-based evaluation of interventions: a) worker technical, life and leadership skills training; b) worker health and nutrition; c) management skills, social dialogue and worker representation; and d) models for smallholder value chain participation and worker equity.

## 3. Findings

### 3.1 RELEVANCE, ADDITIONALITY & INNOVATION

The types of projects funded by TGVCi are relevant to the social upgrading challenges in the target industries-countries, but one second round project does not clearly articulate the link between social and economic upgrading. Some projects incorporate innovative elements (e.g. a focus on seasonal, migrant workers in South Africa, or joint equity schemes with governance, management and financial skills training). However, there are important issues of relevance to social upgrading which are not being addressed through the catalytic fund mechanism. The delivery mechanism allows applicants to identify their priorities for action, but does not ensure that more challenging issues, and/or those further from core value chain activities, such as worker housing, labour brokerage,

environmental issues and living wages are not being tackled, which are arguably as important from a development perspective. Evidence on economic upgrading is also fairly mixed or not yet available.

### 3.2 EVIDENCE OF SOCIAL UPGRADING

Social upgrading is *'the process of improvement of the rights and entitlements of workers as social actors and enhancement of the quality of their employment. It includes access to better work as well as better conditions at work contributing towards sustainable development and poverty reduction'*. The evidence on outcomes and impacts is fairly limited, because the first round projects are still underway or have access issues, and some evidence gaps arise from the selection of a necessarily small number of cases from a diverse project portfolio. Tentative conclusions are set out below.

#### Evidence of Technical, life and leadership skills leading to Social Upgrading

- Aspects of social upgrading can be achieved through corporate 'projects', enhancing workers' *quality of employment and work conditions*. There is strong evidence that training of permanent, seasonal workers and unemployed people provides immediate benefits, such as improved self-confidence, self-esteem and understanding of work responsibilities. Projects of this type have tended to be more successful than others in achieving their targets and feedback from workers and managers has been generally positive.
- However, providing skills without other improvements in employment could risk accelerating the exit of people from the South African agricultural industry, as this is a common aspiration among agricultural workers.
- The evidence suggests that access to *better* work has not been achieved. The new skills obtained are not necessarily sufficient to lead to promotion, and there are few opportunities for workers to move into higher paid positions or more responsible positions. There is very little evidence emerging from the two case studies conducted by the EMU in South Africa that training improves workers' chances in the agricultural labour market, or enhances upward mobility. There are few opportunities for people to move into higher paid or more responsible positions.

#### Evidence of Worker nutrition and health leading to Social Upgrading

- Available evidence from three projects on worker nutrition and health is limited. Nevertheless it seems likely that such interventions benefit workers by enhancing their *quality of employment and work conditions*.
- In Kenya, the project on workplace nutrition and a sustainable agriculture garden has generated strong interest and further demand for training at the site of the garden, although it is not clear how far this stretches to other sites covered by the radio programmes and written materials. Workers face barriers to adoption of sustainable agriculture and nutrition technologies, including limited access to capital, land and water. Workers cited low pay as a challenge with respect to food purchasing and growing and health.
- The health services and worker awareness project (Her Farm) has exceeded its targets for assessing farm-based clinics, developing upgrading plans and training nurses and peer health educators. There is some evidence of supplier buy-in. There are improvements in worker awareness of health and safety, but other factors could be influencing these changes.
- Round 2 projects offer different approaches for worker health and nutrition, such as the Health Insurance for All and Reducing Charcoal Use for Reduced Smoke Inhalation projects.



### Evidence of Management skills, social dialogue and worker representation leading to Social Upgrading:

- *Quality of employment and work conditions:* Evidence from one first round project indicates improvements in worker satisfaction, reduced labour turnover and absenteeism, but mixed results on efficiency and wages, but other factors may be causing these changes. The second project offered a training approach that has not been taken up by companies and so lessons cannot be learned from the intervention with respect to outcomes and impacts for workers.
- *Access to better work and the improvement of workers' rights and entitlements of workers* were not primary foci of first round projects in this category, but one project has said it should lead to improved worker voice (BBW). Limited evidence is available on this due to a slower than envisaged rollout of one Round 1 project (although project data available to date indicates that 8% of workers in participating factories have been promoted) and the limited success of the second focusing on ethical compliance. Round 2 projects include approaches to worker rights and entitlements through social dialogue for improved worker representation and capacity building for workers on labour rights and provision of a migrant worker registration system.

### **3.3 EVIDENCE OF SOCIAL UPGRADING LEADING TO ECONOMIC UPGRADING**

The TGVCI seeks to move beyond what might otherwise be thought of as corporate social responsibility, to social upgrading as a core business concern *because it leads to economic upgrading, i.e. 'a process by which firms improve profitability and move from low-value to relatively high-value activities in the value chain'*. Direct business benefits include profitability, turnover, worker productivity, reduced wastage, better product quality etc.

### Evidence of Technical, life and leadership skills training leading to Social and Economic Upgrading

- *Business benefits:* No evidence has been shared by companies on profitability. On worker productivity, the evidence from these projects is uncertain. Some supplier managers made qualitative assessments that worker productivity has improved as a result of training, but no figures have been shared. A critical mass of trained permanent workers at the participating companies which could make a discernible difference at the company level is lacking. This and the fluidity of the workforce make it impossible to assess benefits at company level.
- In terms of opportunities for companies to *move into or stay in higher value markets*, the evidence suggests that sustaining a place in higher value markets is an important consideration for suppliers, but the specific characteristics and dynamics of the industry and country come into play. Much of the training is not of sufficient scale within individual companies to make a difference to a suppliers' market access, although management feedback indicates that it is important to have more skilled packhouse workers, for example, as end market requirements become ever more demanding.

### Evidence of Worker health and nutrition leading to Social and Economic Upgrading:

- *Business benefits:* No evidence has been shared by companies on profitability. Worker performance relating to quality is also influenced by incentives for them to work better and by changes in management and technical operations. Low pay is an issue for workers on the health related projects, as are the skills and approach of their managers and supervisors. EMU's health project case study found that workers' motivation is shaped by opportunities for promotion which are influenced by ethnicity and kinship. At a corporate level, productivity is influenced by

multiple factors; attributing productivity changes to health benefits is therefore highly challenging. No evidence is yet available, although a Return on Investment study is due from one project and an independent evaluation report is awaited for the other.

- It is too soon to know how far health interventions can contribute to suppliers retaining UK market access, but it is unlikely they would enable companies to move into new markets as many other considerations come into play.

#### Evidence of Management skills, social dialogue and worker representation leading to Social and Economic Upgrading:

- *Business benefits:* Some evidence has been shared on profitability. BBW project data shows positive cut-to-ship ratio figures, a proxy for profitability, although other factors will influence profitability (e.g. prices of raw materials, increased labour costs etc.) The Benefits for Business and Workers (BBW) project, seeks to improve managers capability in human resources and productivity, increase worker-management dialogue, labour law compliance and fire and building safety. The initial self-reported data from participants, verified by Impactt Ltd consultants shows improvements on absenteeism, labour turnover and worker satisfaction, with mixed results on efficiency and wages, although other factors could be causing these changes. The full EMU case study will not be available until the final evaluation. The second Round 1 project has not been taken up by companies.
- In terms of *moving into or staying in higher value markets*, social upgrading may lead to economic upgrading where there is effective pressure from retailers on suppliers, with retailers incentivized to protect their reputations, and suppliers keen to sustain their access to the high value UK markets. In the RMG sector, pressure from brands and retailers has been important in stimulating suppliers to sign up to training programmes, but some managers have still reported difficulties in convincing owners of supplier companies of the value of interventions such as manager training on human resources and productivity. Suppliers are interested in subsidized training. It is thus unclear if they will invest on their own account and therefore how much demand or incentive there is.

### **3.4 EVIDENCE OF SOCIAL AND ECONOMIC UPGRADING LEADING TO SUPPLY CHAIN RESILIENCE AND SUSTAINABILITY**

Securing supply chain resilience and sustainability, the programme impact, is defined by DFID as *the ability of a supply chain to be able to continue operations over time*. This depends on a range of factors, including the availability and skill level of labour and social and political stability in countries of operation. The TGVCI is focused on supply chain resilience and sustainability; i.e. the ability of retailers and brands to continue sourcing profitably from developing countries. Such sourcing can generate economic development, but it is not clear how equitable and sustainable it may be.

A more developmental definition of supply chain resilience and sustainability would move beyond a focus on continuation of the supply chain regardless of its inherent sustainability, to one that requires companies in supply chains to meet specific targets relating to environmental science based measures and key social goals. Risk management by supply chain companies to protect reputations has been the key focus of corporate responsibility, but increasingly there is pressure for companies to be more accountable for their impact on people and the environment, and to contribute to the achievement of sustainable development goals, as judged by external stakeholders. The latter can

lead to reputational enhancement. An updated TGVCI impact statement would respond to the shift in discourse and societal expectations of companies with respect to their supply chain operations.

The impact definition of the TGVCI needs to evolve. Currently the overall project goal focuses on sustaining supply chains, but should instead focus on sustaining *sustainable* supply chains. This is a crucial difference. While the definition of sustainability in supply chains is contested, the new Sustainable Development Goals and associated indicators represent a key guide. Given scale of the social and environmental challenges faced, initiatives relating to responsible business should not accept incremental change as sufficient, but instead more far reaching changes are needed. Environmental sustainability, which clearly underpins supply chain sourcing and sustainability, has not been emphasised to date in TGVCI and should be considered in future programming in this area.

The TGVCI projects selected in Round 1 have focused primarily on quality of employment and worker conditions. The focus should be extended to access to better work and to worker rights.

### **3.5 OTHER INSIGHTS ON EFFECTIVENESS AND APPROACHES**

Good design based upon local knowledge and relationships and on the ground presence is a key success factor. Engaging development investors and trade associations can support scaling up. Experiential learning approaches and capacity strengthening from mentors are valuable and help to ensure that workers can put their new skills into practice. Providing training and capacity strengthening on life skills is important, in combination with technical training, to help people experiencing poverty to build their confidence and self-esteem, although more time is needed to see how much difference short-term interventions can make compared to more intensive, more lengthy coaching and mentoring on life skills. There are risks of raising worker expectations when training is provided, but there are no real opportunities for promotion or increased responsibility. The length of projects is also important – many of the projects to date have suffered from a too short duration. Corporate understanding of M&E and its relevance for improving impact is variable. Capacity strengthening is needed and for decision-making with respect to social upgrading to be based on evidence. Pilots should not be rolled out without strong evidence.

### **3.6 SYSTEMIC IMPACT**

It is too early to say definitely if this pilot programme can have a systemic impact, but it is clear that it has not to date and it is *unlikely* that it will prior to 2017. The reasons that systemic impact is unlikely to be achieved include: the limited level of funding compared with the scale of the challenges in the target industries; the large number of initiatives in RMG sector, Bangladesh with limited coordination; the relatively short duration of the projects; the possibility that the more experimental projects will fail; the absence of a cross-project learning mechanism and longer term challenges in the generation of rigorous evidence.

The business case noted that previous attempts of individual companies have been too fragmented, yet a catalytic fund does not easily facilitate industry-wide efforts, nor enable a focus on systemic, sector-wide issues such as low pay and housing - both of which are needed for a systemic response. Projects have been associated with individual companies with partners in a service delivery role. Without a learning mechanism, lessons from such projects will not be learned by other companies and wider behavioural change beyond the lead grantee is unlikely.

The provision of convincing evidence to sell a business case for investment in social upgrading is challenging. Companies want to communicate about their ethical and sustainability activities to

enhance their reputations and capture business benefits, but they do not necessarily want their competitors to follow suit and so the process needs to be facilitated and encouraged.

### **3.7 EFFECTIVENESS OF THE DELIVERY MECHANISM**

There are no industry-wide initiatives and the make-up of the coalitions is relatively limited. In Round 1 the call for proposals was extremely short, and this limited the scope for marketing of the opportunity and in essence the call became mainly a by-invitation process. A more diverse set of partnerships has emerged in Round 2, including two South African-based retailers, a collaboration between two multi-stakeholder initiatives, as well as further UK retailer led projects. It is not clear how many of the coalitions will continue after the DFID funding ends.

Grantees' on the ground presence and local knowledge and relationships have been variable, which has affected performance in some instances. NGOs have been engaged to date largely, although not exclusively, as service providers to companies, rather than NGOs engaging with companies in joint analysis and monitoring of poverty impact in a more systemic way, and which could influence corporate behaviour across their portfolio of activities and responsibilities. Some of the projects are led by or driven by a single retailer/brand, with a partner training organisation or consultancy. While these may be effective at creating behaviour change in single company, they do not engage with multiple retailers/brands, and there is limited incentive for such organisations to share their data and no dedicated function within the TGVCI to support the demonstration effect. These partnerships are not exactly the 'broad-based' coalitions envisaged in the design of the programme, and more should be done to engage with key actors across a sector from civil society and government, as well as multiple corporate actors (retailers/brands, suppliers and investors).

A strong bilateral partnership has been further strengthened between one UK retailer and the organisation Emerging Leaders, which looks set to be sustained independent of DFID support, but we would note that this project represents an evidence gap in the TGVCI: it was not a case study and the grantee did not commission an independent evaluation.

### **3.8 CORPORATE BUY-IN AND DEMONSTRATION EFFECT**

There are some examples of supplier buy-in across the programme. In Kenya one proactive supplier has participated in all four TGVCI projects and is convinced of the effectiveness of the health project with which they have collaborated, but other suppliers do not demonstrate such high levels of buy-in. Some suppliers in South Africa have said that they would like to re-run the training courses on worker or middle-manager skills training. Several projects initially found it difficult and/or time consuming to recruit suppliers, brands and retailers or to ensure that expressions of interest translated into concrete participation.

There has been no observable demonstration effect for three reasons: a) the relatively early stage of implementation of the programmes; b) lack of incentives for individual companies to share their experiences and data with other companies; c) the TGVCI did not have sufficient learning mechanisms in place to facilitate inter-project sharing during the programme (real time learning). A strong M&E function, skills and resources incorporated in the design of all projects would have contributed to the provision of evidence.

### 3.9 SUSTAINABILITY

It is not yet clear if there will be major demand for the products or services offered through the TGVCi projects in the future and without subsidization. Some suppliers have expressed interest in re-running training courses and one supplier in Kenya has shown buy-in and improved its health policy, but more time is needed to see the extent of buy-in. Development bank investment may be an important lever of behaviour change providing companies with incentives to act and potentially reaching a wider section of companies in an industry rather than just the pioneers, but it is still early days. The involvement of a development bank in the Kenyan health project shows that there is the potential to leverage impact investment to try and change corporate behaviour.

## 4. Conclusion

The overall conclusion from the evidence available and the projects funded in the first round is that technical, life and leadership skills interventions can lead to aspects of social upgrading, such as improving confidence, self-esteem and understanding of work responsibilities and tasks. Health interventions are likely to also contribute to improved working conditions and quality of employment. Investments in management skills on human and resources and productivity may also enable social upgrading. For one project, Benefits for Business and Workers, the project's own data indicates improved worker satisfaction, labour turnover and reduced absenteeism, and there are business benefits (e.g. improved cut-to-ship ratio), although rigorous impact evidence is limited or not yet available. However, it is not proven that workers have better access to new work or to promotion as a result of their technical and life skills training. Action on worker rights and entitlements is covered in round 2 projects, but was largely absent from round 1 projects designs. The projects are relevant to the key social upgrading challenges in global value chains, but other key social upgrading issues of development importance are not being addressed, such as worker housing, low pay and environmental sustainability, yet these are important for sustained and sustainable value chains.

## 5. Recommendations

### 5.1 REMAINDER OF CURRENT TGVCi PROGRAMME (UP TO 2016)

Limited changes are possible as Round 2 projects are already commissioned.

1. PMU should consult with projects with respect to timing and resources, to establish where more time is needed for completion and look favourably upon requests for justified changes to plans and funding, given the short duration allowed for the projects by the fund design.
2. Resources allowing, PMU should draw up a learning strategy for in-country project interaction and lesson learning, and support projects' early dissemination/communication planning.
3. EMU should continue to generate evidence on outcomes and impacts, including case studies on round 2 projects, and engage with stakeholders in workshops in 2016 to explore preliminary findings on the programme theory of change, including at the sector level.

### 5.2 A POTENTIAL FOLLOW-ON PHASE OF THE TGVCi (POST-2016)

The case for a continuation of the TGVCi as a catalytic fund rests upon some significant changes in its design and management. Key recommendations are:

1. **DFID should reformulate the impact statement** to ensure that the goal is not *sustaining* supply chains for their own sake regardless of their impact on people and the environment, but the

achievement of sustainable development policy goals, based upon sustainable business models and relationships. The impact statement and logframe should link to the relevant Sustainable Development Goals (SDGs) and environmental sustainability should be integral.

2. To improve the design and implementation of future projects, **DFID should fund the analysis of social upgrading issues in selected industries, in a locally-facilitated industry focused consultation process** covering not just enhancement of work conditions, but also the achievement of decent work (better access, worker rights and entitlements) and environmental sustainability. Such a process would raise awareness of the TGVCI, provide more direction to applicants on the types of interventions needed, key problems and potential solutions to be tested, build broader coalitions and ensure M&E strategic objectives are understood.
3. **DFID should explore the possibility of in-country facilitators being given the opportunity to manage catalytic, programme or other funding modalities**, as their credibility and closer engagement with on-going processes within the industry would enhance impact. Wider industry interventions should be the ambition.
4. **DFID should ensure that the provision of technical advice to coalitions during the implementation process is provided on an *adaptive* basis**, with a strong on-the-ground presence, drawing upon expert local knowledge and drawing upon diverse stakeholder perspectives. NGOs can support a deeper analysis of social upgrading issues and hold companies to account and other civil society and government actors should be engaged for enhanced, more systemic impact.
5. **DFID should consider expanding the number of target countries and industries** including those which are less mature, vertically integrated or ethically codified and in developing countries with important global supply chains and where there is energy and momentum for change.
6. Following the consultation process, **DFID should offer different types of finance (grants, loans etc.)** to stimulate corporate behavioural change with a two stage application process.
7. **DFID should allow a longer timeframe for the implementation of projects**, to allow grantees adequate time to build relationships of trust and to implement.
8. **DFID should require applicants (retailers, but also their suppliers) to share data relevant to the Monitoring and Evaluation process**, recognizing that otherwise this will not happen.
9. **DFID should actively facilitate the demonstration effect, providing dedicated funds for a real time learning mechanism.**
10. **DFID should enable the generation of robust evidence on social and economic upgrading for sustainable supply chains**, a number of changes are needed in the requirements on grantees to share information and enable design for evidence generation.
11. **DFID should adopt a more critical analysis of the development contribution and impact of business** in the *context of sustainable development imperatives, such as adequately responding to the resource constrained economy, and ensuring companies are accountable for their human rights impact*. Attention should be given to a wider set of levers for corporate behaviour change, (social movements, regulation, impact investment).

## 1. INTRODUCTION

The Trade and Global Value Chains Initiative (TGVCI) is a catalytic fund, which has been established by DFID to improve the lives and working conditions of workers in value chains, leading to poverty reduction and development outcomes, but also ensuring that better skilled, younger workers enter the sector and work more productively, thus ensuring the long-term profitability of supply chains for companies. This report presents the findings of the Mid-Term Evaluation of the TGVCI, conducted by the independent Evaluation Management Unit (EMU).

The programme theory of change anticipates that the goal will be achieved through social upgrading leading to economic upgrading, which ultimately, will create supply chain resilience and sustainability. See box 1 below for definitions.

### Box 1: Definitions

**Social upgrading** is *‘the process of improvement of the rights and entitlements of workers as social actors and enhancement of the quality of their employment. This includes access to better work as well as better conditions at work contributing towards sustainable development and poverty reduction’.*

**Economic upgrading** - *‘a process by which firms improve profitability and move from low-value to relatively high-value activities in the value chain’*

**Supply chain resilience/sustainability:** *the ability of a supply chain to be able to continue operations over time. This is determined by a range of factors, including availability and skill level of labour and levels of social and political stability in countries of operation’.*

*Source: (TGVCI EMU TOR, 2013, p3).*

As a catalytic fund, the TGVCI provides matched funding for firms or other actors in supply chains to implement projects. The business case identifies a market failure – companies will not act on their own because of externalities (companies may not capture the rents of their investments) and lack of information (no convincing evidence linking social investments to business benefits) (TGVCI EMU Terms of Reference). These factors are constraining companies from realising the need to improve skills, working environments and social conditions for their workers and farmers’ (TGVCI Business Case, p6). Short-term corporate action is unlikely but if implemented, ‘this may only have optimal impact if these activities taken up in collaborative manner involving other stakeholders including developing countries’ governments, civil society sector actors, farmers and workers (TGVCI Business Case, p6).

For these reasons, potential grantees were expected to build coalitions. As well as private sector actors (global retailers, brands and suppliers), members of the coalitions could include government and civil society groups to promote sustainability of interventions after projects are completed. Innovations would be stimulated through partnerships with the private sector and work to stimulate mainstream behavioural change in commercial organisations. ‘The latter needs to be encouraged, incentivized and provided with strong evidence of tangible business benefits to start investing on social upgrading activities’ (Business Case, 2013, p7)

A fund manager or Project Management Unit (PMU) was contracted to provide technical advice supporting the identification of other project partners and the assessment and selection of projects. The TGVCI is being implemented in three countries, within a specific sector per country: Bangladesh (Ready-Made Garments), Kenya (horticulture) and South Africa (horticulture). The overall programme began in October 2013, with projects implemented in two rounds of calls for proposals. The fund manager brought together an independent selection panel to screen and select projects. This was composed of four people, two of whom were external and two from DFID. The projects were expected to end by June 2016, but extensions have been requested by many of the Round 1 projects. A final evaluation will be conducted in 2017. The programme M&E was independently contracted.

Three impact pathways<sup>8</sup> were identified following an analysis of Round 1 projects and an additional impact pathway was added, following an analysis of the Round 2 projects.

DFID selected the three target countries and industries for the programme. The TGVCI business case indicates that DFID has a unique advantage to add value on efforts aimed at social and economic upgrading, in these target countries/industries for the following reasons: 'longstanding relationships with a number of UK companies that have value/supply chains extending into developing countries; bilateral priorities with Bangladesh and Kenya having become an important part of global value chains; an emerging area of development challenge, with a lack of evidence and an imperative to build on the Capturing the Gains research programme (DFID funded); the development of a more coherent private sector development and trade development agenda in DFID, consolidating the gains secured through the success of FRICH<sup>9</sup> and RAGS programmes<sup>10</sup>' (TGVCI Business Case, 2013).

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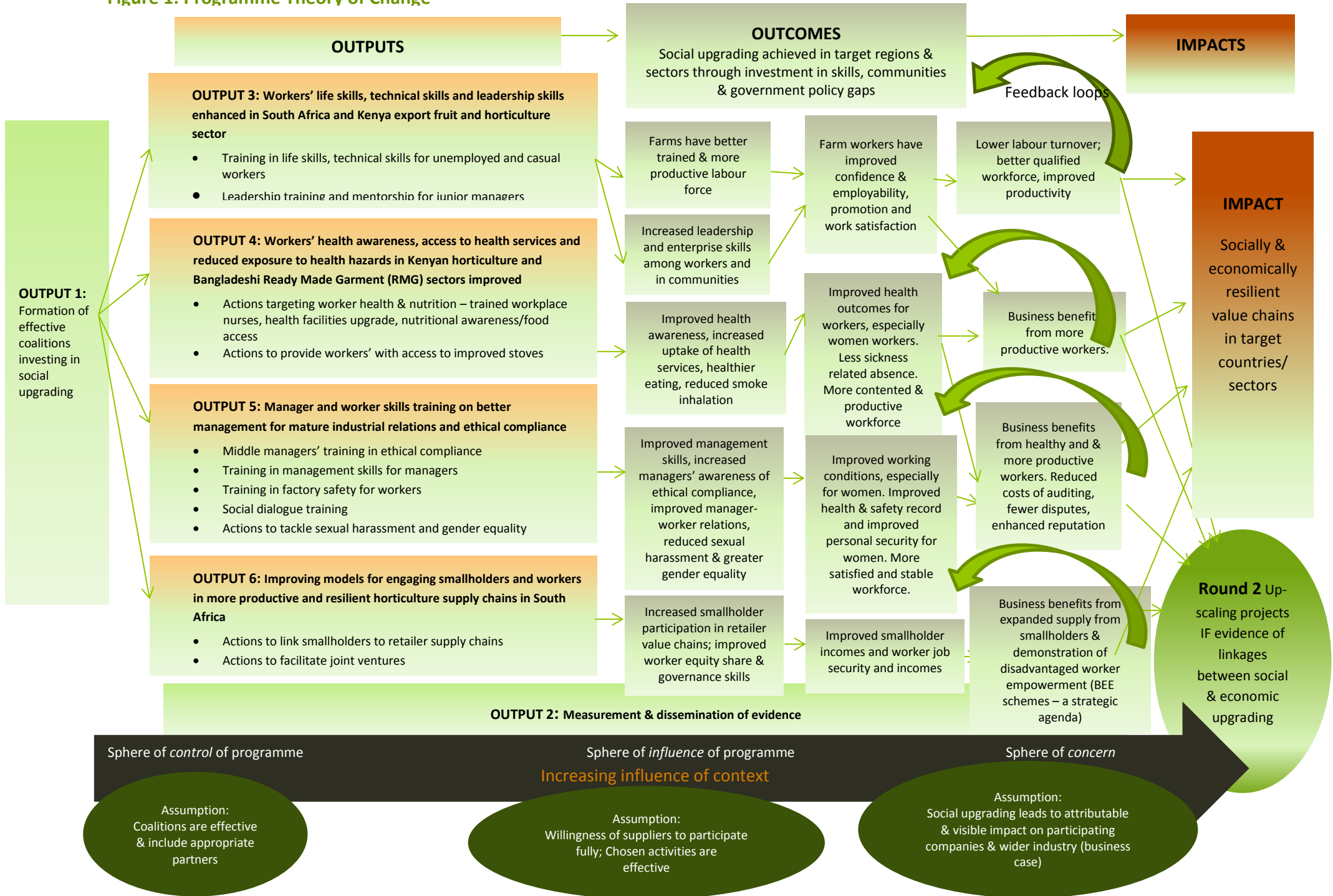
<sup>8</sup> The term impact pathway is used here to refer to the different routes to the programme's impact that have been identified in the overall theory of change. Diverse interventions have been funded within TGVCI so they have been clustered according to type of intervention and the impact pathway mapped out to support the generation of evidence on which types of intervention work under different conditions and in diverse contexts.

<sup>9</sup> The Food Industry Retail Challenge Fund, funded by DFID, sought to support African farmers by bringing their produce to European markets and shoppers.

<sup>10</sup> Responsible and Accountable Garment Sector Challenge Fund (DFID) aimed to make responsible and ethical production the norm in the garment manufacturing sector supplying the UK.



**Figure 1: Programme Theory of Change**



## 2. PURPOSE, SCOPE AND OBJECTIVES

The main purpose of this Mid-Term Evaluation is *‘to undertake an independent, systematic and objective assessment of the programme’s implementation and achievements to date, to draw out key lessons, and to recommend improvements in log frame<sup>11</sup> design, performance monitoring, implementation processes and management and to make recommendations on future support’*. This Evaluation Management Unit (EMU) report synthesizes and analyses the data collected for DFID, the participating coalitions and value chain actors and the community of practice working on sustainability, business and global value chains. It provides an early assessment of findings on evaluation questions and make recommendations on scale up or further extensions of the programme.

The overall evaluation questions are:

- I. Does social upgrading lead to economic upgrading and if so in which sectors and under what conditions?
- II. Is the implementation model of a modified challenge fund an effective and efficient way to deliver social and economic upgrading outcomes?

Additional evaluation questions included:

- How sustainable are the individual interventions (were any of the benefits realised expected to continue over time in the absence of further DFID or other donor intervention)?
- How effective was the programme at building coalitions and what role did they play in the interventions? What lessons were learned in how to successfully engage key supply chain actors such as government, local firms, civil society etc.?
- Were firms or others participating in the programme convinced of the value of investing in social upgrading as a good business model and therefore willing to continue similar projects in future in the absence of donor intervention?
- What was the demonstration effect in terms of changes in attitude and/or behaviour of other value chain actors that were not involved in the programme

The evaluation questions also guide the investigation for the MTE, given that the MTE is an intermediary stage of the overall programme evaluation. The questions are considered in combination with the OECD Development Assistance Committee (DAC) criteria for development effectiveness, which are relevance, efficiency, effectiveness, impact and sustainability. The relationship between each of these and the TGVCI evaluation questions are set out in tables 1 and 2 below. Questions of impact, effectiveness and sustainability will be considered with reference to each of the impact pathways, although the extent to which these can be answered is limited by the extent of programme implementation (see table 1 below). The final MTE report is structured around findings per impact pathway.

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<sup>11</sup> A logframe is a logical framework, a planning and monitoring tool used by projects and programmes.

**Table 1: OECD DAC Evaluation Criteria & the TGVCI**

<b>OECD DAC Criteria &amp; the TGVCI</b>
<b>Relevance:</b> TGVCI is designed to improve the lives and working conditions of workers in value chains, leading to poverty reduction and development outcomes, but also ensuring that better skilled, younger workers enter the sector and work more productively, thus ensuring the long-term profitability of supply chains for companies. A key question for the EMU is whether the impact pathways that have emerged through the catalytic fund are relevant to the challenges within each industry and from a development perspective
<b>Efficiency:</b> DFID expects the TGVCI to be well managed within tight budgets and to deliver services within cost norms, and to produce value for money so that benefits are commensurate with the costs. The PMU is the fund manager for the TGVCI.
<b>Effectiveness:</b> It is important to assess the achievement of outputs by individual projects, the effectiveness of the different impact pathways in achieving the desired outcomes, and the effectiveness of programme as a whole in creating systemic change within the target industries.
<b>Impact and sustainability:</b> It is too early to assess impact fully, but there may be examples of progress toward outcomes which can be assessed, particularly for completed projects. Change at the industry level will also be explored. The sustainability of the individual projects will be explored, as well as the intentions of participating companies, and evidence of demonstration effects assessed.

**Table 2: Evaluation Question, OECD Criteria relevant to evaluation question**

<b>Evaluation Question</b>	<b>OECD criteria of relevance to evaluation question</b>
Does social upgrading lead to economic upgrading and if so in which sectors and under what conditions?	Relevance, Effectiveness, Impact & Sustainability of TGVCI (of different impact pathways)
Is the implementation model of a modified challenge fund an effective and efficient way to deliver social and economic upgrading outcomes?	Efficiency of PMU Effectiveness of PMU; Relevance of projects emerging from catalyst fund
How sustainable are the individual interventions (were any of the benefits realised expected to continue over time in the absence of further DFID or other donor intervention)?	Sustainability (of projects, of different impact pathways)
How effective was the programme at building coalitions and what role did they play in the interventions? What lessons were learned in how to successfully engage key supply chain actors such as government, local firms, civil society etc.?	Effectiveness of PMU; Nature of catalytic funds
Were firms or others participating in the programme convinced of the value of investing in social upgrading as a good business model and therefore willing to continue similar projects in future in the absence of donor intervention?	Impact (of different impact pathways) & Sustainability  Relevance
What was the demonstration effect in terms of changes in attitude and/or behaviour of other value chain actors that were not involved in the programme?	Impact (of different impact pathways) & Sustainability

The level of programme implementation sets boundaries for the MTE and the degree to which it is possible to gather evidence and make judgements about outcome and impact. The MTE is formative as it is being undertaken during the TGVCI to inform management, but was also intended as partially summative, given that Round 1 projects were due to finish in June 2015.

### 3. METHODOLOGY

The TGVC is a theory-based evaluation and hence the evaluation is guided by the overall programme theory of change and associated logframe. This approach is particularly useful in situations of complexity, as is the case in private sector led development initiatives, where there can be data access constraints and with a diverse portfolio of interventions in a programme. The evaluation uses mixed methods to answer the key research questions. By collecting data along the impact chain and where possible including counterfactual comparisons, it is possible to establish if intended outcomes and impacts have been achieved and how, and to identify weak linkages in the theory of change. Alternative pathways to the observed outcomes can also be explored. We have employed the Donor Committee on Enterprise Development (DCED) Standard for Results Management<sup>12</sup>, which also supports a theory based approach. The twenty component projects were clustered into four impact pathways to support the analysis. See Table 3 below.

**Table 3: Impact pathways and the 20 associated Round 1 and Round 2 projects**

Impact Pathways (by output)	Individual component Projects
Workers' life skill, technical skills and leadership skills enhanced in South Africa and Kenya export fruit and horticulture industry	<p><u>Round 1:</u>            Youth Engagement and Vocational Skills, South Africa            Top of the Class, South Africa            Emerging leaders, Kenya            Emerging Leaders, South Africa            Leadership and Mentorship, South Africa</p> <p><u>Round 2:</u>            Pinotage Youth Development, South Africa</p>
Improved workers health awareness, access to health services and reduced exposure to health hazards in Kenya horticulture and Bangladesh RMG	<p><u>Round 1:</u>            HER project, Kenya            HER project, Bangladesh            Kenya Worker Education and Nutrition, Kenya</p> <p><u>Round 2:</u>            Health Insurance for all, Bangladesh            Reducing Charcoal use for improved health and livelihoods in Naivasha,</p>
Manager and workers trained in skills on better management and social dialogue for mature industrial relations and ethical compliance	<p><u>Round 1:</u>            Upskill, Bangladesh            Benefits for Business and Workers (BBW), Bangladesh</p> <p><u>Round 2:</u>            ETI Bangladesh Garments Social Dialogue Project, Bangladesh            Count Me Too – Disabled workers access, Bangladesh            Safe Workplaces through gender equality and anti-sexual harassment, Bangladesh            Upscale, Bangladesh            Migrant workers registration system, South Africa</p>
Improving models for engaging smallholders and workers in more productive and resilient horticulture supply chains'	<p><u>Round 2:</u>            Creation of joint venture small farmer groups, South Africa            Farmer support &amp; Linkages programme, South Africa</p>

<sup>12</sup> <http://www.enterprise-development.org/page/measuring-and-reporting-results>

As well as working with projects to strengthen their own M&E and the quality of any independent project evaluations commissioned, EMU adopted a comparative case study approach, focusing in more detail on selected projects and drawing relevant lessons from the broad portfolio of projects. Cases were selected from across the target countries and impact pathways. Data is being collected ‘*within each case*’ (i.e. project) clustered into impact pathways to build up stronger evidence on whether initiatives led to expected outcomes and impacts, and for whom. Systematic research questions are applied across the cases allowing for comparative analysis, which supports the formulation of broader conclusions. Industry-wide downstream effects are also explored.

**Key data sources** for the MTE are: available project baseline and monitoring data; EMU case studies; EMU field visits to projects and interviews with grantees and implementing partners; key informant interviews (KIIs); independent project evaluations commissioned by the projects themselves; an industry survey in each target country; PMU documentation and responses to questions, and secondary data.

**Key activities:** i) Mining the monitoring system – i.e. the information collected by grantees and submitted to PMU according to the indicators in the Performance Management Framework (PMF) developed by EMU; ii) Synthesizing evidence from the case studies; iii) Collecting additional data on the case studies; iv) Reviewing information from the independent project evaluations and any additional evaluation data being collected by the projects themselves and assessing their quality; v) Conducting stakeholder and key informant interviews; vi) Interviewing a small number of grantees on the evaluation questions and drawing on previous surveys of grantees; Industry surveys.

**Limitations:** It is important to note that none of the projects for Round 1 have completed and so none have submitted project completion reports, in which companies would report on their outputs, outcomes and impacts on indicators agreed with EMU. This limits the evidence available for analysis at this stage of the programme. There have also been major challenges with respect to M&E data in terms of gaining access to business data. The Evaluation Management Unit did not have access to applications during the design phase, but even where grantees were supportive of data collection, permission to cooperate on M&E and access business data, is in the hands of the supplier companies, not the grantees. In some cases for the non-case study projects the number of field visits and stakeholder interviews has been limited in number.

**Quality of evidence:** The Evaluation Management Unit (EMU) defined robust evidence according to the following criteria: Robust self-assessment monitoring by the project of its outcomes and impacts using appropriate indicators and data collection; Engagement of independent evaluators (levels of independence can vary); Inclusion of counterfactual (e.g. control groups) – this is determined by the design of the project, as well as the viewpoint of the evaluator in some instances, and resources; Quality of the evaluation plan and its implementation; Engagement with EMU as a case study, with complementary data collection by EMU. Through a process of negotiation the EMU sought (post-design phase) to strengthen the quality of the M&E by the projects. However, there were limits to what could be done post-design and post-contracting, and in Round 1 not all of the projects have so far reported against their outcomes and impacts. The quality of independent project level evaluations is beyond the control of the EMU and the studies seen to date all have limitations. We have analysed the evidence generated at a project level – see annex 1.

## 4. CONTEXTUAL ANALYSIS

Global retailers and brands and regional retailers are faced with serious challenges with respect to global sustainability policy goals. In some African and Asian value chains, retailers face challenges relating security of supply, because of productivity and capacity issues in many African and Asian value chains<sup>13</sup>. It has been argued therefore, that these retailers and brands should address social and economic upgrading as a core business concern, rather than as a Corporate Social Responsibility or ethical trade issue (Barrientos, Gereffi and Rossi, 2011). This would both increase the sustainability of the value chains for commercial actors (business case), but also provide new avenues for economic development and poverty alleviation (development case) in developing countries (TGVCI Business Case, p6).

The Capturing the Gains Research<sup>14</sup> identified various key challenges in global value chains, including skills deficiencies, poor working conditions and audits of limited effectiveness, as well as labour shortages, low productivity, and growing environmental pressures (TGVCI business case, 2013):

### 4.1 South Africa

In 2013 agriculture contributed 2.4% to South Africa's GDP – down from 3.8% in 1992. The sector is characterized by a dual economy: well-developed commercial farming with an established supply chain on the one hand, and a small farming and 'emerging' sector on the other – with the latter ranging from smallholder to large commercial production. The commercial farmers contribute 95% of total production, while the small ones only 5%. Agriculture is an important earner of foreign exchange. In 2013 40.2% of total revenue was earned by exports<sup>15</sup>. Well over half of the country's agricultural exports originate from the Western Cape, mainly in the form of wine and deciduous fruit. In 2014 the latter sector's total turnover was valued at ZAR 10 billion. Forty-five percent of total production was exported<sup>16</sup>.

Over the last decade a shift has occurred in export markets away from European and toward African, Middle Eastern and Asian markets<sup>17</sup>. The latter have less stringent requirements with respect to certain product standards, and particularly social and environmental standards, reducing costs for farms and pack houses. However, European markets are still valuable, although their requirements are becoming ever higher, requiring more educated and skilled workers in the pack houses. Traditionally a labour intensive industry, there has been mechanisation, concentration and rationalization in recent years, but also an upturn in South African agricultural employment very recently.

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<sup>13</sup>Barrientos, S. G. Gereffi and A. Rossi (2011) 'Economic and Social Upgrading in Global Production Networks – Challenges and Opportunities' International Labour Review, Vol 150 No. 3-4: 319-340.

<sup>14</sup>Milberg, W and D. Winkler (2011) "Economic and Social Upgrading in Global Production Networks: Problems of Theory and Measurement," International Labour Review, Vol 150.

<sup>15</sup>Nick Vink, Department of Agricultural Economics, University of Stellenbosch, personal communication, 19 January 2015.

<sup>16</sup>Hortgro: Key Deciduous Fruit Statistics 2014.

<sup>17</sup>Barrientos, S., P. Knorrnga, B. Evers, M. Visser (2015) 'Shifting regional dynamics of global value chains: Implications for economic and social upgrading in African horticulture' Journal of Environment and Planning.

There are also issues with respect to supplier's access to seasonal labour supply. Paradoxically, the latter exists despite high levels of unemployment in the country as a whole. In South Africa at least 25% of the population between the ages of 15 and 65 (i.e. 'economically active') is unemployed (almost 40% if one uses a different 'wider' definition). Traditionally a labour intensive industry, employment in agriculture has declined historically, mainly due to mechanization, rationalisation and concentration – although there seems to have been a recent upturn. Employment in agriculture in 2013 was 740,000 (up from 657,000 in 2008) (representing some 6% of the total labour force)<sup>18</sup>. In 2014 there were 1770 farmers in the deciduous fruit sector<sup>19</sup>. Last year, the sector provided approximately 109,000 'on farm' jobs and a total of 437 757 livelihoods<sup>20</sup>. Most of the fruit industry is located in the Western Cape. Thus although agriculture's contribution to GDP is rather small, a loss of international competitiveness would have serious ramifications for employment and social peace in the rural Western Cape.

Traditionally, worker representation has been weak, a continuing legacy of the apartheid era. Aside from the 'normal' obstacles facing union organizers in agriculture (e.g. access to farms), farm workers in South Africa only got labour rights equal to those in industry and mining towards the end of the 1990s. Even so, union membership remained very low and collective bargaining non-existent. As a result the government deemed it necessary to intervene and introduced a legal minimum wage in March 2003. At the time it was pegged at R800 and R650 per month (in 'Areas A' and 'Areas B' respectively)<sup>21</sup>. Through annual incremental increases it stood at R1503.90 per month (or R69 per day) at the beginning of 2012.

The government intervention introduced a legal minimum wage in March 2003, raising wages for many workers, but also raising labour costs for suppliers - although exchange rate changes have been in their favour. Serious labour unrest occurred in late 2013, directed at the farms rather than the government, due to competition over scarce jobs and wage levels. Underlying a xenophobic response of local workers to foreign migrants, was growing worker discontent over survivalist wages and the struggle to make ends meet. A new wage determination was set in February 2014. There has not been a major downsizing in labour as a result of the wage rises, probably because of a growth of the industry and the limits to mechanisation in the orchards. There is more mechanisation in the pack houses with automated sorting equipment already introduced by some companies. Companies seek to reduce the proportion of permanent workers in their workforce, which means that some lose their full time employment and housing on the farm, and seasonal workers find it harder to migrate to permanent positions even if they have had training. Casualization has been happening for some time in the industry.

The year 2013 was a watershed in more than one sense. It not only saw a major increase in workers' wages, but also the introduction of the fruit industry's ethical standard, SIZA (Sustainability Initiative of South Africa). Despite the recent labour unrest and the new far-reaching land reform proposals of the government, the general mood in the industry is said to be positive. It is expanding with a growth in hectares under cultivation and in volume production. This means that despite rising costs,

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<sup>18</sup> Nick Vink, *ibid.*

<sup>19</sup> This includes: apples, pears, peaches, plums, apricots and nectarines, but not citrus or subtropical fruit.

<sup>20</sup> Hortgro, *ibid.*

<sup>21</sup> In 2008 this differentiation was abolished.

political risk (i.e. land claims) and labour conflict, producers are investing, aided by the weakening of the Rand against the major currencies over the last 15 years.

Nevertheless, challenges remain. The most important ones are costs, competitiveness<sup>22</sup>, labour and black economic empowerment (BEE). Labour issues are being addressed through a newly established multi-stakeholder forum, the Fruit Industry Round Table Social Compact, including one union and another union federation. Their 'Transformation Working Group' is working on issues such as land reform. A deteriorating infrastructure, such as electricity provision and increasingly frequent power cuts, are a challenge for the industry. Falling educational standards are also a key concern.

For the union COSATU, tackling the historical dispossession of land is a priority, and they support the government's recent land reform policy foray, which broadly envisages the sharing of commercial farms between farmers and workers with a 50:50 split. The union confederation also demands collective bargaining – not only over wages and conditions of employment, but also over living conditions (basic services, housing/tenure, health and education)<sup>23</sup>.

From the employers' perspective, labour turnover, skills and productivity are the most important issues<sup>24</sup>. Productivity is measured at most of the bigger, business oriented fruit farms, whether in the orchard, vineyard or the packing shed. With regard to most tasks (i.e. thinning, pruning, picking) this can be easily calculated and measured. The issue of productivity is also on the permanent agenda of 'study groups' where farmers exchange knowledge and information and feed this to industry bodies like Hortgro. Quality control is another priority for companies: Bruised fruit and wrong labelling still result in a relatively high percentage of waste and increasing casualization exacerbates matters. Employers are caught between the pressure to cut costs and the need for more skilled workers who understand quality. While casualization is continuing unabated the companies tend to focus their training efforts on pack house operations. In some parts of South Africa high turnover levels of seasonal workers are a cause for concern. While workers may move to other companies for small improvements in their pay, there can be other driving factors such as poor labour relations, limited quality housing and a lack of childcare. Producers have to train incomers from scratch with a short induction programme<sup>25</sup>, followed by close supervision in the orchard or pack house, but this can be particularly an issue when seasonal workers are foreign or Xhosa speakers and supervisors are not, leading to instructions not being correctly understood or executed. With a rapidly changing labour force, and cultural differences between groups of workers, some human resources professionals have highlighted the need for 'diversity' training on the part of management.

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<sup>22</sup> In its efforts to remain competitive, the industry is aided by its long-standing insertion into export markets which goes back as far as the 1890s. By contrast, the SA wine industry only started exporting table wine in significant volumes in the early 1990s – a whole century later.

<sup>23</sup> COSATU has threatened country-wide protest action, although it is not clear if such action will materialize due to internal union conflicts. Productivity is not a priority for COSATU, as they argue that an increase will only benefit employers.

<sup>24</sup> Mariette Kotze, Hortgro agricultural economist.

<sup>25</sup> Low return rates of seasonal workers is high in some regions e.g. Ceres, according to producers, who have to train the new intake. However, a recent study shows that 'only' 13% of all seasonal workers in Ceres do not finish their fixed term contracts, with variability between farms and pack houses. While some moved on to other farms chasing better pay, other reasons included poor labour relations, and a shortage of 'good' housing and child care. The latter was especially true of coloured women, recruited from surrounding towns (Add ref)



The provision of worker skills training is not new in South African horticulture. Hortgro, for example, devotes considerable time and energy to the promotion of training, including technical and life skills, as well as health education.<sup>26</sup> In order to finance these programmes Hortgro sources funding from the AgriSETA and the Department of Agriculture. Technical courses like 'Top of Class' already exist in the industry and are advertised through the websites and social media of producer organisations. It is up to the producer to contact the training provider. Such training providers can also provide on-going management consultancy to companies. As far as technical training is concerned, an important initiative is the transfer of skills to new and emerging farmers. 2015 will also see the launch of a new program at the NQF4 level aimed at the nurturing and development of workers for lower level management<sup>27</sup>. At its annual 'gala evening' the fruit industry announces its awards, including the 'farm workers of the year'. Part of the price is a 'study tour' to its overseas markets, including visits to main ports like Hamburg, Rotterdam and London. The main aim is to gain a better understanding of the value chain.

## 4.2 Kenya

Kenya is the most successful producer and exporter of fresh produce and flowers in Sub-Saharan Africa. However, global agrifood value chains are highly competitive, and there is growing global and regional competition for the Kenyan horticultural sector, which has lost its market share in recent years. (USAID, 2015)<sup>28</sup> No available data source directly reporting the sector's output could be identified by Riisgaard and Gibbon (2014) and the Horticultural Crops Development Agency (HCDA) reports on Kenyan monthly export volumes by variety to all destinations are not of consistently good quality. It is generally agreed that most Kenyan flower exports have gone to the European Union. (Riisgaard and Gibbon, 2014) Recent World Bank data shows that 75% of Kenyan cut flower are imported to the EU<sup>29</sup>. The EU import volume data is only available in aggregate for cut flowers on an annual basis and prior to 2007 (Riisgaard and Gibbon, 2014<sup>30</sup>), but it shows a 'flattening off after 2005 of (this proxy for) aggregate output, at a level between 80 and 100 million tons per annum. This followed a steeply rising curve from 1995 to 2005' (Riisgaard and Gibbon, 2014, p12). In terms of labour related stabilization, reduction in variance of inter-seasonal outputs is 'probably of greater importance than reduction in variance of annual output' – HCDA data indicates that inter-seasonal output variance has fallen substantially (Riisgaard and Gibbon, 2014).

Major changes in the international flower industry have occurred in recent years with the expansion of direct sales and changes in the auctions: 'In the mid-1990s when international growers were effectively shut out of the Dutch flower auctions, exporters from Kenya, whose industry had already reached critical mass were forced to find alternative routes to market, one of which was through the establishment of TFA [Tele Flower Auction] but the other was through the setting-up of direct buyer

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<sup>26</sup> e.g 'Farm Worker Wellness Program'. HIV/Aids and tuberculosis are major issues amongst seasonal workers with an infection rate as high as 35% in some areas, e.g. Grabouw/Elgin.

<sup>27</sup> Theoretically this would cost a matriculant nothing, as opposed to a college or university education, but it would mean an 'apprenticeship' as a farm worker, which most are not willing to do. It is regarded as being beneath their education, although in many cases the certificate is not worth much, given the low passing standards and 'useless' subject choices

<sup>28</sup> USAID-KHCP Global Competitiveness Study

<sup>29</sup> UN Comtrade: access through World Bank World Integrated Trade Solution

<sup>30</sup> Riisgaard, L. and P. Gibbon (2014) 'Labour management on Contemporary Kenyan Cut Flower Farms: Foundations of an Industrial-Civic Compromise'. Journal of Agrarian Change Vol.14, Issue 2, p260-285.

relationships. This was made easier through the historical involvement of the British in Kenyan agriculture. Britain is the primary direct buyer due to the power and size of its supermarkets and although there are indications that the share of supermarkets in the European floriculture market is set to grow, the fact that Kenya has already established networks with major supermarket chains gives them a competitive advantage' (Taylor, 2010 p18)<sup>31</sup>.

The horticulture sector in Kenya has seen foreign investment, particularly by Dutch firms, because it is relatively unregulated and because of the 'high and steady profit margins' (HTSPE and Uwazo, DFID study, 2004). Flower companies, often Kenyan European, Asian and African owned, have capitalized on the globalisation of flower production and trade, exploiting the suitable climatic conditions, lower labour costs in a labour intensive industry and an expanding tourist trade providing air freight space (HTSPE and Uwazo, DFID study, 2004). Growing demand from European and North American markets supported this growth of the Kenyan industry, but the key challenge has been upgrading the quality of flowers produced with respect to international standards (HTSPE and Uwazo, 2004).

In more recent times Kenya has seen its regional competitiveness challenged: According to a recent report from USAID (2015) the key priorities for action to sustain Kenya's competitiveness vis-à-vis other East African producers, include improving public-private cooperation on food safety compliance, improving the coordination of exporters, lowering the cost and time burden of regulatory compliance, consolidating Kenya's export promotion efforts, and streamlining firm level export operations (USAID, 2015). High input costs and lending rates, and labour unrest squeeze profit margins for flower growers, which can mean that women's empowerment programmes are important if they provide a return on investment (HER farm, project proposal, 2013).

Environmental concerns were raised by consumers initially with respect to Kenyan flower production, leading to technical and managerial changes by exporters. A recent academic study finds 'significant differences between large scale and small scale floricultural farms in the way they record and report on pesticide information' (Kania *et al*, 2015)<sup>32</sup>: Record keeping was not found to be standardized. Methods range from old records methods to digital ones, with smaller companies have less robust systems in place. There is need for development of a viable and effective system designed to report pesticide use data in floricultural industry (Kania *et al*, 2015).

Labour rights abuses were identified in Kenya in the 1990s, with some consumer flower labels being established in a few European markets, followed by sectoral and retailer codes emerged focused on ILO core labour rights, but not covering other wellbeing issues related to the workplace such as transport or housing. The impacts of the corporate codes on labour practices during the mid-2000s were also found to be limited for non-permanent workers, and to focus more on material benefits, as opposed to social wellbeing and empowerment indicators (Nelson, Martin and Ewert, 2009).

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<sup>31</sup> Taylor, B (2010). 'Labour Patterns in Export Floriculture: the Case of the Ethiopian Flower Industry'.

<sup>32</sup> Kanja LW, Muchemi GM, Kitale PM (2015) 'Pesticide Recording and Reporting in the floricultural industry in Kenya'. International Journal of Scientific Research and Education 3.10 (2015).

The UK's Ethical Trading Initiative conducted a study in 2005<sup>33</sup> and prevalent challenges at that time included low pay, a lack of adequate housing, health and safety issues, in particular with regard to pesticide spraying, sexual harassment, especially by supervisors, lack of severance pay, short-term contracts, lack of maternity leave, unfair dismissal, excessive overtime, deductions from pay, lack of freedom of association, lack of contracts, social security payments not met, abusive supervisors' (ETI, 2005, p8). Specifically, health challenges included the lack of availability of Personal Protective Equipment (PPE), pesticide spraying instructions not being followed, lack of first aid boxes and trained first aiders, abuse of chemical coding systems allowing dangerous pesticides a short re-entry time, injured workers finding that supervisors try to find mistakes by workers as the cause of accidents, overcrowded and unventilated transport and lack of transport in the evenings, workers unable to wash hands in clean water before eating, many workers complaining of work-related illness are unfairly dismissed or intimidated to prevent them from complaining further or seeking compensation etc.' (ETI, 2005).

However, in 2007 there was a revision of the Kenyan labour code which strengthened both workers' rights establishing a more complementary relation between private and public labour regulation in Kenya and which has led to improvements for workers, according to Riisgaard and Gibbon (2014). Whereas prior to 2007 private standards were the main impetus behind operators' adherence to the laws of Kenya, the new code led to standards becoming more stringent in certain areas. It led also to greater influence for a third channel promoting labour rights in the sector, namely the trade union, KPAWU' (Riisgaard and Gibbon, 2014, p18). A new system of labour management has emerged: There is a desire among leading suppliers to develop their employees as an asset pool, as a good business investment (Hellyer and Whitwell 2012, p18). Expanding from 2005-6 onwards, this more modernized approach to labour management, has a 'norm of secure employment (including permanent contracts and freedom from arbitrary dismissal); freedom of association; application of nationally negotiated wage rates; improved observance of health and safety standards; provision of maternity leave and special provisions for pregnant and nursing mothers, and restrictions on overtime. These features are found together with scientific planning of work, rule-based payment systems and relatively flat forms of supervision' (Riisgaard and Gibbon, 2014). As well as the increased formalization of systems and rules on employment in response to the social standards and certification, in many companies there has also been a conscious effort to integrate supervisors more into management and to provide them with training on communication with and management of workers.

Whereas earlier analyses highlighted 'low wages, dangerous working conditions, forced overtime, gender discrimination, insecure employment and despotic types of supervision', Riisgaard and Gibbon (2014) find that the industry is retaining a longer-term workforce for the 'accumulation of tacit workforce skills' as this supports greater continuity of production in a sector which has seen inter-seasonal output variance has reduced. Vocational training and worker welfare initiatives in the Kenyan horticulture sector exist, but they are mainly *productivity-oriented*, rather than pertaining to wider social benefits accruing through worker empowerment and raised aspirations (Hellyer and

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<sup>33</sup> Ethical Trading Initiative (2005) 'Addressing labour practices on Kenyan flower farms Report of ETI involvement 2002-2004, February 2005'.

[http://www.ethicaltrade.org/sites/default/files/resources/Addressing%20labour%20practices%20on%20Kenyan%20flower%20farms\\_0.pdf](http://www.ethicaltrade.org/sites/default/files/resources/Addressing%20labour%20practices%20on%20Kenyan%20flower%20farms_0.pdf)

Whitwell, 2012). Because of the economic downturn and competitiveness challenges, there has been a decline in CSR activities such as aiding schools, medical programmes and social outreach, according to Hellyer and Whitwell, (2012) and an increased focus on continuity in production and building up permanent worker skills.

The Collective Bargaining Agreement (CBA) is now signed by more than a third of all operators: 'The 2010 flower-sector CBA was signed by 57 of around 150 operators, including almost all larger ones. In addition to this, three very large operators are parties to farm-level CBAs. Besides specifying pay rates (including for overtime and work on public holidays or rest days), the sector CBA covers hours of work, leave, acting allowance, housing allowance and burial expenses. It further covers disciplinary and grievance procedures, redundancy and termination of contract and retirement benefits' (Riisgaard and Gibbon, 2014, p22). The adoption of standards, adherence to the national CBA and the agency fee regulation (where invoked it is charged on the number of unionizable workers) has increased local union recognition and promoted unionization (Riisgaard and Gibbon, 2014).

Despite this improvement with respect to unions, worker representation in the industry still faces challenges according to Tallontire and Said-Allsopp, 2014): 'Out of the 100,000 workers employed in the flower sector, an estimated 60 per cent are members of the Kenya Plantation and Agricultural Workers Union (KPAWU), but the trade union is not adequately representing workers, especially female workers and there is a gulf between the high politics of the general secretary's office and under-resourced regional organizers (KHRC, 2012 cited in Tallontire and Said-Allsopp, 2014). Worker welfare committees, established by farm management, in this context were insufficiently independent and were male-dominated: Fairtrade Joint Bodies and Gender Committees have been established to try and tackle this issue in recent years, with the latter found to have made a difference to the incidence of sexual harassment in some cases according to the Kenya Human Rights Committee (Tallontire and Said-Allsopp, 2014). Despite the progress vis-à-vis the CBAs, there are limitations with respect to real wages and effective wage negotiation (Riisgaard and Gibbon, 2014<sup>34</sup>). In 2013, Oxfam and the company, International Procurement and Logistics (IPL)<sup>35</sup> conducted a joint analysis of the IPL's impact using Oxfam's 'poverty footprint methodology' (2013, p111). The report concludes that export horticulture 'creates valuable livelihoods – especially for women – in a country where unemployment is close to 40 per cent. The industry also provides an important market for some of Kenya's estimated three million small-scale producers' (Oxfam and International Procurement and Logistics, 2013). However, it also finds, that 'there is much scope for improvement across all the dimensions of poverty. For the vast majority of workers, wages do not

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<sup>34</sup> 'neither national or farm-level CBAs contains any provisions on the piece rates that determine a large, and probably growing, share of aggregate take-home pay...Nor do local KPAWU officials ever participate in such discussions: the union simply expresses an abstract opposition to such systems in principle. Amongst the reasons may be that it is only practical to negotiate such systems at farm level, whereas the KPAWU is strongly centralized if not autocratic. Even where local farm-level CBAs exist, negotiations on pay are reserved to central office and occur physically in Nairobi. The KPAWU's centralization is further underlined by the fact that income from the agency fee seems not to filter down to farm or even regional levels of organization, which appear starved of resources' (Riisgaard and Gibbon, 2014, p22).

<sup>35</sup> Oxfam and International Procurement and Logistics (2013) 'Exploring the links between international business and poverty reduction; Bouquets and beans from Kenya'. Available at: <https://www.oxfam.org/sites/www.oxfam.org/files/rr-exploring-links-ipl-poverty-footprint-090513-en.pdf>

provide a decent standard of living. Fluctuating demand in Western retail markets encourages the use of short-term or casual contracts, which offer few benefits and little job security. Sexual harassment is evident. It is likely, on smaller farms at least, that workers are being exposed to hazardous pesticides and other chemicals. Quality, affordable child care is all too often absent for a migrant workforce that is around 60 per cent female' (Oxfam and IPL, 2013, p111). Further, the study finds that 'workers feel that they are not empowered to challenge their employers about unacceptable pay and conditions. Some reported that representation – via unions or worker committees, for example – was weak. Many unskilled workers simply feared that they would lose their jobs if they complained....' and 'small-scale producers struggle to gain access to the lucrative export market because they are unable to meet the quality and safety standards demanded by global retailers' (Oxfam and IPL, 2013, p111).

IPL has embarked upon a three year project to explore 'operational changes designed to improve three key measures of poverty: standards of living for workers, female empowerment, and small-scale producers' livelihoods' (Oxfam and IPL, 2013, p111). The company has embarked upon a three year programme including reviewing their own seasonal review process aiming as a 'more accurate and in-depth discussion with suppliers could improve demand and supply forecasts so that orders are not changed and employment becomes more stable', (Oxfam and IPL, *ibid*). This could benefit suppliers. A related proposal is to introduce 'sustainability metrics into the review process of suppliers' performances', which could stimulate behavioural change among suppliers on an on-going basis: Suppliers will be rewarded for meeting social and environmental standards, including an insistence from IPL that all its suppliers commit to working towards improving living standards among their employees' (Oxfam and IPL, p112). Empowering women by monitoring suppliers' progress towards equal pay, reducing harassment and discrimination and improving childcare provision, and supporting small-scale producers in their efforts to join the international supply chain are two other key areas for IPL action (Oxfam and IPL, *ibid*). This process of critical joint analysis by the NGO and the company has identified some important areas for change within the company and potentially provides lessons for the TGVCI.

Health and nutrition issues remain a challenge for workers in Kenyan horticulture. In horticulture and tea women hold the majority of jobs, but have low-skilled positions that earn only modest wages. These horticultural jobs are frequently offering better pay and are more stable than in other sectors such as sugar and coffee, but workers face myriad health issues, including HIV/AIDS, family planning, maternal mortality, particularly related to illegal abortion; and gender based violence including female genital mutilation, which remains widespread according to an international NGO TGVCI grantee (project proposal). Moreover, labour conditions in the sectors are varied; studies have found instances of underpaid wages, excessive overtime, and exposure to work-related injuries and chemical exposure. High levels of heart disease and cancer in Kenyan males are reported by the Project Management Unit (PMU *pers. comm*).

### **4.3 Bangladesh**

Bangladesh is the second largest exporter of ready-made garments (RMG) in the world after China. In 2014, the value of Bangladesh's exports of RMG was £17 million, 85% of the total exports of the

country and 12% of the GDP. The main markets are the USA and the EU.<sup>36</sup> The UK is the third largest export destination for Bangladeshi textiles (Bangladesh APPG, 2013).

The RMG sector has been a major source of growth in manufacturing and employment. According to the industry's largest trade body – the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) – there are around 4,500 RMG factories. The sector employs 4 million workers and supports more than 20 million people directly and indirectly. 80% of the workers are women, for whom jobs in the garment sector can be a significant source of empowerment and a potential route out of poverty.

Despite an impressive track record of growth, the RMG sector faces a number of significant and long-standing challenges. Significant product and process upgrading has taken place since the emergence of the industry in the 1980's. However, productivity remains low by regional standards (e.g. China and other countries)<sup>37</sup>, and such economic upgrading as has occurred has not been matched by social upgrading. Wages, working conditions and labour rights in the industry remain poor<sup>38</sup>, although DFID Bangladesh suggests improvements in the past two years (*DFID pers. comm*).

The RMG sector in Bangladesh has a long and repetitive history of accidents, factory fires and disasters. Five hundred people were killed in factory fires between 2006 and 2010. In 2012 the deadliest factory fire in the history of Bangladesh killed 117 people and injured 200 at Tazreen. In 2013 part of the Rana Plaza complex collapsed killing over 1,045 people and injuring 2,000 others. While the reaction to this tragedy has led to a number of positive developments, significant social and labour issues have only been partially addressed.

The Rana Plaza disaster led to intense pressure from campaign groups, retailers, importers and donor governments. In response, three separate factory safety inspection and improvement initiatives are now underway. The legally binding Accord on Fire and Building Safety covers 1,600 factories supplying 175 mainly European retailers. The Alliance for Bangladesh Worker Safety covers around 600 factories supplying USA retailers. The Bangladesh Government, supported by the International Labour Organisation (ILO), is in the process of inspecting 1,500 factories that are not covered by the Accord or the Alliance initiatives, with funding from the UK, Canada and Netherlands, as well as seeking to build the capacity of the Government to better regulate the sector (*DFID Bangladesh pers. comm*).

While the focus of initiatives since 2013 has been on fire and building safety, the Rana Plaza disaster led to increased attention being paid to some other areas of longstanding concern, notably labour rights. For example, in 2013 Bangladesh signed a Sustainability Compact with the EU to improve labour rights and amendments to the Labour Act were enacted in the same year. However, according to a recent report, “these amendments fall far short of protecting worker’s rights and

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<sup>36</sup> Trade Map, data retrieved July 9, 2015, from [http://www.trademap.org/Product\\_SelCountry\\_TS.aspx](http://www.trademap.org/Product_SelCountry_TS.aspx)

<sup>37</sup> te Velde, Dirk Willem (ed.) - Enhancing productivity in Bangladesh's garment sector. DFID-ESRC Growth Research Programme (2014)

<sup>38</sup> Berenschot - Estimating a living minimum wage for the RMG sector in Bangladesh (2013); Clean Clothes Campaign - Living Wage in Asia (2014); Human Rights Watch - Workers' rights in Bangladesh garment factories (2015); ILO - Towards Better Work (2013); OXFAM - Steps towards a living wage in global supply chains (2014); Vaughan-Whitehead, D. - Fair Wages (2011); World Economic Forum - Beyond supply chains empowering responsible supply chains (2015)

meeting international standards ... [and] still do not meet ILO standards". The same report documents numerous examples of abusive factory conditions, non-payment or late payment of wages and benefits, forced overtime, gender discrimination and union intimidation. Fewer than 10% of factories have trade unions. The ITUC Global Rights Index rates Bangladesh as one of the worst countries in the world for labour rights: "while the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices".

Poor governance is one reason for the lack of labour rights. Bangladesh has ratified ILO Convention 87 concerning freedom of association and Convention 98 concerning right to organise. Since 2013 more unions have been registered and government has strengthened the Directorate of Inspection for Factories and Establishments (DIFE) with ILO support. However, the Labour Law does not fully meet ILO standards, and enforcement remains inadequate<sup>39</sup>. The sector is highly politicised, with a clear overlap between the two rival political parties and those with financial interests in garment factories.

Social auditing and industry/retailer codes of conduct have been the main response to poor working conditions in the RMG industry. While Rana Plaza gave retailers sourcing from Bangladesh a renewed incentive to audit and enforce codes of conduct, there is a growing realisation that these are ineffective by themselves and that the auditing model has severe limitations. Larger brands are instead investing in longer term relationships with their main suppliers, coupled with factory development and training programmes. There are a large number of related donor-supported RMG programmes aimed at improving productivity and working conditions. DFID is providing significant support to one of these programmes: Improving Working Conditions in the Ready-Made Garment Sector (RMGP).

Despite the number and size of positive initiatives in the RMG sector, most do not significantly address a fundamental issue for garment workers: chronically low wages compared to other countries and compared to living wage estimates<sup>40</sup>. Real wages for garment workers fell in the period 2001-2011. Following Rana Plaza, increased international scrutiny and local labour unrest contributed to the decision to raise the minimum wage to Tk 5,300 (USD 68) in November 2013. However, despite this increase (and a 5% annual increment since then) RMG wages in Bangladesh remain among the lowest in the world, and partly explain why the industry remains competitive despite its low productivity. The definition and calculation of what constitutes a 'living wage' is much debated. A study in 2013 found that the new minimum wage was 65% of actual worker expenditures and 36% of what was required for a model diet<sup>41</sup>. According to the Asia Floor Wage Alliance, the minimum wage is 19% of a living wage. However calculated, wages in the RMG sector still fall far short of a living wage as required by international human rights commitments and industry codes of conduct, for example, the Ethical Trading Initiative (ETI), Social Accountability International (SAI), Fair Labor Association (FLA), Fair Wear Foundation (FWF), International Labor Rights Fund (ILRF), Joint Initiative on Corporate Accountability and Workers' Rights (Jo-In), and Worker Rights Consortium (WRC).

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<sup>39</sup> Human Rights Watch (2015)

<sup>40</sup> Berenschot (2013)

<sup>41</sup> Estimating a living minimum wage for the RMG sector in Bangladesh (2013)

## **5. DOES SOCIAL UPGRADING LEAD TO ECONOMIC UPGRADING?**

In this section we consider the central evaluation question of whether social upgrading leads to economic upgrading. Firstly, we review the relevance of the impact pathways to the programme and identify priority issues not being tackled. Secondly, we explore the additionality and innovation of the impact pathways and the component projects. Thirdly, we assess the evidence generated to date on the effectiveness and impact of the impact pathways and component projects. Fourthly, we analyse the buy-in of participating companies, sustainability, demonstration effects, and systemic change.

### **5.1 Relevance of the different impact pathways**

The relevance of the impact pathways and component projects to the programme and its goal of achieving social and economic upgrading are considered in this section. We review the industry and development challenges faced by each of the target industries to see if the responses offered by the TGVCi are relevant and how comprehensive they might be, i.e. whether there are other priorities that have not been addressed.

#### **5.1.1 Relevance of Impact Pathway 1: (Worker Skills)**

This impact pathway proposes that workers' technical, life and leadership skills are enhanced in South African and Kenyan export fruit and horticulture industry, and this leads to better working conditions, job status and empowerment for workers and business benefits, such as improved productivity and reducing wastage.

There is a technical skills gap in both Kenyan and South African horticulture industries. Pack house workers need to meet increasingly stringent standards for European markets (EMU management interviews in South Africa). Riisgaard and Gibbon (2014, p21) note that in Kenya 'Greenhouse workers, for example, need to understand the agronomic rationale of the combination of tasks they are required to undertake, as well as to follow written instructions in English', with the combination of tasks increasing for many workers.

Companies are also keen to retain seasonal workers and there are costs associated with their induction training and supervision.

Life and leadership skills, in particular, are sorely needed for disadvantaged workers and unemployed youth: 'life skills improvements and interventions to change mind-sets of these workers to address social issues in the community and to encourage them to 'believe that they can improve their work opportunities and social environment' (Hellyer and Whitwell, 2012, p13). Leadership training is highly relevant in South Africa, given the social challenges workers face. In Kenya, workers also need support to take the initiative and to improve their own lives according to managers interviewed by Hellyer and Whitwell in the TGVCi design document (2013). All this makes interventions on life and leadership skills relevant to workers in Kenya and especially South Africa.

#### **5.1.2 Relevance of Impact Pathway 2: (Worker health and nutrition)**

Worker health awareness, access to health services and reduced exposures to health hazards is envisaged as leading to improved worker health and wellbeing, and benefits to business from improved worker productivity in this impact pathway. The issue of worker health and nutrition is of high relevance in both Kenya and Bangladesh, and the impact pathway and projects within it are



therefore relevant. Workers in Kenya still have limited access to health services and nutritional foods. Surprisingly, workers' health was not identified in the TGVCI design document as a priority, although nutrition was. This is perhaps because there have been investments by companies in worker health before in Kenya.

Despite the disproportionate representation of women in the horticulture and tea industries, there has been little support for addressing the many health challenges women face, amongst others, including HIV/AIDS, family planning, maternal mortality, particularly related to illegal abortion, and gender based violence, including female genital mutilation (HER project proposal, Kenya). As women are working they will have financial resources to act upon the information they receive and benefits will be secured, because they tend to invest their income in their families and communities (HER project proposal, Kenya). Business for Social Responsibility (BSR) is the lead grantee for Her project and they cite evidence that they have generated that investment in human capital has a high rate of return with reductions possible in absenteeism, tardiness and turnover, and indirect business impacts can be achieved of equal or greater importance, such as improved use of existing resources such as nurses, improved worker satisfaction with management, improved worker health behaviour, reductions in recruitment costs, and improved reputation with international buyers (HER project proposal). These issues are of direct relevance to suppliers in the Kenyan industry, particular as the industry has seen a decline in regional competitiveness of late. Worker productivity is influenced by many factors, including the introduction of 'lean management' systems.

Similarly, in Bangladesh access for poor women to health care services and products is deficient. With women making up to 80% of the RMG workforce (BSR HER project proposal, Bangladesh) workplaces could play a critical role in helping to meet health needs. As in Kenya, qualified factory nurses and effective on-site clinics have the potential to provide accessible, timely and affordable healthcare. Although a legal requirement, existing healthcare facilities in most factories are insufficient. Nurses generally lack the education, training and skills to provide a decent service. In many cases clinics are more symbolic than functional. The relevance to social upgrading is clear and the evidence from BSR on returns on investment captured in other projects indicates the project's relevance to the TGVCI, with its focus on training factory nurses and improving clinics. No other training is available for health care workers in RMG factories. Reducing health-related absenteeism, and improving the health of the workforce, could potentially have significant business benefits.

### ***5.1.3 Relevance of Impact Pathway 3: (Better management and worker representation)***

Impact Pathway 3 is 'Manager and workers trained in skills on better management for mature industrial relations and ethical compliance'.

Significant and systemic issues in the RMG sector remain, despite the renewed emphasis on auditing and compliance, and the considerable investment in factory safety, following various workplace disasters, including the Rana Plaza disaster in 2013. Factory operating standards and levels of compliance still vary markedly. Despite the progress made by the ACCORD, ALLIANCE and other initiatives, the issues of factory safety and labour rights remain a serious challenge and so all of the projects under this impact pathway are relevant at a general level to the industry. However, the relevance of **Count Me Too** is less clear: while the intervention has clear social value for workers, and while economic benefits could potentially be achieved at a higher level, it is not clear how business benefits will be captured at the level of the individual company from the initiative which

supports disabled people into work, beyond reputational benefits. Potential business benefits for companies will be further explored in the final evaluation.

The **Upskill** project, focusing on middle managers in RMG factories, was designed to provide multi-platform ethical compliance training. Achieving a consistent and improving level of compliance is a challenge for the RMG industry, even with repeated audits, and especially for those outside the top tier of retailers and suppliers. The project aimed to raise the level of ethical compliance through access to computer-based training, and provided a way of testing knowledge retention of manager trainees. The content of the training was relevant, if not especially different from the mass of other compliance training available. The project aims to improve factory safety through improved compliance by factories with ethical standards by increasing middle manager awareness and understanding of requirements.

For the **Upscale** project, which focuses on workers, the proposition of the grantee is that written procedures are of limited value where the majority of the workforce is illiterate, and avoidable injuries and accidents may result. No evidence is provided in the project proposal of existing workers' knowledge and awareness. However, the project is relevant, as it tries to provide a solution to the same challenges of non-ethical compliance. Much depends on how far there are gaps in workers' knowledge and awareness. Factories claim that they inform new workers about their rights and safety measures during the induction/orientation. Upscale aims to raise workers' knowledge and awareness of safety and compliance in a scalable and effective way by using an Audience Response Technology (ART) based interactive learning system. It is a highly relevant intervention given the well-known non-compliances in the context of the RMG sector.

Fundamental problems highlighted by the lead grantee of the Benefits for Business and Workers (**BBW**) project include low wages and conditions, a lack of worker-management communication, and poor middle-management capability resulting in a failure to achieve or maintain higher standards. Given this context, and a strong track record under the previous RAGS programme, but with a focus on factories that were not previously reached, BBW is a relevant intervention. BBW has found recruitment of suppliers challenging, and this potentially indicates limits on the demand within the industry for the products/services offered. New retailers/brands have bought in. From nine retailers/brands participating at the start of the programme, there are now 14 retailers/brands (a 56% increase). The major blockage is the limited willingness of suppliers to participate and the limited leverage of retailers/brands over them in the Bangladesh RMG sector. The grantee also notes (skype interview) that some retailers/brands pilot participation of a limited number of factories, but that scaling up to a wider number of suppliers is more challenging for them as this requires integration into decision-making on sourcing.

The Joint Ethical Trade Initiative (JETI) Round 2 project, '**Social Dialogue**', responds to the severe lack of worker's representation and voice in the RMG sector in Bangladesh and is thus highly relevant. Owners and management have a strong dislike of Trade Unions or worker's organizations, and only 5-10% of factories are unionised. This lack of worker representation and voice contributes to poor industrial relations. In the past, violent labour unrest has occurred relating mainly to the minimum wage<sup>42</sup>. This is recognized as a major problem for the productivity and reputation of the RMG

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<sup>42</sup> <http://www.dhakatribune.com/tags/Labour%20unrest>

industry. The legal requirement for a Participation Committee, comprised of worker representatives freely elected by the workers and management representatives, is a positive step. The Implementation Rules were published in October 2015. So far many of the participation committees only exist on paper and do not function, and it is not clear how representative they will be in practice.

The Social Dialogue project aims to make the committees functional and effective through capacity building of both the committee and factory management. If participation committees can be seen to work well, and if they lead to real benefits for both workers and managers/owners, the negative view of worker representation and trade unions could be reduced. Such an approach also potentially represents a more systemic approach, because it seeks to improve fundamental representation by workers in a more mature industrial relations context.

**The Safe workplaces through Gender equality and anti-sexual harassment** project the RMG sector addresses real, significant and deep-rooted issues in the RMG sector and Bangladeshi society: gender discrimination and sexual harassment. As such it is highly relevant.

**Count Me Too – Disabled worker access** is an innovative project, but a clear linkage between social upgrading and economic upgrading has not been articulated by the grantee. Identifying individual corporate business benefits arising from the intervention is more challenging, although ultimately at a national economic level there could be benefits to enabling disabled people to enter employment. The relevance of this project to the programme is therefore not immediately clear. It is worth noting that from a developmental perspective, the intervention could be highly valuable. The project could potentially be important for the reputation of the industry and for disabled workers' employment and well-being, helping to tackle discrimination through a strategic approach. Victims of factory accidents who become disabled become a burden on their families and have very limited employment opportunities. However, the direct business benefits are not so immediately obvious. The impact on productivity is not really known and there could in fact be additional costs for suppliers (e.g. workplace adaptation and training).

The **SIZA migrant worker registration system** is highly relevant to the industry, seeking to address the challenges for industry of achieving a stable, seasonal workforce, and improving seasonal workers' labour rights.

Thus, overall the impact pathway is highly relevant in itself to issues in the sector, and the individual component projects are relevant, perhaps with the exception of Count Me Too – Disabled Workers.

#### ***5.1.4 Relevance of Impact Pathway 4 – value chain participation/equity***

This impact pathway tests models for engaging smallholders and workers in more equitable and productive horticultural supply chains. It is highly relevant to the South African context, because it brings opportunities for smallholder and worker development, and because it responds to the government policy context, which has for some years sought to advance Black Economic Empowerment (BEE) and has recently explored shared ownership policies as a means of accelerating BEE.

### 5.1.5 Relevant social and economic upgrading priorities

From a developmental perspective it is important to analyse what issues may not be being addressed through the catalytic fund mechanism, as well as to unpack what is being addressed. The catalytic fund is a demand driven mechanism, which responds to the priorities identified by applicants and to the selection of these by the independent panel. To understand if it is effective at delivering social and economic upgrading, it is necessary to consider the broader range of issues that could be addressed and those which have not – and the reasons for this – given that from a development perspective these issues could be of equal or greater importance.

A number of areas were identified in the design document for TGVC (Hellyer and Whitwell, 2012), which have not been addressed.

Country	Initial themes identified in design document	Coverage in TGVC
<b>Bangladesh</b>	Vocational training for factory technicians and managers Improving nutrition for factory workers Better housing for migrant factory workers	√ x x
<b>Kenya</b>	Improving applied numeracy of farm workers and smallholders Improving nutrition of farm workers and small-holders Life skills improvements of farm workers.	√ partially √ √
<b>South Africa</b>	Improving middle management-worker relations; Changing labour broker behaviour Life skills improvements of casual workers.	√ x √

Nutrition was identified as a rising issue for RMG workers and a cause of poor performance and absenteeism. Lack of hygienic and affordable housing for RMG workers is the root cause of the increase in nutritional issues amongst female RMG workers (Hellyer and Whitwell, 2013). Whilst interventions in the area of nutrition will help and have an immediate effect on workers' health and productivity the underlying issues of housing must be dealt with for the long term stability of the RMG industry (Hellyer and Whitwell, 2012). Increased living costs, notably rent, are cited as the main cause for the slowdown in urbanisation and therefore the growing labour shortage in the RMG industry. Stable rents and an enforced rent control policy would mean that RMG workers could actually benefit from wage increases, whether by increases in the minimum wage or via productivity incentives. At the moment all wage increases are taken up by unscrupulous landlords who increase rents as soon as any wage increase is announced' (Hellyer and Whitwell, 2013). However, housing issues have not been addressed in the Bangladesh portfolio of projects, or in the other TGVC target countries. Action on housing could conceivably involve advocacy of government by coalition partners or direct investment in planning or improving worker housing – given that this could improve workers' productivity.

None of the South Africa projects sought to attempt to change labour broker behaviour, yet brokers play a key role in the recruitment and supply of casual labour for the industry and this was identified as a priority issue for the sector. A conservative estimate is of 1,000 labour brokers operating in the industry. While some may adhere to appropriate standards, others are not aware of their legal obligations or are unscrupulous. Their engagement in the industry creates challenges for workers (e.g. use of unsafe transport), and while their usage might be tempting for some farm owners, there

can also be expensive costs where mistakes are made by unskilled and poorly supervised workers brought in by contractors.

The issue of wages in the RMG sector was not raised directly in the design document, except with respect to the issue of rising housing costs absorbing wage increases. Yet living wage has been a hot issue within the RMG sector for some time, and there has been work to move this issue forward by the Global Living Wage Coalition, which include six standard systems all of which are integrating living wage into their respective standards. The latter has gained traction amongst businesses, according to the coalition coordinator writing a blog for ISEAL, the membership body for sustainability standards, amongst businesses with some companies investing or pledging funds for benchmarking and who intend to use this to raise wages in their supply chains. Their intention is that this coalition on living wages will 'encourage businesses, governments, and others to use the concept of living wage to shape discussions about worker needs and to push up wage levels in a variety of sectors in which these standards systems work'. Living wage issues are also of relevance in Kenya and South Africa, but have not been addressed through the TGVCI.

None of the Kenyan projects have really addressed worker empowerment through improved worker representation institutions and social dialogue processes. The Emerging Leaders project seeks to raise individual aspirations and confidence, but does not necessarily offer a process for institutionalizing worker empowerment in their relations with management.

Environmental challenges, including climate change have not emerged within the portfolio of projects funded under the TGVCI. Yet the Capturing the Gains research clearly identified the connections between social upgrading and environmental challenges and what these mean for companies with global value chains<sup>43</sup>. An integrated approach to sustainable and responsible business would include responses to environmental challenges, because workers and smallholders may be negatively affected by environmental impacts and because companies are under increasing pressure to ensure their global value chains are environmental sustainable. This means not only delivering incremental improvements on sustainability on certain aspects of corporate performance, but increasingly this means meeting benchmarks on comprehensive sets of goals – social, environmental and economic - that are based upon scientific measures relating to a safe and just operating space (Leach *et al*, 2013).<sup>44</sup>

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<sup>43</sup> Companies are under pressure to ensure their GVCs are environmentally sustainable, and governments and NGOs are becoming increasingly vigilant on this account. Environmental challenges in vulnerable locations cannot be managed unless social upgrading (e.g. environmental training and awareness) of suppliers/workers is secured. Conversely, social upgrading/improving wellbeing and working conditions for workers and farmers is partly linked to improving health and safety, often dependent upon mitigating/managing environmental impacts. Climate change and variability is predicted to increase the scale of the challenge in all three pilot countries. It can impact value chain raw materials and inputs and can result in new costs for adaptation technologies' (Hellyer and Whitwell, 2012 summarising a finding of the CtG research

<sup>44</sup> Leach, M, K. Raworth, J. Rockström (2013) 'Between social and planetary boundaries: Navigating pathways in the safe and just space for humanity'. World Social Science Report 2013: Changing Global Environments. ISSC, UNESCO, 2013.

### 5.1.6 Summary of findings on relevance

Tackling skills deficits – technical, life and leadership skills is highly relevant to the South Africa and Kenyan horticultural contexts. Addressing worker health in Bangladesh and Kenya is a social priority for workers and highly relevant to the target industries, and is also important in South Africa but was not covered there. A key issue arises with respect to training: it is possible to improve the supply of skilled labour, but trainees need real opportunities for recruitment or promotion – the latter involving not just increases in responsibility, but improved pay and conditions.

Improving worker health and nutrition is of high relevance in Kenya and Bangladesh.

Middle management and worker training aimed at achieving ethical compliance and mature industrial relations is of relevance in the Bangladesh RMG sector, despite the progress made through the ACCORD and ALLIANCE processes. Some of the projects focus on improving factory safety, while others focus on social dialogue between workers and managers (Social Dialogue, Gender Equality and Anti-sexual harassment). The SIZA migrant worker registration is highly relevant to seasonal worker social upgrading, with potential benefits for business. All are relevant to the development and industry challenges, except for the Count Me Too project, where the social value is clear, but the linkage between social and economic upgrading (business benefits at an individual firm level) is less clearly articulated.

Improving models for engaging workers and smallholders in retailer value chains in South Africa, is relevant to South Africa and other Sub-Saharan African contexts, because of the opportunities that exist for producers and buyers and because of the strong policy agenda on Black Economic Empowerment which retailers must respond to and increasingly so.

## 5.2 Additionality of impact pathway

In this section we explore the question of additionality for the different impact pathways, which in this context has two dimensions: Would businesses act without the public funding? Are the responses offered through TGVCI innovative in the context of the target industries (i.e. not necessarily entirely new globally, but offering a new approach in that industry to social upgrading challenges)? The latter was not a particular objective of the TGVCI, but projects were asked to detail in their project proposals, how they are or are not innovating, as well as how they are upscaling. An analysis of innovation and upscaling helps to inform the following discussion regarding effectiveness of the individual interventions, but also of the overall programme in terms of whether, how and to what extent, it is adding value and stimulating change within businesses and sectors.

### 5.2.1 Additionality and innovation in Impact Pathway 1 (Worker skills)

Impact Pathway 1 focuses on technical, life and leadership skills training. In South Africa managers already conduct inductions and informal skills training for pack house workers, because there are ever increasing and more complex demands from buyers. Whether the skills transferred are of sufficient quality has not been researched. There are quality issues at the farm and at the packhouses - picking and sorting is not perfect, but this may not be due to a lack of technical know-how on the part of workers, but the desire to earn more under a piece work system or motivation reaching a plateau. There are a great many technical skills training programmes already in existence, and some of the TGVCI training courses, such as **Top of the Class**, are not new to the industry. However, uptake previously has been piecemeal and some managers and owners do not see the value of investing in seasonal workers, where they may not capture the rents on their investment.

This is particularly the case for smaller farms which may struggle with the costs even of providing training for permanent workers. Although there is some scope to seek funding via the Agriculture Sectoral Education and Training Authority (SETA), accessing funding is not straightforward particularly for smaller sized companies.

The **Leadership and Mentorship** project has expanded an experiential learning process involving ongoing mentoring and focused on personal development, the latter being distinct from the more practical, value chain technical focus of **Top of the Class** (although it also includes a life skills component). The **Emerging Leaders** training is perhaps the most original approach in the South African and Kenyan contexts *in workplace settings*. It employs an intensive, charismatic, group based approach to changing mind-sets, although we would note that capacity strengthening through participatory, experiential processes is not necessarily new to international development.

One of the key additional elements of the projects in impact pathway 1 is in respect to targeting. Less attention has been paid to training for seasonal workers, beyond the induction programme that managers provide for all workers when they arrive on or return to the farm – permanent or seasonal. Still less attention has been paid on proactively reaching unemployed youth, through life and leadership training. The **Youth Engagement and Vocational Skills** project targeted both, although it came to focus only on seasonal workers at an early stage of its implementation, because managers were not keen to engage with people they did not already know or have recommendations for. **Emerging Leaders** is adaptable as an approach and can be related to people in different job situations and differing levels of the formal workplace hierarchy. A Round 2 project, **Pinotage Youth Development** is highly additional in this respect – it is focusing only on unemployed youth and offers again a slightly different pedagogical approach: an in-depth process of selection, following by months of intensive individual mentoring and small group work, with help to identify work at the end of it.

With respect to the question of additionality, i.e. whether the participating companies have invested in activities that they would not have otherwise have done, One lead grantee interviewed strongly indicated that the TGVCI funds had provided a lever within their own company, enabling the staff member responsible for sustainability to advance such initiatives. TGVCI has been a ‘brilliant catalyst’ and without it ‘none of this would have happened’ (Lead grantee interview). There is variation among the retailers and brands, with differing levels of resources to invest and sustainability and ethical sourcing staff may still need to persuade senior management of the merits of specific initiatives. The context has also changed for UK retailers in recent years with the rise of the discount supermarkets creating competition.

### **5.2.2 Additionality and innovation in Impact Pathway 2 (Worker health and nutrition)**

There is a range of approaches to improving worker health clustered under impact pathway 2. Despite the importance of the health of workers, and access to health services in the horticultural sectors in Kenya (and in South Africa) and in the RMG sector, Bangladesh, suppliers are not providing sufficient quality services. They should be providing such services – in Bangladesh it is a legal requirement. There is a clear additionality if companies improve their provision over current low levels. The **HER farm project** builds on an earlier small pilot in Kenya. Many companies already provide clinics and have on-site nurses, but the HER farm project represents an attempt to improve quality.



The **Worker Education and Nutrition** project piloted the radio programme targeting horticultural workers and exploring issues of relevance identified by them, which would not have occurred without TGVCI support. The project uses a model already developed by a Kenyan organisation, but targets a new audience segment, workers, and seeks to develop a potential model for rollout if horticulture companies buy-in to the model and see benefits. The nutrition garden demonstration is highly innovative in the context of Kenyan horticulture. The project used the existing garden developed by the NGO Real Impact as a model –and has engaged canteen staff and supplied produce to the canteen. It is an additional project, as it is unlikely that suppliers would have piloted such an approach without the TGVCI support.

The **Reducing Charcoal Use of Improved Health and Livelihoods in Naivasha** is also highly innovative in the context of horticulture workplaces in Kenya. While improved gas stoves are available widely, the innovation is the engagement with suppliers to subsidize their purchase by workers, combined with awareness-raising. This approach could lead to reduce exposure to wood smoke: it is well known that a shift to cleaner fuels such as gas can reduce inhalation improving women's health, although uptake has sometimes been an issue in international development. This project is unlikely to have occurred without TGVCI support, and is an innovative response to a priority for workers (health improvements, savings on fuel costs), as well as potentially offering benefits for businesses from improved worker productivity.

The **Health Insurance for All** project is genuinely innovative in Bangladesh, and probably would not have happened without the TGVCI support. It is piloting health insurance and medical check-ups. It represents a new and potentially replicable approach to the important issue of RMG workers' and their families' health and potentially provides an affordable solution that would have significant social and business benefits.

There are different approaches to tackling worker health and nutrition being explored by the TGVCI. Further, analysis of the relative effectiveness of the different approaches will be forthcoming in the final evaluation. However, EMU Mid-Term Review fieldwork indicates that wages are an issue for workers seeking to improve their nutrition. The aspect of living wage is not currently being addressed by the TGVCI, but affordability is a key element in securing nutrition (Hellyer and Whitwell, 2012).

### **5.2.3 Additionality and innovation in Impact pathway 3 (Better management and worker representation)**

The **Upskill** project was designed to provide multi-platform ethical compliance training for mid-level managers of RMG factories. A key feature is the employment of interactive ICT software especially the use of tablet and internet based training platforms that users could access at their convenience through an interactive approach. The project planned to offer it online on PCs and offline on Android tablet computers, because managers are busy and might be more able to access the training, even if the factory was closed<sup>45</sup>. The training provided is not particularly different in content from the mass of other compliance training available, but the mode of delivery was innovative.

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<sup>45</sup> "Should a factory close due to worker unrest, hartal or political instability then the user will be able to use the tablet device at home instead of relying on the factory's resources to provide access to UpSkill."



The **Social Dialogue** project focuses on worker participation committees and a process of social dialogue between worker representatives and managers. This is not unique in Bangladesh, and the TGVCI project itself builds upon previous work by the ETI. However, there is a case of additionality if companies are not yet buying into the approach in large numbers and still require incentives, information and encouragement to act, which is certainly the case with respect to worker representation in Bangladesh.

The **BBW** project is not particularly innovative compared to the long history of past training programmes or to similar programmes now being rolled out by brands or other donors, notably the ILO Better Work programme. However, a key difference between BBW and the ILO Better Work programme as well as similar programmes from brands is the offering of a Human Resources and Productivity training to middle managers. The BBW programme was supported because it represents a scaling up of a previous programme – RAGS – although the focus of BBW is on factories not included in the RAGS initiative<sup>46</sup>, and which might not normally be targeted for training and initiatives. More analysis will be conducted in the final evaluation to explore how far the factories reached are or are not those that ‘might not normally be reached for training and initiatives’. BBW combines modules on human resources training and on productivity, which is an innovation, as is taking managers out of their factory setting to sit together and interact sometimes for the first time, which can help to improve understanding and communication (lead grantee interview).

The **Safer Work places through Anti-Sexual Harassment and Gender Equality and** project grantee acknowledges in their proposal that there have been other gender awareness projects in the RMG sector, both within factories and within communities, and a number of the larger brands are running their own women’s empowerment programmes. Gender issues are now part of standard human resources practice as promoted by a number of initiatives. The project may be valuable in creating behavioural change for the company and its suppliers; the extent of this will be assessed once the project is completed (this is not an EMU case study and project M&E is weak). However, it is less clear that the approach will stimulate wider change in the sector. Nevertheless, what may be additional and different is the project approach (dialogue-based) and focus (attitudinal change). According to the proposal, the other projects in the sector focus on knowledge enhancement and skill building, rather than this dialogue and self-driven change approach. To develop and test a different model and to effect significant and lasting attitudinal change within the duration of the TGVCI programme may be ambitious. Whether the project can add to the evidence on how to address gender and sexual harassment issues is critically dependent on the quality of the M&E.

The **SIZA migrant worker registration system** project builds on a previous programme, but includes highly innovative elements to ensure the needs of seasonal workers are met: e.g. an innovative approach to training which reduces costs; retention of training records and a database which encourages year round employability; and a database which tracks industry trends around seasonal labour an area that has previously been ignored. How far this will influence corporate behaviour will be explored during the final evaluation.

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<sup>46</sup> It was a requirement set by the expert panel that 90% of factories targeted were not included in the RAGS initiative (PMU *pers. comm*).

#### **5.2.4 Additionality and innovation in Impact pathway 4 (Value chain equity and participation)**

The two TGVCI Projects funded under Round 2 which fit under this pathway are: **Creation of joint venture among small farmer groups**, South Africa and **Farmer support & Linkages programme**, South Africa. Joint venture schemes already exist in South Africa, but we do not know of initiatives in horticulture. The NGO partner suggests that their focus on governance training is the key innovation and this element is supported by TGVCI and would not have happened otherwise. Further, the retailer is offering to buy all of the produce the joint venture can produce so this is an unusual element, but replicability of this aspect on a continuing basis over long periods is not yet proven. It is also not the first time that smallholders have been facilitated to enter a retailer's value chain in Sub-Saharan Africa, but the South African context is more unusual, as so many black South Africans were pushed off the land and were not able to develop businesses, and it is not clear if there is now sufficient political will to address this issue.

There is a major current government drive for Black Economic Empowerment (BEE), and longstanding attempts by the post-apartheid government to facilitate a market driven land reform model. The latter has not delivered a great number of viable black-owned farms. Initially insufficient financing was a frequent problem, but since then the importance of technical, management, financial and marketing skills have come to the fore. Not only has the realisation taken hold that community owned farms suffer from the typical problem of the 'commons' (e.g. free riding), but also potential empowered black farmers need to be properly trained if they are to survive given the competitiveness of global agri-food markets, which has also led to a shakeout and concentration of white farmers during the same period.

#### **5.2.5 Summary of findings on additionality and innovation**

There are already a wide range of training courses on offer and some companies, especially larger ones, in Kenya and South Africa are already investing (Impact Pathway 1). However, not all companies have been willing to invest due to concerns about capturing the benefits of the investment. Seasonal and unemployed workers are particularly neglected with respect to such training, and it is not always possible for the supplier companies to obtain funding from the government to support such training, so retailer investment is important to reduce the costs of training. Some aspects of the pedagogical approaches to capacity strengthening and empowerment represent an innovation in the context of the horticulture sector. A key question is whether retailers and/or suppliers will continue to invest. A diversifying set of end markets for suppliers may help to encourage this.

With respect to impact Pathway 2 there have been investments in worker health by companies, but retailer investment will help to test approaches and to speed up implementation. Some aspects of the projects are innovative, such as the demonstration nutrition garden, radio programmes etc. The health project in Bangladesh was a new pilot and companies were unlikely to have acted without the TGVCI support, but health projects are not new in the sector. The improved stove project in Kenya is innovative in the horticulture sector targeting workers. The health insurance project is also highly innovative in the Bangladesh context.

Impact pathway 3 projects are not particularly unique, though this is perhaps not that surprising given the number of initiatives currently underway in the RMG sector trying to address the same challenges. The investment from the TGVCI may be important given the scale of the challenges faced and the need for momentum to create wider change – this will be explored further in the final evaluation. The projects tend to offer an original element, such as a particular use of ICTs or

the inclusion of productivity modules as well as the more common human resources modules (BBW). For all of the projects in this cluster it is clear that many suppliers in this large and rapidly expanding industry are unlikely to act without incentives and pressure from buyers. However, from a retailer/brand perspective, a few have their own-brand initiatives (we do not have exact figures), so the question arises how far these projects are additional or providing a cutting-edge answer to the challenges faced. In the BBW project the retailer/brand participation has increased by 56%. The issue is therefore more their ability to engage with suppliers. Round 2 offers more innovative projects within the Impact Pathway such as the SIZA project and Joint ETI social dialogue projects.

Impact pathway 4 projects are not particularly new in South Africa, but may be newer to horticulture. There is significant pressure in South Africa on retailers and producers to accelerate on Black Economic Empowerment (BEE). Joint ventures and value chain participation projects have already been implemented in South Africa. The projects in the TGVCI both offer innovative elements in their approaches, for example, offering governance, management and financial skills training to worker-owners in Joint Ventures.

### 5.3 Effectiveness and Impacts of Impact Pathways

In this section we explore the evidence generated to date on the effectiveness and impacts of the projects clustered under the different impact pathways, and draw preliminary, tentative insights on the effectiveness and impact of the different impact pathways – as far as this is possible at this early stage. The diversity of types of projects, and small number of each, also means it is fairly difficult to draw hard and fast conclusions at an impact pathway level.

#### 5.3.1 Impact pathway 1 Effectiveness and Impact (Worker Skills)

In South Africa and Kenya the skills training projects from Round 1 have all met or exceeded their targets (see Annex 2). Workers' skills have been enhanced through the training or learning processes they participated in, at least in the projects for which we have information. For the **Youth Engagement and Vocational Skills** project, workers reported increased self-confidence and esteem, for example (evaluation report). Owner / managers reported to EMU that they had seen benefits such as improvements in workers' punctuality, in workers' ability to take the initiative and their increased knowledge as a result of the training. The **Top of the Class** participants were satisfied with their training, with participants reporting higher self-esteem, and more knowledge on communication, problem-solving, health issues, value chain knowledge and also better relationships with managers (Independent evaluation report). Managers said that the training had improved participants' leadership skills, communication skills, motivation and team morale (independent evaluation report).

Having improved workers' technical, life and leadership skills the theory of change anticipates this leading variously to improved worker employability and fitness for promotion, as well as their overall satisfaction with work and their capacity to work better – i.e. to work more efficiently and effectively. We discuss each of these steps now in turn.

In terms of employability and promotion, it is still quite early to tell how effective they have been. An issue arose at the **Youth Engagement and Vocational Skills project** – because the SETA has not provided the trainees with their certificates, which are seen in the theory of change as being important for seasonal workers' employability.

Data on promotion following the training has been provided by an independent project evaluator, commissioned by the two projects, for both the EMU case studies, i.e. **Youth Engagement and Vocational Skills** and **Top of the Class**. On the issue of promotion and upward mobility, only Top of the Class seems to deliver a positive outcome for at least half the participants. For now, this kind of positive evidence is lacking in the case of the Youth Engagement and Vocational Skills project due to weaknesses in the independent evaluation. Both present fairly positive data on promotion of workers by the end of the project. However, there are some issues with the data. For the first project, although quite a high proportion (88%) of trained seasonal workers were offered positions, it is quite likely that the farm would have done this regardless (EMU case study) given their need for a stable seasonal workforce. The proportion of trained, previously unemployed youth offered jobs was much lower (36%). In the EMU case study fieldwork, many of the trainees interviewed aspired to leave agriculture if they had the chance. For the Top of the Class project evaluation, 43% of participants said that they had been promoted since the training and all of those promoted had received a salary increase over and above the annual increase. However, in the EMU case study fieldwork it was clear at both project sites visited that workers can be hazy on their exact job status. A common category at the Top of the Class sites was of ‘permanent seasonals’, which was not recognized in the evaluation. Promotion appears to mean ‘given more responsibility’ and is not necessarily associated with higher pay or change of formal position: more responsibility without these things may not be positive from the perspective of an employee.

Companies are torn between needing more ‘higher/better skilled’ permanent workers especially in the pack houses, while also having to try and reduce the size of the permanent labour force, which not only means that some workers lose their full-time employment and their housing on the farm, but also that it becomes increasingly difficult for seasonal workers to penetrate the core – even if they have had the benefit of training. At best, the latter (training for seasonal workers provided by the Youth Engagement and Vocational Skills project) - gives the applicant a slight edge above other casual workers who are new in-migrants and have no experience whatsoever of fruit farming. Opportunities for real promotion appear fairly limited for the Youth Engagement and Vocational Skills project - in our case study interviews for *both* projects we did not find that trainees had been promoted in the sense of being given a new job and did not see prospects of this occurring; nor were they earning more. However, it is perhaps too early to judge – one line manager at an EMU case study pack house said that two interviewees could be considered for a more senior position when a new pack house comes into operation in 2016.

Overall satisfaction with work for **Top of the Class** participants has improved – 91% of participants say that they are now more satisfied with their jobs after the training. However, the training did also raise expectations so the question arises as to whether this improvement in job satisfaction can be sustained if promotions are not secured.

Worker productivity post-training was qualitatively assessed by the managers and workers themselves in the EMU case study visits. In all cases, particularly the Top of the Class project, there were positive overall appraisals of the training from managers who said for example that there had been incremental improvements in workers’ performance, *especially where they better understood the value chain requirements*, for example, why care in packing is important to meet buyers’ requirements. The independent project evaluation for Top of the Class reports that managers found that trainee workers’ productivity levels had increased. However, there is the issue of a lack of

critical mass in terms of discerning any difference made at a corporate level: in some cases where as few as five employees from a particular farm or pack house are participating, it is unrealistic to assume that they will make a significant difference to the productivity of the business as a whole. None of the four EMU case study managers could provide individual worker productivity figures to demonstrate any quantified difference. The theory of change is not yet fully proven with regard to economic upgrading therefore. At the final evaluation stage, the EMU will conduct further research to explore social and economic upgrading outcomes and impacts for both of these projects (Top of the Class; Youth Engagement and Vocational Skills).

Next to technical training, most farm workers also need social development, i.e. more education and health awareness, because of the depth of the social challenges among farm workers and communities in South Africa resulting from the cycle of poverty continuing right into the democratic era. To some extent the training may help to act as 'damage control', one key informant said. So while such training courses are all valuable contributions, they are very limited in scale. There are no quick fix solutions, and really changes in education, community development and longer-term, intensive training are needed to significantly affect social upgrading for the workforce and to help others into work.

Beyond the grantee's reports on project progress and outputs, we do not have evidence on the longer-term outcomes of the **Emerging Leaders** project. This is not an EMU case study. An independent project evaluation was commissioned by the grantee on a pilot project which preceded the TGVCI grant. This study provides useful qualitative insights and some quantitative data (e.g. average monthly earnings from income generating activities, increase in savings and number of savers, % taking action to improve families' education, % starting income generating activity or community projects, levels of job satisfaction, levels of productivity reported by management, % drop in defect rate at packhouse, % worker turnover, % reporting health improvements, % reporting increased feeling of confidence.) The report makes useful recommendations for M&S supporting their own learning and implementation and that of Emerging Leaders. However, there are some issues inherent in the design of the study, which limit how far the data can be used to generalize to the wider worker population and with respect to replication etc.

The Emerging Leaders' approach offers some innovative aspects in terms of its application of leadership training in workplace settings and the training is generating positive feedback from participants. The independent study on the Emerging Leaders pilot prior to TGVCI found that many workers are implementing business and community projects.

It is also important to ask how far this approach of individual empowerment can lead to institutionalized improvements in worker participation without broader structural changes or with associated investments (e.g. provision of access to micro-credit).

More time is needed to know whether there is a business case for companies to continue investing, although it is also the case that supplier companies may invest for reputational reasons as well or in response to pressure from buyers – as opposed to making a decision based on a clear demonstration of longer term positive impacts for workers and businesses.

Positive feedback has been received by the projects in both Kenya and South Africa from participating businesses and workers to date, but understanding whether raised consciousness and motivation catalyses sustainable change also needs more time to be known. There is a need for impact evaluation evidence that is designed to evaluate mid- and longer-term outcomes, given that the model is being widely rolled out. See Box 2 for more details on evaluation evidence from a pre-TGVCI pilot of the Emerging Leaders approach in Kenya.

### **Box 2: Evaluation of an Emerging Leaders Pre-TGVCI Pilot in Kenya**

An evaluation was conducted by an independent evaluator of the Emerging Leaders Leadership for Hope Training Pilot. The evaluation design employed a 'before and after' comparison. A baseline study was conducted in 2013, followed by an interim study immediately post-training and an impact assessment in 2014. Impactt collected baseline data through management interviews, 70 quantitative interviews, 21 qualitative interviews and observation. 37 workers and 33 tea workers/farmers were interviewed at final evaluation, alongside management interviews. All business metrics were reported by the sites. The study reports that 495 workers were trained by the organisation Emerging Leaders and 400 by the exporter. The 70 participants interviewed in the study began 88 projects, including 52 new businesses and 36 community projects. For every one person trained, they shared the information with an additional 13 people.

Key outcomes include:

- **Increased income:** Participants reported that they earned on average an extra 13,945 shillings per month from new income generating activities. Overall participants reported household income increased by 43% and part of this can be linked to the training.
- **Increased savings:** Overall, participants save 3 times more (5,005 Shillings a month) than they did before the training and more people save. 95% of participants now report saving, compared to 62% before the training.
- **Better access to education:** 43% started a new course after Leadership for Hope (LFH) or 85% of respondents reported taken action to improve their families' education for example hiring a tutor or moving their child to a better school.
- **More involvement in the community:** 33% more participants volunteered at least one hour a week in their local community.
- **Significant increase in job satisfaction:** 47% of participants said they felt very satisfied with their job compared to just 14% before the training.
- **Business benefits:** 10% improvement in productivity at Vegpro.

However, there are some design issues with the evaluation. The researchers identify the following data limitations:

- Self-reported data from participants (cannot be verified), leading to some validity problems, for example, the potential over-estimation of benefits.
- Participants' awareness of their income was increased by the training, thus creating the potential for income increases to be overestimated;
- Data collection does not account for other causal factors;
- Business benefits self-reported by management, workers and supervisors (limited hard data available);
- Small number of people trained at second site may be too small to produce significant results.

The feedback from the training is positive, both from this study and from EMU's fieldwork. The pre-TGVCI pilot independent evaluation study in Kenya indicates some positive outcomes occurring in this case, but attribution is not clear and further research is needed to address this and also issues of sustainability.

The **Leadership and Mentorship project** independent evaluation is not yet available. The project achieved its targets, training twenty middle managers (leaders) and their mentors, with the latter also receiving capacity strengthening support.

In terms of the effectiveness of different pedagogical approaches it is somewhat early to judge, but there has been positive feedback about a practical focus on the value chain and buyer requirements for workers and businesses, and on the inclusion of life skills and leadership to counter the lack of self-esteem and lack of aspiration of workers (and communities in the case of Emerging Leaders) especially in South Africa, but also in Kenya. The mentoring element is thought to be an important component to ensure that trainees are supported to implement their new skills. The Round 2 projects may offer differing pedagogical approaches and insights in the final evaluation, but these are not EMU case studies.

### **5.3.2 Impact pathway 2 Effectiveness and Impacts (Worker health and nutrition)**

The interventions all aimed to improve worker health awareness, uptake of health services, healthier eating and/or reduced smoke inhalation. It is too early to fully assess project outcomes and impacts in this impact pathway, although this varies with type of indicator. The evidence to date has been reviewed by EMU.

One project – **HER project, Bangladesh** - has been scaled back and delayed due to matching funding challenges and in recruiting brand/factory partners. As the project still has some way to go, including the important evaluation and dissemination phase, it remains to be seen whether the clinics are upgraded based upon the assessments provided and the extent to which these clinics and the better trained nurses lead to improvements in worker satisfaction, absenteeism and turnover.

The **HER farm project, Kenya** is just concluding. The project slightly exceeded its targets in terms of numbers of nurses and peer health educators trained, 10 and 696 respectively. The total number of workers and smallholders reached through the programme is 18,355 (compared to a target of 18,000). Activities have occurred on 27 sites, slightly under the intended 30 supplier target. 10 clinic upgrading plans have been developed with the main supplier-partner, providing a basis for improvement for the company. This will take time to be implemented and to have an effect, although the project evaluation data indicates that there are improvements at the particular cluster of sites evaluated.

We do not yet have the project completion report, but the end-line study has been carried out by the grantee for a cluster of sites selected by EMU including a treatment site selected for the EMU case study. EMU also identified a control group at worker level for comparison with the treatment group. The project evaluation report presents positive trends in worker awareness on a range of indicators, such as worker's ability to check for breast cancer, knowledge about HIV/AIDS and sexually transmitted diseases. The grantee's study also found that more Personal Protective Equipment (PPEs) has been provided to workers. However, the control site where EMU has conducted research also shows improvements. There are a number of factors that may influence

worker's health awareness and access to health services. An initial analysis of the disaggregated data for the treatment site indicates some inconsistencies in the baseline and end-line data collection and analysis. This requires further investigation.

In interviews with peer health educators (PHEs), conducted by EMU, at the treatment site, the PHEs were all positive about the training they had received and their awareness of different health topics has improved. They also said they had shared information with their peers. However, there was feedback from those in the Focus Group Discussions (FGDs) that the PHEs need more training to build their confidence, as sometimes they did not fully understand the topics or were not able to attend a session, that not all colleagues want to learn from them, and that they lack time to share information. Workers also said that there is not enough time for them to receive the training as their free time is limited – they would like time set aside by management to allow them to have the training. So the cascading of information to general workers by the Peer Health Educators requires more attention.

The ability of workers to act upon health messages was also raised in the EMU FGDs. Low pay was consistently said to be an issue by both the treatment and control groups – as it contributes to both their poor nutrition and that of their children, but also their ability to obtain medical treatment. A common theme in both groups was the poor treatment of workers at both clinics. Further, getting permission to stay off sick is challenging. The project end-line study found a reduction in rates of worker absence due to sickness, but this has also fallen slightly at the control farm. Attribution of impact is therefore not proven. The final EMU evaluation will explore these issues in more depth and more time will have passed allowing the health interventions to have had a greater effect.

It is clear from supplier interviews that multiple factors influence health. The theory of change has multiple stages – worker health awareness and improved access to services must be first achieved. This would then lead to improvements in health, according to the project theory of change, but we know this is influenced by other factors. Worker health is assumed to lead to less time off sick and more efficient and better quality working. Again diverse factors are influencing worker health, and their time off sick. Workers said that often they have to stay off sick to care for their children when they are ill, for example. In EMU qualitative fieldwork workers said that their motivation to work efficiently and effectively is not only driven by improved health, but also by incentives such as their pay levels and standard of living, and their treatment by the supervisors, which is variable depending upon the individual.

Discerning business benefits at a particular company from the health intervention in this EMU case study (Her Farm Project) is going to be difficult. We have not been provided with individual worker productivity data. The Return on Investment study by the project has not yet been completed. The data when it is received will need to be validated by EMU. It may help to pinpoint more specific productivity changes occurring at the treatment site, but attribution to the project would require a counterfactual comparison. The latter is not feasible as no control factories agreed to participate in the EMU case study. There has been significant buy-in from one supplier, with positive feedback from senior management and the board. The Kenya Flower Council (KFC) is also positive (EMU key informant interview), and there is a partnership proposal involving the KFC and the project grantee, as well as a German Development Bank.



Limited data is available from the **Worker Education and Nutrition project** and while one component is complete (the radio programmes and written materials), the other is only recently established (the nutrition garden and training of canteen workers). More worker training is needed (EMU MTR fieldwork). Radio station feedback for the radio programmes was positive, indicating a wide reach to a large audience. However, in (limited) qualitative enquiry conducted by EMU, workers could not remember or had not heard the programmes they said, and more workers interviewed by EMU remembered the written materials. It is not clear if and how many workers have been able to act upon the information, but the limited EMU information indicates limited uptake. More evidence may be forthcoming from an independent project evaluation, but the data will need to be validated by EMU and no counterfactual is included so attribution is not possible. The project survey indicates greater recall on written materials by workers and a wider set of messages being remembered than in our qualitative interviews. In the FGDs financial management information was one of the highlights for male and female workers, as well as family planning, for those that could remember the magazines and their messages. A lack of capital to act on the messages was cited by the participants as a problem.

The half-acre nutrition garden was slightly delayed, but is now up and running and has hosted visitors and been open to informal visits from the workforce. It showcases a range of sustainable agricultural technologies which, if adopted, could improve worker's nutrition and enable them to make savings. Workers who have benefited from practical training were very positive and have applied the knowledge gained (e.g. in chicken rearing or vegetable bag growing). However, among a FGD of workers held at MTR they expressed interest in having proper training. While they could visit informally, they do not have time at their lunchbreak and even if they have visited they need proper instruction and the trainer is never there. Important challenges to adoption were noted, such as lack of capital, time, water and land – some said they were more likely to implement changes when they retire to their rural home villages. The workers did not perceive a change in the menu at the canteen in this FGD, although there has been a supply of produce according to the project.

The theory of change for this project is not fully tested as we do not have data on sickness and absenteeism at the main implementation site. The management at the supplier site have fully bought into the project and are developing a sustainable business plan for the garden and planning to introduce such gardens at their other sites over time.

More data analysis is needed to establish whether the EMU case study project will deliver social upgrading. More data is anticipated from the project with respect to the return on investment, but the quality of this data will also need to be verified. To date the control group comparison does not indicate a significant difference in health awareness.

### ***5.3.3 Impact Pathway 3 Effectiveness and Impact (Better management and worker representation)***

Further work is needed to validate the Benefits for Business and Workers (**BBW**) theory of change. The early self-assessment data from the participating companies (batches 1 to 6), which is validated by Impactt Ltd consultants, shows that for these companies their efficiency has increased. Wage data indicates average improvement, but not for all the factories. However, without a rigorous impact evaluation it is not possible to attribute this to the project.

### Box 3: Summary of self-assessment data from BBW

Based upon self-assessment tracker data provided by factories and verified by grantee consultants for batches 1 to 6: Labour turnover and absenteeism significantly improved in all the factories. On average, improvements have been seen on most indicators, with the exception of working hours (which increased, although still within legal limits) and the proportion of factories where part or all of the workforce work more than a 60 hour week. 8% of the workforce in participating factories was promoted according to the lead grantee. Worker satisfaction improved across all the variables measured. The cut-to-ship ratio improved in 97% of factories and by almost one percent on average (statistically significant). Results for efficiency and wages were more mixed. Take-home pay increased in 79% of factories. Part of the increase in take home pay is due to increased wage rates, and part is due to increased working hours. We will review the full set of project tracker data at final evaluation.

However, some of the intervening linkages in the project theory of change are uncertain. The links between improved human resources management and associated interventions (e.g. leave arrangements) and reduced absenteeism and staff turnover are relatively clear, as is the link between improved management and improved productivity. However, the assumed link between improved remuneration and improved productivity is uncertain, and may vary from factory to factory. It may be that both improve in parallel, or that improved productivity leads to improved remuneration. For the factories in batches 1-6, some of the increase in take home pay appears to be due to the increase in wage rates and some is due to the increase in working hours.

BBW expected to deliver: i) Clear business case for factories investing in improvement in workers' wages, job satisfaction, access to promotion and enhanced skills, so as to improve their social and economic security and ii) Delivery of benefits to 250,000-500,000 poor people in Bangladesh, approximately 60% of whom are women. There is a proposed delivery of cost-benefit ratio of 1:21 over 6 months at individual factory level. At project level the delivery of an estimated £12.5 - £25 million to workers over 12 months through increased wages, a cost benefit ratio of between 1:10 and 1:20 is anticipated. The Benefits for Business and Workers (BBW) programme is a scale-up of the RAGS<sup>47</sup>-funded BBW programme which worked with 41 factories in Bangladesh in the period 2011-13. BBW was required to focus on at least 90% new factories (i.e. only 10% should have participated in RAGS previously). The project is not yet complete so EMU cannot yet verify the % that has previously participated in RAGS, but this will be assessed during the final programme evaluation.

BBW is a training and consultancy programme which trains factories in batches of 6 over a period of 6 months. Training takes place largely in-factory, where factories have facilities, with each factory in a batch hosting at least one module. Each factory sends 6 staff members to the training; production manager, quality manager, industrial engineering (IE) manager, human resources (HR) manager, welfare officer and pilot line supervisor. The training focuses on human resources, productivity, quality and communication and enables the factory middle management to value workers as an asset in driving the company forward and increasing profitability.

BBW training aims to improve management capability in human resources (HR) and production management, and increase managers' awareness of ethical compliance.

<sup>47</sup> Responsible and Accountable Garments Sector (RAGS)

The Benefits for Business and Workers (BBW) project, seeks to improve managers' capabilities in human resources and productivity, including worker-management dialogue, labour law compliance and fire and building safety. The programme also prioritises the inclusion of worker voice through a network of 'buddies' (more experienced workers) in each factory who provide mentoring and support to other workers and facilitate discussions between managers and workers. Better working conditions, greater worker voice, proper induction systems, better communication and better access to skills development and promotion lead to more satisfying and remunerative jobs. This social upgrading leads to increased productivity, reduced product wastage, and a more stable workforce (reduced absenteeism and turnover). The visible business benefits lead both to continued investments within participating factories and to other factories adopting BBW or similar improvement programmes.

Further, analysis will be conducted at the final evaluation when EMU will have completed its case study of the project, and when the project is complete. So far, it is not certain the incentives will lead to suppliers continuing to invest in these types of interventions, although the project data showing improvements on cut-to-ship ratio represents a positive outcome for participating factories.

Even when subsidised at around 75%, the primary driver for factory participation is pressure or encouragement from buyers according to a limited number of key informant interviews. The extent to which factories will continue to implement the BBW management improvements is unknown and will be further explored in the final evaluation. So far the BBW project has reached 85 of the target of 125 factories agreed in August 2015 (reduced from an original target of 200 factories when the project was approved). The project has trained 510 managers (compared to a target of 750. The target for managers was also reduced at the time the factory targets was changed, being reduced from 1,188 to 750) by end of project. Recruiting suppliers has been more difficult than expected. The number of retailers/brands participating has increased from 9 to 14 since the start of the programme.

The project is still ongoing and it is therefore premature to assess impacts. However, if sustained, the average efficiency improvements suggest that the rate of return on the investment should be positive for the factories concerned. The data on wages is less conclusive.

Recruitment of factories has been more difficult than envisaged, despite the fact that most factories only pay around 25% of the cost. While this is partly due to the large number of other current initiatives in the RMG sector, the relatively low demand may indicate that the *perceived* relevance to factories is not particularly high prior to undertaking the training. Owners and managers may have other priorities given other processes such as the ACCORD and ALLIANCE which are ongoing in the sector, although the project data indicates that managers may be highly satisfied with the training content and the cut-to-ship savings obtained once the training has been undertaken. Many suppliers have only participated because their major buyer asked or required them to do so.

The **Upskill** project assumed that a tablet-based platform was feasible and affordable. However, there was initial slow uptake of the tablet-based option, the majority of trainees accessing training via desk top or laptop computer. There was positive feedback in the SEI evaluation on the online training. It was assumed that there was sufficient demand for a computer-based ethical compliance training programme, and that such a programme would be demonstrably superior to more

conventional modes of training. This did not prove to be the case *at the time of the review*, as demand for the training and certification has been limited <sup>48</sup>.

The project did not achieve its targets (only 184 users in 51 factories were trained against a target of 1,500 users from 300 factories), although more have been trained since this data according to the grantee. 24 people attended the exam and were certified in the pilot phase, but no further examinations have been conducted by the time of this review<sup>49</sup>. This project also struggled with factory, brand and user recruitment<sup>50</sup>. Whilst political unrest and strikes might have created some challenges, demand is also lacking at the time of this review (the grantees states that additional users have signed up after the period covered by the report). Interviewees reported that old browsers used by the managers did not work well with UpSkill, but newer browsers' version solved the problem when introduced. Between the Annual Review in June and the MTE (October 2015), the grantee has advised that new users have signed up since June 2015, but the specific figures were not available. At the time of this Review, UpSkill was not *actively* promoted in Bangladesh, although it has been available online.

While an independent report states that there have been many positive impacts for users and changes to ethical compliance in the factory the evidence presented is weak for a number of reasons. While the independent evaluation reports many positive impacts in terms of ethical compliance knowledge and benefits, the evidence presented makes no comparison with the high levels of knowledge and compliance reported at the baseline and is based on unverified self-reporting. Because of the small size and duration of the project it was always unlikely that such a project would have a significant or sustainable impact on the level of compliance and labour standards in garment factories in Bangladesh. More time is needed to see if the approach is adopted more widely and could have a *systemic* impact over longer time period.

The SEI evaluation report states that UpSkill “has led to many positive impacts for the users and changes to ethical compliance in the factories” (SEI, 2015, p.ii).

- This was not an EMU case study and the project and independent evaluator had limited resources.
- The SEI evaluation report evidence presents some positive benefits from the training, but there are limitations in the evaluation design relating to attribution and relative contribution of outcomes. The evaluation design did not allow for a rigorous ‘*before and after*’ comparison or a ‘*with and without*’ comparison.
- A baseline survey carried out as part of the evaluation found high levels of awareness of ethical compliance measures. Respondents reported that the majority of the ethical compliance measures had already been implemented in most of the factories. The high levels of self-reported ethical compliance could not be validated. The evaluators concluded that the self-reported awareness and implementation levels “present in the factories before ... the UpSkill learning process cannot be reliably inferred from the baseline surveys”.

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<sup>48</sup> The grantee advised that additional users signed up after the period covered by this Report.

<sup>49</sup> The grantee advised that additional examinations were held after the period covered by this Report.

<sup>50</sup> The grantee advised that marketing and sales adjustments were introduced after the period covered by this Report.

- There has been positive feedback from management: According to respondents, UpSkill has improved knowledge on ethical compliance. 80% of those interviewed mentioned that managers were more motivated to implement ethical compliance measures. 91% of respondents reported implementing improved ethical compliance measures after using the E-learning platform. Among the measures improved were fire safety (22%), ensuring usage of safety guards in the factories (16%), improving workers' motivation in adhering to safety guidelines (6%) and implementing safe hygiene facilities for women workers (6%). Most of the respondents (75%) intended to implement additional measures, but also pointed out they needed more time for full implementation.
- This data is self-assessment. As in the case of the baseline self-reported data - which the evaluation report itself implies is unreliable – neither the improved level of knowledge nor the implementation of improved compliance measures can be verified.
- The managers in the factory visited by EMU during the annual review also said that they had benefited from the knowledge on compliance gained from completing the UpSkill training and were trying to implement additional measures, and the workers also reported that they had been made more aware of safety measures.
- The messages and measures were apparently relatively basic and it is not possible to attribute these to UpSkill in a rigorous sense rather than to the many other brand, ACCORD, ALLIANCE, auditing and certification initiatives and the relative contribution is not very clear.

There is no rigorous evidence available at this stage that UpSkill has led to changes in the stability of the workforce, or levels of productivity. However, data was collected on the agreed indicators in the PMF at factory level and EMU could potentially re-run the survey if provided with the factory coding and if there are sufficient resources available.

The need to raise the level of compliance and labour standards in garment factories in Bangladesh was correctly identified. Additional training may or may not be an effective way to do this. What is far less clear from the UpSkill project is whether a computer-based training platform is a better or appropriate way of providing this training. The low level of demand for the UpSkill platform from factories and brands would suggest that it is not, but more time is needed to assess this.

It is too soon to assess the impact of the Round 2 projects, but a review of the project theories of change highlights some potential questions. For the **Upscale** project, given the experience of the Upskill project and the possible issues with its theory of change, it is unclear why similar or even greater challenges will not be encountered with the new project, implemented by the same partner. Is the mode of training— conventional or Audience Response Technology (ART) – a major reason for a lack of workers' knowledge and awareness on ethical compliance issues (if it is indeed lacking)? The proposal references a report showing that the majority of current worker training is ineffective, and the grantee cites scientific research showing improved training response with Audience Response Technology. But a question is whether an improvement in workers' knowledge and awareness, if achieved via training, leads to an improvement in safety and compliance. This depends on the extent to which workers' level of knowledge is an important factor. If other factors are more important (e.g. the attitudes and practices of managers or owners; structural safety issues; the effectiveness of inspections and audits; etc.) or if workers feel unable to act on their knowledge due to the character

of worker - management relations and the hierarchical power structure in factories, improving worker knowledge may be less relevant.

In sum, the Bangladesh context is a highly challenging one, and all of the projects have found recruitment of suppliers and retailers/brands difficult. There is a great deal of activity underway, which will complicate attribution. BBW is an EMU case study. The EMU has conducted the baseline fieldwork for this case study and the report is being written up. However, there have been limitations on access to factories – only one of the six factories in the batch of treatment factories responded to EMU requests for access so the selection is not random, despite the support provided by the grantee in facilitating the evaluation team’s access. At the control factory there was some disruption of access during fieldwork. The EMU has not yet received the project tracker data for the relevant treatment factory. For the MTE, the evaluation team drew upon visits made during Annual Reviews to factories, as well as the MTE fieldwork visit to one participating factory. A number of key informants in the industry were also interviewed. However, largely we are relying at this stage on the projects’ own extensive tracker data.

#### **5.3.4 Impact pathway 4 Effectiveness and Impact (Value chain equity and participation)**

This impact pathway includes two Round 2 projects. These are only just beginning so it is not possible to assess their effectiveness and impact. An EMU case study is beginning on the Farmer Support and Linkages project. Both projects have theories of change that clearly articulate the potential linkage between social upgrading for smallholders and workers in South Africa and the business benefits.

#### **5.3.5 Summary of findings on effectiveness and impact**

##### **Impact Pathway 1**

Many of the projects have achieved or exceeded their targets, and for some projects there is good evidence of immediate benefits for workers such as increased self-confidence and self-esteem from technical, skills and leadership training, but of our two case study projects where there is some evaluation evidence, there is stronger evidence on worker promotion from the project focused on permanent workers, rather than the seasonal and unemployed workers project. It is challenging for unemployed workers to be given a job on a farm/pack house when they are not known to the manager and for seasonal workers to be given a permanent position is extremely hard when companies are seeking to reduce their core workforce in South African horticulture. – Qualitative assessments from managers at the two case study projects suggest that individual productivity has improved, but no quantitative data has been provided. Further, this does not necessarily translate into corporate productivity benefits. More evidence from Round 1 projects is anticipated, and Round 2 projects present further opportunities to assess whether the causal linkages in the theory of change hold true.

##### **Impact Pathway 2**

Data emerging from the HER farm project requires further analysis. The project’s end-line report for the cluster including our case-within-a-case, states that there are improvements in worker absenteeism and sickness rates. But more analysis is needed of recently received disaggregated data from the grantee by EMU and additional analysis is needed of the counterfactual comparisons, both of which show improvements. Limited qualitative evidence indicates poor treatment at the clinics at both treatment and control sites, and low wages are consistently cited as the reason for poor nutrition and inability to access medical care. A Return on Investment study is still awaited. The HER farm project in Kenya has seen a lot of supplier buy in and a potential

scaling up strategy is emerging.

Of the two interlinked components, the Worker Education and Nutrition project, the radio programmes reached a large audience. EMU fieldwork involving limited qualitative discussions does not indicate a strong impression was made upon workers. The written magazines were more noted by workers (EMU MTR fieldwork), especially messages on financial management, and family planning. The nutrition garden and training of canteen staff is very promising, but more training is needed for the on-site workforce. The theory of change is not proven as well with regard to uptake by workers with certain challenges such as a lack of credit, land, time and water etc. However, the small group that have participated in training have adopted sustainable agricultural technologies. We do not yet know if this will improve nutrition and then worker productivity – it is too early to say and we lack the evaluation report. But the nutrition garden represents a sustainable business activity and locus for dissemination of important smallholder practices. Another project, HER project, Bangladesh is still on-going having encountered delays. It remains to be seen if clinic upgrade planning and nurse training will lead to improved worker health, improved worker performance and business benefits. While the project may still be very valuable, because it has been scaled back discernible impacts on worker incomes and business profitability are considered unlikely. Round 2 offers exciting opportunities such as the Health Insurance for All project.

### **Impact Pathway 3**

The BBW data provides positive trends on many indicators such as absenteeism, labour turnover, and worker satisfaction, but the results are more mixed on efficiency and wages. Without a proper counterfactual it is not possible to attribute these changes to the project intervention. EMU is conducting a case study which includes a counterfactual, but access issues have arisen at both treatment and control sites. The lead grantee reports that a Randomised Controlled Trial is being conducted in 28 BBW factories, including a counterfactual. We will review findings from this in the final evaluation.

One project, Upskill has fallen short of some of its targets, and the extent to which the training programme improved ethical compliance awareness and implementation is uncertain, due to the limitations in the scope of the evidence available. To the extent that it has, the resultant worker and business benefits are also uncertain. More Round 2 projects fall under this impact pathway and may provide more insights into whether the impact pathway theory of change holds true.

### **Impact Pathway 4**

The two new projects are important in tackling shared equity in the case of the Joint Ventures project and the Farmer Group linkages project could potentially transform smallholder livelihoods as the opportunities are significant if the value chains work, but the risks are also high. There is significant pressure in South Africa on companies to deliver significant Black Economic Empowerment (BEE) and both projects cater to this government policy goal and associated legislation. Concerns to protect reputations and competitive advantage have meant that the grantees are not willing to collaborate with EMU in conducting evaluations, although in one case, the lead grantee is a consultancy which has agreed to collaborate on an EMU case study of the project, focused on the smallholder and worker levels, and interviews with the intermediary hubs, and not including the retailer level.

### **5.3.6 Comparison between the impact pathways**

There is a limit to what can be said about the relative effectiveness of the different impact pathways, because Round 1 is not completely finished, and Round 2 is just starting. Further, there are very few cases from which to draw definitive findings, because of the challenges with the generation of



evidence detailed earlier in the report. Impact Pathway 1 appears to have been most successful in terms of achieving or exceeding its targets. This may be a reflection of the fact that training in technical skills is quite a familiar type of intervention and so it is less risky. Interventions in health are also more tried and trusted, but the challenging context of Bangladesh and a loss of matching funding have meant that one project has been scaled back, rather than an inherent failing of the theory of change. Impact Pathway 3 is not highly innovative – there are other management training and ethical compliance initiatives in the RMG sector in Bangladesh, but one project appears to have been much more successful than the other, building as it does on previous programming experience. More time is needed to establish whether companies will continue to invest. It is the Bangladesh context that creates the risk more than the type of intervention – at least looking at the Round 1 projects.

#### 5.4 Sustainability

As projects are only just completing now or still on-going it is not possible to assess the actual sustainability of the interventions in the absence of DFID funding, but it is possible to explore the *likelihood that they might be*. This is the type of intervention that companies are familiar with. There have been repeat requests for some of the **technical, life and leadership training courses** in South Africa, but the main test will be whether suppliers are willing to pay for further training themselves or if there is further subsidy from retailers in the future, as well as whether companies in these sectors or in others sectors follow suit.

There is good buy-in from the same supplier for the nutrition garden, clinic upgrading, nurse and peer health educator training, but it is not clear how many other suppliers will buy in, in the same way. Recruitment has been somewhat challenging for the **HER farm** lead grantee, but the Kenya Flower Council partnership and support from the German Investment Bank may lead to sustained partnership and the potential to reach more marginal suppliers in the industry. It is not yet clear how far any changes achieved benefitting workers will be sustained, particularly where the benefits are welfare focused, as opposed to changes achieved through increased worker representation and empowerment, which might better allow for responses to emerging constraints as they arise. In Bangladesh the project is still on-going and so it is really too early to assess sustainability.

The ethical compliance and mature industrial relations impact pathway projects have produced mixed results to date and it is not certain that there is sufficient demand for the services to continue. **BBW** has reportedly had some success on key indicators, according to project data. From a limited number of key informant interviews, there are indications that it is difficult for retailers/brands to recruit enough suppliers, even with brand leverage, which is stronger in Bangladesh compared to the leverage of the UK retailers over suppliers in food produce. Managers participating in the BBW project reported that they are making changes within the factories and it is possible that these will be sustained over time. A limited number of managers interviewed said that owners need to be engaged more than at present as well, but this issue requires more exploration in the final evaluation.

#### 5.5 Demonstration effect / Systemic Change

We interpret these terms to mean the following in the context of the TGVCi:

- A demonstration effect is when companies learn of practices and are convinced of the benefits (the benefits are visible and attributable) and so they follow suit.



- Systemic effects in the context of the TGVCI could mean a) a narrower framing i.e. change in behaviour of some mainstream companies in increments on sustainability measures, b) or it could mean more transformational change in relationships and outcomes measured against scientific measures of relevance to sustainable development goals and imperatives.

It is important not to expect too much of the TGVCI its current guise with respect to system change. However, the TGVCI business case does include sectoral impact, as does the EMU terms of reference. The EMU is conducting key informant interviews throughout the programme and recently launched an industry survey. However, we anticipate through our theory of change based analysis that systemic change in the second interpretation is unlikely to be achievable because of the design and focus of the TGVCI, in the second interpretation because:

- The funding available, even including the match funding generated, compared with the scale of the challenges addressed in these target industries and the opportunities mentioned in the business case (Key informant interviews, EMU analysis)
- The scale of interventions of other donors and the sheer number of initiatives, particularly in Bangladesh, has meant that there has not always been adequate coordination between the different initiatives and their funders (key informant interviews)
- The short duration of the projects (grantee feedback)
- The fact that the projects are not particularly cutting edge in design and that some will fail (as they are experimental) (EMU analysis, key informant interviews)
- The absence of a cross-project learning and experimentation mechanism (EMU analysis).

Some buy-in from supplier or retailer companies may occur, (we have given information in earlier sections on instances where there has been strong company buy-in, but also occasions where grantees have struggling to achieve supplier buy-in. However, this does not mean that there is independent uptake on a large scale by other companies as a result of the TGVCI, and the analysis of the issues addressed indicates that some critical issues, such as living wages and environmental impacts are not being tackled. One indicator of potential future change in behaviour and practices is a change in dominant narratives amongst key actors. EMU is analysing industry survey data which will begin to provide insights on this in the final evaluation.

There is an increased focus on companies to integrate sustainability into their core business model, including pressure on companies engaged in global value chains ‘The need for integrated sustainability is urgent; in order to address today’s pressing global issues such as resource scarcity, climate change and inequality, the private sector must integrate environmental and social considerations into every business decision. Embedding sustainability into business not only helps secure a sustainable future, but it also benefits companies, enabling them to prepare for future risks, act on opportunities and create more value for the business and its stakeholders’ (Mosher and Smith, 2015)<sup>51</sup>.

DFID should develop a clearer vision of systemic change with respect to sustainability policy goals, (environmental, social and economic) rather than the current situation in which businesses tend to

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<sup>51</sup> ‘Sustainability Incorporated: How to integrate sustainability into business’

self-report against incremental improvement. A more critical analysis of the development contribution and impact of business in the *context of sustainability imperatives* is needed to guide future DFID strategy – *not just an instrumental focus on working with* the private sector. Attention should also be given to a wider set of levers of change for more sustainability-integrated change, including social movements and regulation, to the full range of sustainability issues, and to targets relevant to scientific measures and policy goals on sustainable development.

## 5.6 Cost-effectiveness

At a programme level the TGVCI has sought to test if companies are willing to invest in social upgrading to achieve economic upgrading. There is a cost associated with this testing (e.g. identifying interested companies, developing appropriate interventions and soliciting proposals etc.). As this work has already been done, arguably future funds would not necessarily incur the same level of costs. However, as noted elsewhere in this report, the strategic objective of the programme was to generate evidence to persuade a much larger set of companies to act – beyond those participating in the programme. As there have been challenges to the generation of evidence, as detailed elsewhere in this report, then future funds would then likely still incur costs in approaching companies – including those within the programme as senior corporate decision-makers may still require evidence of business benefit and the wider universe of companies that DFID hopes to incentivize to change would still need persuading. So far it is evident to EMU (based upon key informant interviews) that many companies are making decisions regarding such projects, without clear evidence of concrete business benefits at individual firm level.

It is difficult to judge the cost-effectiveness of the projects supported by TGVCI. Understanding the costs for suppliers cannot be established from a simple calculation of project costs divided by the number of beneficiaries trained. Many of the projects include the costs of course content development and the transaction costs of recruiting suppliers. More time is needed for evidence to be generated to assess the effectiveness of the different pedagogical models, which have variable associated costs per person. Intensive individual training provided by **Pinotage Youth Development Agency** over many months is likely to cost more per person than participation in a shorter course, such as those offered by the Round 1 projects. Yet, the former *may* be more effective in achieving sustainable, long-term transformations in individual mind-sets, confidence and employability. Many of the Round 1 training courses have been appraised positively by the managers. Some of the grantees have plans to repeat the training with new participants. For the **Leadership and Mentorship** courses, the grantee which offers the course, said that initially they would continue to subsidize but at a reduced rate. They also indicated that the extent of uptake remains to be seen, if the full cost is borne by the supplier.

The cost per **Upskill** user or **HER** nurse trained in Bangladesh can be calculated, and appears to be high, but this also includes the cost of developing the training module and so may not be appropriate. The more important business test will be if and when the service is purchased by RMG factories without a DFID and/or retailer subsidy. At the time of this review, this seems to be perhaps unlikely in the case of Upskill, although not impossible, and it is too early to tell in the case of BBW.

The cost of the training is subsidised by the project for three suppliers in the **HER** project, Kenya, through the support of a development investment bank. This represents a potential option for encouraging more suppliers to act, particularly beyond the leading suppliers. The **Emerging Leaders**

(EL) training course ‘Leadership for Hope’ works on the basis of large numbers of participants. This presents the opportunity for scaling up and reducing cost, but the opportunity cost to the company can be high of such significant disruption to production when the entire workforce is participating. EL has produced an adapted model – Certificate of Community Leadership – and this is delivered in smaller modules over four days. This may reduce the opportunity costs for the participating companies.

## 5.7 Gender and Social Difference

The projects are targeting industries where women predominate. However, not all of the projects have a strong understanding of gender and social difference issues. International NGOs can bring a dedication and a focus to this issue and experience.

Several of the projects within the TGVCI explicitly focus on worker empowerment. It is therefore important to unpack what worker empowerment means in the context of the TGVCI. UNDP defines gender equality and women’s empowerment ‘not only as human rights, but also because they are pathway to achieving the Millennium Development Goals and sustainable development’<sup>52</sup>. DFID’s strategic vision for girls and women includes a pillar aimed at getting economic assets directly to girls and women. Under this pillar, improving working conditions and more jobs to increase incomes for girls and women is included. In tandem, the strategy notes that to achieve results across these four pillars requires action to ‘understand and address attitudes, behaviours and social norms which constrain adolescent girls’ and women’s lives and which perpetuate exclusion and poverty. It requires increasing support for interventions that empower girls and women to make informed choices and to control decisions that affect them’. This includes locally-led action for social change to challenge unequal gender relationships, support to women and girls’ participation in national and local decision-making processes and removal of structural barriers, improving legal frameworks that protect women’s and girl’s rights. It is also important to strengthen national and local policies, planning and budget to ensure growth and poverty reduction benefits girls and women, and that services and opportunities for them are prioritized (DFID strategic vision<sup>53</sup>)

In the TGVCI context social upgrading centrally embeds an understanding of worker’s rights. To achieve social upgrading requires addressing worker’s rights. To empower workers – female and male – involves realizing their rights and strengthening their voice and capacity. From a developmental perspective it is also important to explore how far the projects are likely to tackle such issues and to review the evidence available. A more detailed review will be included in the final evaluation. The TGVCI did not have a specific gender focus, but arguably it should – from both a developmental perspective, but also from an instrumental perspective, given the disproportionate number of female workers in many factories in the target industries.

The **Count Me Too – Disabled Worker Access** is a highly laudable and valuable project in its own right and it may have an influence systemically if the partnerships emerging under the project with other NGOs and donors continues and other companies are influenced as a result. Disability is a neglected topic within responsible business and the project is seeking to tackle widespread

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<sup>52</sup> <http://www.undp.org/content/undp/en/home/ourwork/womenempowerment/overview.html>

<sup>53</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/67582/strategic-vision-girls-women.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67582/strategic-vision-girls-women.pdf)

prejudice. It is not very clear, however, how this fits with the overall rationale of the TGVCI, given that a clear business case is needed at the level of the individual firm. At a higher level, e.g. at the national level, if disabled people are enabled to enter work, this could potentially have benefits for the economy, where, for example, welfare benefits are available to unemployed people.

The design phase of TGVCI did not always pay sufficient attention to gender. In one project, for example, the assumption is made that sustainable agricultural technology demonstration will lead to technology uptake by workers and that this will be beneficial, but technology adoption is never gender neutral, and there could be issues with respect to adding to women's labour. EMU qualitative research found that the radio programmes for workers in one project were broadcast too late for women workers – all the women interviewed said that they were too tired at the end of the working day and after completing their domestic duties to stay awake and listen to the programmes. Useful insights have been obtained by some organisations as part of the TGVCI process: The HER farm project identified the need to engage with male workers, as well as female workers to tackle health issues for all workers, and this is a lesson which the NGO says it will apply across its global programme. A gender analysis might have identified this earlier, but it is still an important advance for the NGO and supplier companies.

Different countries are at a different stage of maturity with respect to labour legislation and the effective realisation of labour rights and decent work. While there are still gender issues in the horticulture sector in Kenya, there have been improvements since campaigns on labour abuses in the early 2000s (see context section). For example, in Kenya there are now Gender Committees on many farms which have had quite a positive experience, as well as Fairtrade Joint Bodies (Tallontire and Said-Allsopp, 2014). In Bangladesh the Worker Participation Committees and processes of social dialogue are just being established, but they potentially represent an avenue for worker – female and male - empowerment. There are already many on-going women's empowerment initiatives in the sector, but this is from a low starting point.

Narratives about women's economic empowerment abound, but 'while gender equality clearly contributes to broader economic and social goals, not all pathways to economic development advance gender equality' (Kabeer and Natali, 2013 cited by UN Women, 2015, p 3). Some patterns of economic growth are premised on maintaining gender inequalities in conditions of work and earnings and enforcing unequal patterns of unpaid work that consign women to domestic drudgery' (UN, Women, 2015). It is important that an evaluation of TGVCI takes this issue into account – otherwise there is the risk that while gains may be made in some aspects of worker rights, at the same time if gender inequalities are not addressed in a substantive way, then the impact on poverty and on women's empowerment could be *undermined*.

A recent agenda is emerging in the field of women's economic empowerment and gender equality, which considers what actions are needed for more substantive, transformational change in work for women. The UN Women report of 2015 discusses how to transform women's work. We have analysed the current portfolio of projects in the TGVCI to indicate aspects of substantive equality which may have been tackled, and aspects which may not – which provides important insights going forwards for DFID.

UN Women (2015<sup>54</sup>) considers the economic and social aspects of gender equality and the lack of tangible progress on the ground. Substantive Equality provides a framework for thinking about actions to achieve progress and for analysing the TGVCI interventions to date.

**Box 4: Substantive Equality and TGVCI**

Substantive equality	Potential areas for action according to the UN Women Report	Coverage in the TGVCI
Representation i.e. Strengthening agency, voice and participation	<p>Representation in trade unions and other social movements</p> <p>Women’s organisations able to influence economic policy-making</p> <p>Targets and quotas to increase women’s representation in male-dominated occupations, including in public roles</p>	JETI Social Dialogue <i>potentially</i> ;
Recognition - addressing stereotyping, stigma, and violence	<p>Women’s rights addressed in Collective Bargaining Agreement processes</p> <p>Taking action to tackle pervasive sexual harassment and violence in the workplace through specific laws, training for staff, grievance mechanisms, support for women to take cases through the justice system)</p> <p>Recognize unpaid care work (including in training and education as well as alongside work)</p> <p>Challenge myths about gender roles: Properly value female dominated roles and remunerate fairly; Careers advice and mentoring for women especially in traditionally male dominated areas (STEM)</p>	Safe workplace through equality and anti-sexual harassment project
Redistribution – redressing socio-economic disadvantage	<p>Universal social transfers which do not stigmatize women</p> <p>Stronger enforcement of equal and equal pay opportunities legislation for women and men, equal likely to have a pension</p> <p>Recognizing women’s unpaid reproductive work (measures include parental leave policies, public provision of child care etc.).</p> <p>Improved access of women to education (literacy, primary education or vocational training and skills development including in non-traditional positions, mentoring to support women to progress up the occupational ladder etc.) and employment</p>	Technical, life and leadership skills training

Adapted from UN Women, 2015; Fraser, 2009.

The analysis above shows that there are exciting interventions under the TGVCI (Round 2 projects), but other areas of intervention which need to be taken into account either in the TGVCI or through complementary actions by DFID (or other donors) and government. For businesses it is important to take account of the more holistic approach to workers’ rights and empowerment, as it is possible that interventions which focus only on practical interests will be ineffective or worse could undermine women's worker’s position and their productivity, work satisfaction etc.

<sup>54</sup> UN Women (2015) ‘Transforming Economies, Realizing Rights. Progress of the World’s Women, 2015-2016’. UN: New York.

Women's collective action is important to achieve change in economies and the realization of women's rights, and this collective action is most effective 'when women's rights organisations, think tanks, and university departments can build strategic alliances with actors in political parties, state bureaucracies, and regional and global institutions' (UN Women, 2015). This requires, amongst other things, legislation which protects women's organizing, including measures to protect space for civil society advocacy on women's rights and the right to form and join trade unions', and 'scaling up funding for women's organisations to engage in policy advocacy with their governments, including an increase in core and multi-year funding' (UN Women, 2015). The TGVCI Round 2 **Social Dialogue** Project is supporting the development of worker representation and includes attention to women's representation. This is an EMU case study and evidence will be generated in the final evaluation, although there are access issues. DFID can consider increased support for women's collective action with respect to decent work.

The **Safe Workplaces project** and **Social Dialogue** projects both seek to improve women's representation and social dialogue. Ensuring women's right to health is a key aspect of empowerment, but women also need access to information and the right to organise to influence governments and the private sector on health provisions.

We need to conduct further gender disaggregation of the projects providing technical, life and leadership skills training – an issue is how far these projects will really change the employability of women or men or enable women to enter traditionally male dominated positions. Also the impacts of such training need investigation – is there gender differentiation in the impacts of the motivational, charismatic training provided by Emerging Leaders? This is entirely possible given the different responsibilities ascribed to women in gender roles particularly unpaid care work.

## **6. EFFECTIVENESS OF THE DELIVERY MECHANISM**

In this section we review the performance of the fund manager, the effectiveness of catalytic funds and the TGVCI design, and the formation of effective coalitions.

### **6.1 Performance of the Fund Manager**

It was intended that the programme would be 'a demand-led initiative' run by a fund manager (TGVCI business case, 2013). The model for delivery is a modified challenge fund that, apart from grant funding, provides in-country technical assistance to help develop and deliver the projects. The proposed delivery model is an innovation that includes elements of a "Making Markets work for the Poor (M4P)" approach (i.e. use of in-country facilitation undertaking analysis and organising broad-based coalitions) with a conventional challenge fund. As in a challenge fund, the projects and activities will be proposed by companies or other actors in supply chains. However, the Fund Manager will be required not only to technically assess that the funding applications meet the required criteria, but also to provide advice and in-country support on further developing the proposed projects, bringing in project partners that may not have been approached and other technical assistance as necessary.

The Project Management Unit (PMU) has successfully launched and managed two calls for proposals, which have generated twenty co-financed coalition projects across the three target

countries<sup>55</sup>. An independent panel reviewed and selected the projects for funding. This included two external specialists and two DFID representatives. If a future independent panel were formed it is suggested that it should engage with a larger panel with greater breadth of skills combining business development, value chains, and social development skills. The inclusion of a representative with environmental skills would also be desirable for a more holistic approach to sustainable development and responsible business. It is important to note that while social upgrading may be of more immediate relevance to workers and smallholders, environmental issues are now widely recognized to be foundational with respect to business and their employees and those affected by business activity and as such should be core to business activities and strategies.

In Round 1, PMU had limited time to advertise the call for proposals and this meant that process was largely, *in effect*, 'by invitation only'. More time is needed for projects to develop their proposals. EMU did not have access to the design process and so are unable to judge the quality and extent of PMU's inputs, although extended field visits were made by the lead technical advisor and proposals were submitted despite the prohibitive schedule. Much more time was available for PMU to advertise the call in Round 2 and to work with potential applicants.

The proposals of the selected projects in both Rounds were of variable quality. Although some projects clearly articulated the social and economic causal linkages in their implicit theory of change, others did not. Some issues could have been foreseen at the design stage for a small number of projects, which indicates that they were not always based on sound knowledge and local understanding. Planning for M&E was sometimes absent or of limited quality. Grantees were asked to set out both their approach to upscaling and to innovation in their project proposals, but did not always clearly do so. The arguments made by the applicants in their proposals might have been interrogated more by the selection committee. We discuss the type of coalitions emerging from this process in the next section.

PMU encountered challenges with respect to retailer/brands legal departments and issues over Intellectual Property (IP). Some technical advice has been provided by PMU during implementation, but some grantees would have wished for a more continual interaction (EMU survey of grantees). Grantee feedback in Bangladesh especially, suggests that PMU had insufficient presence in country. More regular check-ins, including face-to-face meetings, was suggested by a couple of grantees to improve performance and there was variable feedback on the timeliness with which PMU responded to requests (EMU survey of grantees). Increased visibility and engagement from DFID was also mentioned by grantees as being desirable. Some grantees have said that the funding is too rigid for them and more flexibility is needed.

In terms of project management activities, PMU has implemented these according to the project implementation schedule. PMU has developed robust systems for financial project monitoring and disbursement. EMU has requested the timetable for submission of quarterly reports by PMU to DFID, but this information has not been shared – therefore we cannot judge timeliness.

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<sup>55</sup> In Round 1, 34 project concept notes were submitted and 10 project applications were selected for co-funding/implementation. In Round 2, 34 concept notes were submitted, and 7 were rejected during the initial technical screening process, with 11 selected for funding. One project later withdrew.

## 6.2 Effectiveness of catalytic fund

In this section we reflect on the effectiveness of catalytic funds as a type of funding for achieving the goals of the programme, based on EMU Mid-Term Review fieldwork and discussions with grantees, and the evidence available to date from EMU case studies. Companies are more familiar with training-type interventions and these are easier to sell internally to senior managers. Moving further away from the core transactions of the business it is harder to win backing internally. Companies may not have experience in analysing the social context, or know of development approaches which are more cutting-edge in nature. The second round of the TGVCI overall has more innovation within it. Grantees had very little time to respond on the first round, which may also partly account for the more mainstream types of interventions funded. The facilitation of 'broad based' coalitions and the infusion of on-going technical advice was intended – in the conception of a catalytic fund, to stimulate investment and facilitate innovation. This has happened to some extent, but only in a limited way and more so in the second round.

The question arises as to whether other funding modalities might be as, or more effective in stimulating investment and in facilitating innovation and behavioural change. A mix of funding options might allow for both of these

Certainly, it is very clear that a longer lead in time is necessary – to ensure that awareness is raised of the call in advance. In this way more companies would learn of the opportunity, moving beyond just the leading pioneer, first movers, as might a wider range of other stakeholders, including more international and national NGOs and consultancies that could work not just as service providers, but more as providing a critical lens and their development experience. Seed funding of potential or existing coalitions would allow more effective coalitions to emerge and for an improved, more rigorous design process, with more testing of the inherent theory of change and assumptions.

Higher levels of funding to pilot cutting edge experimental approaches – rather than more familiar interventions – might be needed. Grant funding, while harder to justify externally, might be more supportive of generating evidence on a key issue such as the link between social and economic upgrading, as a precursor to a catalytic fund.

Making funding available to support NGOs to act as joint analysts with companies of their poverty and environmental footprint at an initial stage could be followed up by a loan to support companies to follow-up identified areas of action. Such funding would help organisations to implement in a more adaptive manner, responding to what are challenging complex contexts. Value chains can best be thought of as complex, adaptive systems - responses to challenges are best supported by real-time learning and short feedback loops and adaptive accompaniment.

Project-based funding is not unique to catalytic or challenge funds, but it is an issue given the type of experimental activity this particular catalytic fund is trying to stimulate. Short duration, inflexible targets and timetables do not help projects to adaptively manage their experiments in challenging environments.

## 6.3. Formation of effective coalitions investing in social upgrading

The extent to which effective coalitions were formed by the programme is considered in this section. Building coalitions around the interventions was thought to mean involving government and civil society groups, where appropriate, as well as the private sector to ensure that interventions are



sustained after the programme has completed (TGVCI business case). Coalitions and external investment are needed for the following reasons (TGVCI Business Case, p6):

- Behaviour change is needed with companies making more strategic investment in worker and smallholder farmer capacity, driven by incentives and high quality information;
- Isolated company-led interventions will not achieve the scale and effectiveness required without other actors using their convening power to bring together all the required actors, including developing country governments;
- Companies focus on business continuity as their immediate concern and understanding social context is not normally their strong point;
- The learning curve for companies and/or tax-social investment linkages led by governments may take too long with losses incurred in the meantime (TGVCI Business Case, p. 6).

Twenty coalitions around interventions have been given funding as a result of the two calls for proposals. This has stimulated action by a wide variety of actors in the three target countries and has leveraged funds for private sector investment into social upgrading. Retailers have shown willingness to invest. However, the breadth of the coalitions and the extent to which they function as a coalition rather than a lead grantee with technical service provider is variable.

Analysis of the coalitions which have been formed shows a range of partnerships have been established. All the Round 1 and 2 projects include at least one new partner, although there is variation in their composition. None involve public actors. In Round 2, two retailers in supplier countries have engaged.

Most of the coalitions involve some kind of collaboration between the retailer/brand and suppliers. The extent to which suppliers are willing participants varies however, with many Bangladesh suppliers exhibiting some degree of resistance to pressure to participate. In Bangladesh, lead grantees who are NGOs or consultancies found it difficult to recruit suppliers, brands and retailers.

In some cases where there has already been a pilot, such as HER project Kenya, or a history of programming, as with the **BBW** project, this provides the grantee with a greater chance of having a broader coalition. The Round 2 project, **Social Dialogue**, is interesting because it sees two multi-stakeholder initiatives from different end markets collaborating, and they can draw on the existing private sector and other membership in implementation. However, BBW assumed that there would be an effective coalition among different players (Better Work Bangladesh, BGMEA, Accord, brands, factories) in the sector. In reality such coalition was not formed. There is some degree of communication among the parties, but this cannot be equated with a coalition. BBW mainly consists of bilateral links between the UK consultancy lead, individual brands and their participating factories. The BBW plan mentions building a coalition with the ILO Better Work programme. This may not have been realistic given the similarity of the Better Work programme and the direct competition that it represents and has not been achieved. Concerns relating to the confidentiality of data and value chain relationships mean that developing broad-based coalitions is not easy – particularly within a short timeframe.

None of the coalitions involve public actors as had been envisaged by the business case and this is perhaps significant. Where efforts were made, these tended to be in the health sector (e.g. the HER

project noted some public organisations in the proposal, but no functional coalition was found. One Bangladeshi supplier is cooperating with other factories and NGOs who have experience of working with disabled people, and with government agencies, such as the social welfare department. Some effort is therefore being made to build a coalition around this issue, although it is too early to observe its effectiveness.

Drawing on our broader experience, the EMU would note that while the focus of the TGVCI is on private sector innovation primarily, the issue of regulation and its enforcement may still be important in shaping private sector behaviour and public policy can be influenced by private standards and practices. This interaction does not appear to have occurred in any of the cases. For systemic change, regulation in end-markets can be important, such as EU directives. Such issues will be explored in the EMU workshops with stakeholders to be held in 2016. In some cases the projects are essentially a retailer or brand's own programme, with implementation support provided by a local partner. Several NGOs act as service providers for training. There are cases in South Africa where a local consultancy provides inputs such as project management, training, M&E etc. There are several instances in Round 1 whereby international NGOs or consultancy organisations run the project, with varying levels of on the ground presence and experience.

One project is led by a target country multi-stakeholder initiative, SIZA. Although SIZA is a response to the external imposition of corporate codes of practice on labour and environmental standards, the SIZA standard and capacity strengthening programme is a home-grown affair. This presents with much greater legitimacy and credibility within the sector.

In Kenya, one project led by an international NGO (**HER project**) has worked with a key supplier on a pilot project predating TGVCI (so the partnership is not new), but the TGVCI project has allowed them to expand on this relationship and also to build trust with other suppliers. The NGO has had the support of a German Development Bank and their involvement appears important in facilitating the involvement of three other suppliers, by providing them with a subsidy. The NGO has also become known in the industry thanks to the TGVCI, and with the support of the German Development Bank a project is being formulated in collaboration with the Kenya Flower Council to develop a much wider programme that is grounded in the industry. More evidence is needed on their impact, but the prospects are exciting in terms of upscaling. This may represent a case where the TGVCI has helped to build a broader coalition and more systemic impacts (if the theory of change holds true which is not yet substantiated).

A strong bilateral partnership has been further strengthened between one UK retailer and the organisation Emerging Leaders, which looks set to be sustained independent of DFID support.

One issue that has emerged in Kenya is the relatively limited number of suppliers willing to participate in such programmes. Due to industry consolidation and very mature supply chains found in Kenyan horticulture, 'only lead companies can be approached' (*PMU pers. comm*). For example, one of the companies in Kenya has participated in all four TGVCI projects. The lead companies may also have participated in previous DFID related challenge funds. Several grantees saw opportunities in exploring other industries and countries.

Some of the suppliers are saturated with programmes and it is not advisable to keep funding the same suppliers repeatedly. At the same time an interesting question arises as to whether the

combined inputs could lead to a real shift in sustainability at one particular supplier that is participating in all four of the Kenyan projects. The issue of scale is relevant here – many of the challenges being tackled are significant in scale and the TGVCI funding is relatively small particularly when distributed across many different suppliers.

The nature of the target industries is also important. Many of these countries have seen years of external attention with respect to fair and ethical trade, corporate codes of practice and now the focus is core business case interventions. This means that there are suppliers with experience of collaborating with researchers, NGOs and consultancies and that that there might not be as much added value as in other industries or countries.

A question arises as to whether the fact that a majority of the projects are working with UK retailers adds the greatest value from a development perspective in a programme seeking to leverage change in business behaviour. In Round 2 two retailers based on South Africa are participating in the programme. Any future DFID support should ensure that there is a more proactive strategy for engaging lead firms beyond those based in the UK in order to promote behavioural change more widely.

Trade associations are important avenues for reaching a wider set of suppliers, but much depends upon their credibility and willingness to address labour concerns and tackle social upgrading. In Kenya there is an exciting opportunity opening up for one grantee with the Kenya Flower Council, although it is still early in the process.

Impact investing is critically important. The German Development Bank has supported the HER project in subsidizing the cost of training for three suppliers.

The lack of a real-time learning mechanism in the TGVCI programme has meant, however, that there has been very little inter-coalition lesson and information sharing.

The configuration of the coalition can influence the willingness to share lessons, ideas and at some stage, evidence. NGOs may be more motivated to share their lessons and experience, not least to demonstrate they can deliver a positive impact and to obtain further funding, but cannot necessarily raise matched funding nor gain access to business data. Suppliers may wish to keep new innovations to themselves to capture the competitive advantage. UK retailers and brands are keen to promote their initiatives, because of the potential reputational benefits, but this does not mean that they will facilitate the publication of rigorous independent evaluations that show negatives as well as positives. The Oxfam and International Procurement Limited (IPL) report (2013), however, shows that NGOs and companies can work together in a joint critical analysis and reflection.

Other types of funding might also facilitate the development of coalitions. It is clear that adequate time is needed to build effective coalitions and this has not been adequately provisioned in the TGVCI timescale- at least to allow for new coalitions to be built. Some of the projects have capitalized on existing coalitions developed through previous funding of pilots. Developing trust takes time – in some cases the TGVCI has enabled organisations to become more widely known.

Project design phases were extremely short. In Round 1 this affected the ability of non-UK based retailers and organisations to participate. Organisations with on the ground capability and experience have been the most successful. Those without have been more likely to make flawed

assumptions in their theories of change. The analysis of problems in a sector and the development of solutions should be occurring on a continual basis – ideally engaging multiple stakeholders and facilitated by a multi-stakeholder organisation.

It is questionable how far a programme of this relatively limited scale could have a systemic impact. The TGVCI was designed as a pilot, but at the same time the business case and DFID advisors have included a focus upon sectoral and systemic change. The mechanisms needed to achieve included a focus upon systemic change, in the view of the EMU, are *strategic* coalitions, a design focus on the strategic interests of workers, not only practical ones, more integrated attention to all aspects of sustainability, and the inclusion of a real-time learning function based upon an adaptive form of joint learning. While it is a bit early to say if the programme can have a systemic impact, it is clear that it has not to date and it is unlikely that it will prior to 2017 unless changes are made.

## 7. MEASUREMENT AND DISSEMINATION OF EVIDENCE

The measurement and dissemination of evidence has a strategic role in the TGVCI, because information is needed to convince companies as well as donors and the community of practice on responsible business, that there is a business case to investment in workers and smallholders.

The Evaluation Management Unit (EMU) has met its targets; refining the programme theory of change and updating the logframe; developing a performance management framework (PMF) based upon discussions with all of the twenty projects that have been funded (more than the 12 or so projects that EMU were informed would be likely to be funded under this catalytic fund<sup>56</sup>); producing an evaluation plan and constantly updating this; undertaking Annual Reviews in 2014 and 2015; and beginning four Round 1 baseline case studies in 2014, with two Round 2 case studies just starting in 2015 (the latter case studies all highly staggered to fit with the staggered nature of project implementation).

The programme theory of change envisages an upscaling of projects based upon *evidence* of the business case in Round 2<sup>57</sup>. Because many projects have received extensions, the Mid-Term Review has not been able to draw upon the project completion reports and while further evidence is anticipated for a few of the projects, this was not available in time. Further, the Round 2 call was implemented some time before the Mid-Term Review process.

There are a number of assumptions inherent within the programme theory of change, which anticipates corporate behavioural change based upon new evidence of the business case for social upgrading. EMU's experience to date indicates that evidence cannot necessarily be generated in terms of the business benefits for participating firms without requirement from DFID on grantees that data will be shared. This could have trade-offs for the number of companies willing to apply, but larger amounts of funding could make the opportunity more attractive.

EMU has successfully designed an evaluation plan and (despite major transaction costs) sought to encourage and advise the projects on how to improve the quality of their data. However, the design

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<sup>56</sup> There was also an addition of an extra £1M of funds from DFID Bangladesh for the Bangladesh component after our bidding process, which increased the scale of interventions being studied in Bangladesh.

<sup>57</sup> Hellyer and Whitwell (2013, p7)

of the catalytic fund meant that EMU had no real access to project applicants during their design stage, and it was not made sufficiently clear to some Round 1 applicants that they should include resources and a plan for M&E themselves (grantee feedback). There are differing levels of understanding among grantees of what constitutes good quality M&E and because EMU did not have access to applicants, no capacity strengthening could be undertaken (this advice should ideally be tailored to the particular applicant). In Round 2, despite information in the guidance for applicants, few grantees have commissioned independent evaluations or have planned full evaluations and in two cases (in South Africa) cooperation with EMU from the key retailers involved has not been forthcoming at all. EMU recommended that for Round 2, applicants be required to set funds aside for M&E, but this was not done. DFID decided against stipulating this as a requirement on the grounds that this might put off some applicants from applying. Despite being given public funds, and an instruction that DFID expects cooperation and quality M&E from the projects, this was not enough to deliver this. This is because the M&E was not detailed in the proposals and budgets adequately and possibly reflects a lower level of awareness among businesses compared to other types of development partners who are used to donors' accountability requirements.

For Round 1 projects, feedback from several grantees indicates that they were not properly advised of the requirement from DFID that they should collaborate on M&E with EMU and this generated a sense of confusion amongst some grantees and disgruntlement about being requested to consider changes post-design phase (and after contracting) and at the start-up of implementation. This was also exacerbated by many grantees feeling that the level of reporting required is too burdensome overall— partly because they are new to donor funding, but also because the requirements are rather rigid for what is an innovative, pilot programme.

Private company reticence in data sharing on business data was recognized by DFID in the terms of reference for the EMU and by NRI in bidding for the role of EMU. However, limitations on access by EMU have been even more difficult than envisaged, because the data sought includes core commercial business information. Further, access to factories has been limited in one case in Kenya, but across the board in Bangladesh. This lack of access, despite seeking support from grantees, taking steps to share one page flyers setting out exact requirements on access and data, weakens the evidence that can be generated.

PMU is responding to signals from the funder relating to the importance of timely contracting of grantees, budgetary management and administration – essentially around efficiency – rather than the strategic importance of enabling evidence to be generated. The level of funding provided from DFID is in some cases quite small for a retailer or brand. They are collaborating with DFID for longer term reasons, rather than for the grant funding obtained, and they are also investing their own resources. Therefore DFID's leverage over them is also limited with respect to requiring sensitive data sharing.

The design of many of the projects has not lent itself to the generation of evidence on outcomes and impacts. For example, several projects in South Africa have been designed to be open to and to cover different suppliers across the country, yet this has created a highly dispersed project, where systemic level impact is unlikely to be clearly measurable.

An important factor is that where lead grantees are retailers and brands, they do not necessarily have the ability to insist that participating suppliers share commercially valuable or sensitive information – even with reassurances of confidentiality, and have still less influence with potential control group suppliers. Some project partners have not been willing to contribute to the monitoring and evaluation of the programme beyond the requirements in their contracts, because of the scrutiny their projects are under in a politically sensitive context.

Grantees have also not always adequately consulted with EMU on their independent project-level evaluations, creating concern for the quality of these independent evaluations particularly in one case. The quality and independence of ‘independent’ project evaluations cannot be guaranteed by EMU when these are commissioned by the projects themselves and when the arrangements are made before EMU have access to the projects, as occurred in Round 1. What might be seen as sufficient rigour by a private sector grantee (who writes the terms of reference and sets the level of resources for the evaluator), is not necessarily adequate for the level of rigour sought to answer a question to inform future DFID policy. EMU should have a stronger role in ensuring that where projects plan to commission an independent project evaluation that there is adequate quality and independence.

In terms of the strength of the evidence generated this is highly variable. There are two issues. Firstly, the challenge of obtaining sensitive data from companies on issues such as productivity increases, cost reductions, worker pay, bonuses and intangible benefits. EMU has requested ‘% change in’ rather than absolute figures, but few companies have been willing to provide these. It is also critically important that data that is provided by managers are validated and also that there is a counterfactual if the figures are to be attributed rigorously to the intervention.

Understandably, private companies have varying levels of experience and understanding of M&E and this means there is either a deficit of attention paid at the project level to M&E or a mismatch on understandings of quality. Frequently the project proposals fail to clearly articulate the linkage between social and economic upgrading.

As yet, few Round 1 projects have reported on all their agreed indicators in the proposed format, although we do not have project completion reports. There are several independent evaluation project level reports, but these are of variable quality.

EMU has been conducting four case studies in Round 1, with another two underway in Round 2. The data for the Kenya case study (BSR project) is still being analysed as the endline results have only just been received, and EMU have not yet received the Return on Investment study. In this case we are reliant on the grantee to provide the treatment site quantitative data, and EMU is generating treatment group qualitative data and qualitative and quantitative data for the control group. For the case study in Bangladesh, the baseline has been completed, but randomized selection of a supplier from the selected batch was not possible (only one supplier out of the 6 approached agreed to

participate). The treatment company may therefore not be representative of the group. Access to the control site factory has only been partial.<sup>58</sup>

It is also important to note at this MTR stage that what was envisaged as a moment to review Round 1 evidence has some important constraints. Many of the projects have experienced delays for diverse reasons and have agreed extensions with PMU and DFID. As a result a number of projects are still on-going. Project completion reports have not been completed in time for this MTR. While a small number of independent reports have been shared with EMU they have come in late with respect to EMU's Mid-Term review process (and compared with anticipated submission dates given by the grantees to EMU), are of variable quality and others are still outstanding.

Despite all these challenges, the EMU has sought through its work across the portfolio with the different projects to generate evidence using theory based evaluation to test assumptions and check the strength of the causal linkages in each project's chain. The EMU continues to invest heavily in communicating with grantees and in supporting their independent evaluators and their own monitoring and evaluation activities in order to increase the evidence that will be forthcoming. A key lesson is emerging, that common understanding and agreements need to be reached with private sector grantees and their partners *at design stage*, in terms of access and data sharing, implementation strategies that support rather than complicate attribution of impact, allocation of adequate resources and engaging with independent evaluators. To achieve this, EMU needs access to applicants during the design stage. A guidance manual should be provided at the design stage for grantees in any continued TGVCI or future related fund, although tailored advice may be more useful given the highly variable levels of understanding of private sector actors of quality in M&E. It is important to recognize, however, that even such improved guidance is unlikely to be sufficient on its own if there is no or insufficient commitment and design work to support evaluation from all parties concerned – including fund managers, grantees and suppliers. To generate strategic evidence *may* require a different type of funding modality.

Lessons also arise with respect to funding levels that might be appropriate for this kind of evaluation. The TGVCI includes a portfolio of experimental projects. At the outset it is not clear how many projects will be funded. The actual number funded was higher than originally communicated to EMU and includes a very diverse set of initiatives. This diversity and the implementation of the projects in such a staggered fashion, which also creates challenges in creating a programme level baseline, which needs to be regularly updated. Selecting case studies (because resources are limited) is problematic at the baseline stage, with such a diverse set of projects with varying success rates. Engaging the private sector in evaluation is also costly – because their understanding of evaluation is variable, because of the access challenges and confidentiality issues, and in this case because the companies were not fully aware of the expectations of DFID in terms of data sharing.

There is also no clear learning mechanism to promote cross-communication and learning (as opposed to marketing or rigorous evidence generation in 2017) to encourage upscaling. This was never clearly articulated. The short duration of the projects means that evidence is only just emerging now, but there is clearly a gap in communication between grantees. This lack of

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<sup>58</sup> Access during Annual Reviews has also been variable, with non-availability of some individuals, companies and data in Kenya at certain moments, and consistent challenges in Bangladesh.

communication has also seen suppliers join multiple projects, sometimes suppliers did not know they had been named. This overlap complicates attribution in an M&E sense, as well as leading to a sense of saturation in Kenya.

## 8. CONCLUSIONS

The overall conclusion from the evidence available and the projects funded in round 1 is that TGVCi interventions can lead to social upgrading in terms of enhancing work conditions and quality of employment. However, it is not proven that workers have access to new work or to promotion, although in the case of one project, BBW, project data indicates that 8% of the workforce in participating factories was promoted. Action on worker rights and entitlements is covered in round 2 projects, but was largely absent from round 1 projects designs. The projects are relevant, but other issues of development importance are not being addressed, such as worker housing, low pay and environmental sustainability, yet these are at least as important for sustained and sustainable value chains. Evidence on economic upgrading is also fairly mixed or not yet available.

### 8.1 Relevance, Additionality & Innovation

Key questions for the TGVCi evaluation are whether the interventions are relevant to social upgrading challenges in the target industries, whether they are innovative in approach, and whether they are additional to what is already taking place.

- The Mid-Term Evaluation concludes that the types of projects funded by the programme are relevant to the social upgrading challenges in the target industries-countries, although one Round 2 project does not clearly articulate the link between social and economic upgrading. Some projects incorporate innovative elements such as a focus on seasonal, migrant workers in South Africa, or joint equity schemes with governance, management and financial skills training.
- There are important issues of relevance to social upgrading which are not being addressed through the catalytic fund mechanism. The latter allows applicants to identify their priorities for action, but more challenging issues, and/or those further from core value chain activities, such as worker housing, labour brokerage, environmental issues and living wages are not being tackled, but are arguably as important from a development perspective.
- Technical, life and leadership skills interventions (half of the first round projects) are familiar interventions for grantees. Although they show some innovative pedagogical approaches, skills training for permanent workers is not particularly additional to what companies are already doing, compared to projects which focus on seasonal workers or unemployed people.
- Health interventions are relevant in all three countries, given the challenges in worker health. Corporate interventions in worker health are not new to horticulture or the Ready Made garment (RMG) sector, but there are some innovative elements in the round 1 projects.
- Skills training for managers in human resources, productivity and ethical compliance is relevant to social upgrading, but not new to supply chain companies. The training could feasibly support behavioural change among suppliers, with pressure from buyers and *if* associated with visible, attributable business benefits.



## 8.2 Effectiveness and Impact, including Systemic Impact

The evidence available to date on outputs, outcomes and impacts relating to the key evaluation questions is fairly limited, because Round 1 projects are still underway. A further reason is the unwillingness of some companies to share business performance data or to allow access to factories. Some evidence gaps arise from the selection of a necessarily small number of cases from a diverse project portfolio. Tentative conclusions can be drawn, to be further explored in the final evaluation.

### *Evidence of Social Upgrading*

Social upgrading is *‘the process of improvement of the rights and entitlements of workers as social actors and enhancement of the quality of their employment. It includes access to better work as well as better conditions at work contributing towards sustainable development and poverty reduction’*.

- **Technical, life and leadership skills:**

- *Quality of employment & work conditions:* Aspects of social upgrading can be achieved through corporate ‘projects’, for example, enhancing workers’ quality of employment and work conditions. There is strong evidence that training of permanent, seasonal workers and unemployed people provides immediate benefits, such as improved self-confidence, self-esteem and understanding of work responsibilities. Projects of this type have tended to be more successful than others in achieving their targets and feedback from workers and managers has been generally positive. However, providing skills without other improvements in employment could risk accelerating the exit of people from the South African agricultural industry, as this is a common aspiration among agricultural workers.
- *Access to better work:* This is an important dimension of social upgrading, but new skills obtained are not necessarily sufficient to lead to promotion even if such opportunities existed. There is very little evidence emerging from the two case studies conducted by the EMU in South Africa that training improves workers’ chances in the agricultural labour market, or enhances upward mobility (e.g. permanent work). There are few opportunities for people to move into higher paid or more responsible positions.
- *Worker rights:* The technical, life and leadership skills training interventions did not specifically seek to address worker rights.

- **Worker nutrition and health:**

- *Quality of employment and work conditions:* Available evidence from three projects on worker nutrition and health is limited. Nevertheless it seems likely that such interventions benefit workers by enhancing their work conditions. In Kenya, the project on workplace nutrition and a sustainable agriculture garden has generated strong interest and further demand for training at the site of the garden. Workers face barriers to adoption of sustainable agriculture and nutrition technologies, including limited access to capital, land and water. Workers cited low pay as a challenge with respect to food purchasing and growing and health. The **health services and worker awareness project** (Her Farm) has exceeded its targets for assessing farm-based clinics, developing upgrading plans and training nurses and peer health educators. There is some evidence of supplier buy-in. There are improvements in worker awareness of health and safety, but other factors could be influencing these changes. Round 2 projects offer different approaches for worker health and nutrition, such as the Health Insurance for All and Reducing Charcoal Use for Reduced Smoke Inhalation projects.

- The health interventions did not specifically seek to tackle *better access to work* nor *workers' rights*.
- **Management skills, social dialogue and worker representation:**
  - *Quality of employment and work conditions:* Evidence from one of the two round 1 projects indicates improvements in worker satisfaction, reduced labour turnover and absenteeism, but mixed results on efficiency and wages, but other factors may be causing these changes. The second project offered a training approach that has not been taken up by companies and so lessons cannot be learned from the intervention with respect to outcomes and impacts for workers.
  - *Access to better work:* The interventions did not directly seek to tackle access to better work, (as in new work or promotion). One Round 1 project – BBW – has provided project data that shows that 8% of the workforce in participating factories was promoted. The full data set will be analysed at final evaluation, as well as evidence from the EMU case study and from the independent Randomized Control Trial study that is on-going.
  - *Worker rights* and entitlements: The improvement of **rights** of workers as social actors was not a primary focus of the projects in Round 1. One project has said it should lead to improved worker voice. No evidence is available on this due to a slower than envisaged roll out of one of the Round 1 projects (which includes aspects of improving worker voice e.g. through the buddy system) and limited success of the second focusing on ethical compliance to date. Round 2 projects include approaches to worker rights and entitlements through social dialogue for improved worker representation and capacity building for workers on labour rights and provision of a migrant worker registration system. It is too early to establish if these interventions can be successful and under what conditions.

### *Evidence of Social Upgrading leading to Economic Upgrading*

The TGVCi seeks to move beyond what might otherwise be thought of as corporate social responsibility, to social upgrading as a core business concern *because it leads to economic upgrading*, i.e. *'a process by which firms improve profitability and move from low-value to relatively high-value activities in the value chain'*. Direct business benefits include profitability, turnover, worker productivity, reduced wastage, better product quality etc.

- **Technical, life and leadership skills training**
  - *Business benefits:* No evidence has been shared by companies on profitability. On worker productivity, the evidence from these projects is uncertain. Some supplier managers made qualitative assessments that worker productivity has improved as a result of training, but no figures have been shared. A critical mass of trained permanent workers at the participating companies which could make a discernible difference at the company level is lacking. This and the fluidity of the workforce make it impossible to assess benefits at company level.
  - *Moving into or staying in higher value markets:* In terms of opportunities for companies to move into or stay in higher value markets, the evidence suggests that sustaining a place in higher value markets is an important consideration for suppliers, but the specific characteristics and dynamics of the industry and country come into play. The diversity of end markets available to suppliers, which have varying stringency with respect to ethical standards, influences the level of incentive for suppliers to act and how much pressure

buyers/retailers can exert. Industries in some countries are more mature with respect to social upgrading than others, because they have been tackling these issues for longer; easy wins are perhaps harder to identify than in neighbouring countries where such issues have not been so high on the agenda.

- **Worker health and nutrition**

- *Business benefits:* No evidence has been shared by companies on profitability. Worker performance relating to quality is also influenced by incentives for them to work better and by changes in management and technical operations. Low pay is an issue for workers on the health related projects, as are the skills and approach of their managers and supervisors. EMU's health project case study found that workers' motivation is shaped by opportunities for promotion which are influenced by ethnicity and kinship. At a corporate level, productivity is influenced by multiple factors; attributing productivity changes to health benefits is therefore highly challenging. No evidence is yet available, although a Return on Investment study is due from one project and an independent evaluation report is awaited for the other.
- *Moving into or staying in higher value markets:* It is too soon to know if and how far health interventions can contribute to suppliers retaining UK market access.

- **Management skills, social dialogue and worker representation**

- *Business benefits:* Some evidence has been shared on profitability. The Benefits for Business and Workers (BBW) project data shows positive cut-to-ship ratio figures, a proxy for profitability, although other factors will influence profitability (e.g. prices of raw materials, increased labour costs etc). The Benefits for Business and Workers (BBW) project, seeks to improve managers capability in human resources and productivity, and include worker voice. The initial self-reported data from participants, which is validated by Impactt Ltd consultants, shows improvements on absenteeism, labour turnover and worker satisfaction, with mixed results on efficiency and wages, but other factors could be causing these changes. The full EMU case study will not be available until the final evaluation. The second Round 1 project has not been taken up by companies.
- *Moving into or staying in higher value markets:* The key consideration for suppliers is generally retaining access to high value markets such as the UK. Social upgrading *may* lead to economic upgrading (business benefits) where there is effective pressure from retailers on suppliers, with retailers incentivized to protect their reputations, and suppliers keen to sustain their access to the high value UK markets. In the RMG sector, pressure from brands and retailers has been important in stimulating suppliers to sign up to training programmes, but some managers have still reported difficulties in convincing owners of supplier companies of the value of interventions such as manager training on human resources and productivity. Suppliers are interested in subsidized training, but it is unclear if they will invest on their own account and therefore how much demand or incentive there is to act.

***Evidence of Social and Economic Upgrading leading to Longer-Term Supply Chain Resilience and Sustainability***

Securing supply chain resilience and sustainability, the programme impact, is defined by DFID as *the ability of a supply chain to be able to continue operations over time*. This depends on a range of

factors, including the availability and skill level of labour and social and political stability in countries of operation.

- TGVCI is focused on supply chain resilience and sustainability; i.e. the ability of retailers and brands to continue sourcing profitably from developing countries. Such sourcing can generate economic development, but it is not clear how equitable and sustainable it may be. A more developmental definition of supply chain resilience and sustainability would move beyond a focus on continuation of the supply chain regardless of its inherent sustainability, to one that requires companies in supply chains to meet specific targets relating to environmental science based measures and key social goals.
- Risk management by supply chain companies to protect reputations has been the key focus of corporate responsibility, but increasingly there is pressure for companies to be more accountable for their impact on people and the environment, and to contribute to the achievement of sustainable development goals, as judged by external stakeholders. The latter can lead to reputational enhancement. An updated TGVCI impact statement would respond to the shift in discourse and expectation of companies with respect to their supply chain operations.
- The impact definition of the TGVCI needs to evolve. Currently the overall project goal focuses on sustaining supply chains, but should instead focus on sustaining sustainable supply chains. This is a crucial difference. While the definition of sustainability in supply chains is contested, the new Sustainable Development Goals and associated indicators represent a key guide. Corporate performance should be tied to what we need to achieve for sustainable development, rather than merely representing incremental changes. Environmental sustainability, which clearly underpins supply chain sourcing and sustainability, is neglected and should be part of the TGVCI.
- The TGVCI projects selected in Round 1 have focused primarily on quality of employment and worker conditions, although it has not addressed living wage. This focus should be extended to access to better work and to worker rights.

#### *Other Insights on Effectiveness and Approaches*

- **Good design based upon local knowledge and relationships and on the ground presence:** Neither social nor economic upgrading will occur where major assumptions in project designs do not hold true; for example, that a specific kind of information technology is appropriate for middle managers or workers in the RMG sector, Bangladesh, to enhance their knowledge of ethical or safety standards to improve compliance (Upskill and Upscale projects). Priorities and approaches should emerge from sophisticated analysis of context and stakeholder engagement. On the ground presence, and good local knowledge, relationships and partners is essential for success. These can take time to develop.
- **Engaging development investors and trade associations:** One project, led by an NGO, working with a local NGO to deliver training, engaged with a development investment bank, which has supported wider uptake by suppliers and is now exploring a new partnership with an industry trade association. The potential therefore exists to reach a much wider number of companies. Local knowledge and contacts, and time are needed to develop such relationships and to demonstrate effectiveness in practice to potential partners.
- **Value of experiential learning approaches:** Some of the Round 1 projects on technical, life and leadership skills training have included elements of experiential approaches to learning, through

the inclusion of practical assignments and mentoring. The Round 1 projects are all short-term interventions, but appear to be valuable based on evidence available to date. Round 2 projects include longer-term, more intensive interventions with trainees.

- **Capacity strengthening of mentors:** Feedback indicates that strengthening the capacity of managers to act as mentors can be valuable to ensure workers' skills training is put into practice, but other factors also influence worker productivity and opportunities for promotion.
- **Importance of life skills:** Developing life skills is important in situations where workers and unemployed people are experiencing poverty and often have deep seated psychological and social issues. Tackling these is likely to require longer-term interventions based on evidence of which approaches are most successful. This is not yet available from the TGVCI projects.
- **Length of projects:** All Round 1 projects have adopted fairly short timescales in which to effect change, which is not conducive to extended mentoring and capacity strengthening. A Round 2, project is starting longer-term engagements with unemployed individuals, using an experiential approach to learning to strengthen work, life skills and employability. This should offer interesting insights into how to facilitate individual capacity and confidence building, although the relative cost effectiveness of different approaches needs to be taken into account.
- **Evidence-informed corporate decision-making:** Companies do not necessarily make judgements based on evidence, but should do to avoid over-claiming/whitewashing and to improve effectiveness and impact. While there has been increased emphasis on 'evidence informed' policy making by donors and governments, there is variable understanding of what constitutes credible evidence among different stakeholders. There are examples of decisions being made by companies participating in the TGVCI based upon limited evidence. If claims are made without evidence of concrete outcomes and impacts, this could represent a risk to the company and could mean from a development perspective that significant change may not be happening. Companies should not roll out pilot projects across their supply chains in the absence of evidence on outcomes and impacts. Partnerships with trade associations and development investment banks to achieve scalability in an industry make sense, but should also be based upon good evidence.
- **Risks of raising worker expectations:** There is a risk of workers' expectations being raised by social upgrading interventions and then disappointed if there is no substantial change in their circumstances. Short term training may not be sufficient, given the scale of the challenges faced by workers and unemployed youth to help them into work or to achieve promotion.

### *Systemic Impact*

It is too early to say definitely if the programme can have a systemic impact, but it is clear that it has not to date and it is *unlikely* that it will prior to 2017. Future funding post-2017 would require changes in the programme and its delivery (see recommendations).

- The reasons that systemic impact is unlikely to be achieved include: the limited level of funding compared with the scale of the challenges in the target industries; the large number of initiatives in RMG sector, Bangladesh with limited coordination; the relatively short duration of the projects; the possibility that the more experimental projects will fail; the absence of a cross-project learning mechanism and longer term challenges in the generation of rigorous evidence.

- The business case noted that previous attempts of individual companies have been too fragmented, yet a catalytic fund does not easily facilitate industry-wide efforts, nor enable a focus on systemic, sector-wide issues such as low pay and housing - both of which are needed for a systemic response. Projects have been associated with individual companies with partners in a service delivery role. Without a learning mechanism, lessons from such projects will not be learned by other companies and wider behavioural change beyond the lead grantee is unlikely.
- The provision of convincing evidence to sell a business case for investment in social upgrading is challenging. Companies want to communicate about their ethical and sustainability activities to enhance their reputations and capture business benefits, but they do not necessarily want their competitors to follow suit and so the process needs to be facilitated and encouraged.

### **8.3 Effectiveness of the delivery mechanism (at building coalitions and delivering impact).**

The evaluation considered how effective the programme was at building coalitions and the role they played in the interventions. It explored the lessons learned in how to successfully engage key supply chain actors such as government, local firms, civil society etc. It is necessary to separate the performance of the fund manager from the inherent effectiveness of a catalytic fund to deliver on the desired goals of the programme.

- There are no industry-wide initiatives and the make-up of the coalitions is relatively limited. Twenty coalitions have been created as part of the TGVCI process, including private sector collaborations, i.e. between retailers and suppliers. Partnerships exist between retailers/brands, suppliers and NGOs and consultancies, the latter leading projects or acting as service providers in training and M&E.
- In Round 1 the call for proposals was extremely short, and this limited the scope for marketing of the opportunity and in essence the call became mainly a by-invitation process. The focus was largely on UK retailers, although an international NGO and UK-based consultancy companies also participated in Round 1. Grantees' on the ground presence and local knowledge and relationships have been variable, which has affected performance in some instances.
- A more diverse set of partnerships has emerged in Round 2, including two South African-based retailers, a collaboration between two multi-stakeholder initiatives, as well as further UK retailer led projects. It is not clear how many of the coalitions will continue after the DFID funding ends.
- NGOs have been engaged to date largely, although not exclusively, as service providers to companies, rather than NGOs engaging with companies in joint analysis and monitoring of poverty impact in a more systemic way, and which could influence corporate behaviour across their portfolio of activities and responsibilities.
- A strong bilateral partnership has been further strengthened between one UK retailer and the organisation Emerging Leaders, which looks set to be sustained independent of DFID support.
- Some of the projects are led by or driven by a single retailer/brand, with a partner training organisation or consultancy. While these may be effective at creating behaviour change in single company, there do not engage with multiple retailers/brands, and there is limited incentive for such organisations to share their data and no dedicated function within the TGVCI to support the demonstration effect. These partnerships are not exactly the 'broad-based' coalitions envisaged in the design of the programme, and more could be done to engage with key actors across a



sector from civil society and government, as well as multiple corporate actors (retailers/brands, suppliers and investors). One Round 1 example of this is the international NGO Business for Social Responsibility (BSR) which is seeking to link with the Kenya Flower Council, a development investment back and multiple retailers across the Kenyan horticultural industry for an industry-wide intervention that can reach all kinds of suppliers, not just the leaders. Where there are credible, *local* multi-stakeholder initiatives on ethical trade, such as SIZA in South Africa, these represent a major opportunity to engage the private sector on social and economic upgrading in a more far reaching and systemic manner.

#### **8.4 Corporate Buy-In**

A further critical question was whether firms or others participating in the programme were convinced of the value of investing in social upgrading as a good business model and therefore willing to continue similar projects in future in the absence of donor intervention.

- There are some examples of supplier buy-in across the programme. In Kenya one proactive supplier has participated in all four TGVCI projects and is convinced of the effectiveness of the health project with which they have collaborated, but other suppliers do not necessarily demonstrate such high levels of buy-in. Some suppliers in South Africa have said that they would like to re-run the training courses on worker or middle-manager skills training.
- Several projects initially found it difficult and/or time consuming to recruit suppliers, brands and retailers or to ensure that expressions of interest translated into concrete participation.

#### **8.5 Demonstration effect**

The evaluation assessed whether there has been a demonstration effect in terms of changes in attitude and/or behaviour of other value chain actors that were not involved in the programme.

- There has been no observable demonstration effect for three reasons: a) the relatively early stage of implementation of the programmes; b) lack of incentives for individual companies to share their experiences and data with other companies; c) the TGVCI did not include a learning mechanism to facilitate the inter-project sharing. A strong M&E function, skills and resources incorporated in the design of all projects would have contributed to the provision of evidence.

#### **8.6 Sustainability**

The sustainability of individual interventions was assessed; specifically, whether the benefits realised were expected to continue over time in the absence of further DFID or other donor intervention.

- It is not yet clear if there will be major demand for the products or services offered through the TGVCI projects in the future. The key test is whether suppliers (and/or supported by retailers) will pay for products and services themselves without continued subsidization. Some suppliers have expressed interest in re-running training courses and one supplier in Kenya has shown buy-in and improved its health policy, but more time is needed to see the extent of buy-in.
- Development bank investment may be an important lever of behaviour change providing companies with incentives to act and potentially reaching a wider section of companies in an industry rather than just the pioneers, but it is still early days. The involvement of a development bank in the Kenyan health project shows that there is the potential to leverage impact investment to try and change corporate behaviour.

## 9. RECOMMENDATIONS

Recommendations in this report cover the remainder of the programme and a possible follow-on phase.

### The remainder of current TGVCI programme (up to 2016)

Limited changes are possible as Round 2 projects are already commissioned. We recommend that:

1. PMU should consult with projects with respect to timing and resources, to establish where more time is needed for completion and look favourably upon requests for justified changes to plans and funding, given the short duration allowed for the projects by the fund design.
2. Resources allowing, PMU should draw up a learning strategy for in-country project interaction and lesson learning, and support projects' early dissemination/communication planning.
3. EMU should continue to generate evidence on outcomes and impacts, including case studies on round 2 projects, and engage with stakeholders in workshops in 2016 to explore preliminary findings on the programme theory of change, including at the sector level.

### A potential follow-on phase of the TGVCI (post-2016)

The case for a continuation of the TGVCI as a catalytic fund rests upon some significant changes in its design and management.

1. **DFID should reformulate the impact statement** to ensure that the goal is not sustaining business for companies *per se*, but the achievement of sustainable policy goals, *through* sustainable business models and relationships. The impact statement and logframe should link to the relevant Sustainable Development Goals (SDGs) and environmental sustainability should be integral.
2. To improve the design and implementation of future projects, **DFID should fund the analysis of social upgrading issues in selected industries**, covering not just enhancement of work conditions, but the achievement of decent work (better access, securing worker rights and environmental sustainability). **DFID should use this locally-facilitated, industry focused consultation process to raise awareness of the TGVCI, provide more direction to applicants on the types of interventions needed, the problems faced and the solutions to be tested.**
3. **DFID should explore the possibility of in-country facilitators being given the opportunity to manage catalytic, programme or other funding modalities**, as their credibility and closer engagement with on-going processes within the industry would enhance impact. Wider industry interventions should be the ambition.
4. **DFID should ensure that the provision of technical advice to coalitions during the implementation process is provided on an *adaptive* basis**, with a strong on-the-ground presence, drawing upon expert local knowledge and taking into account diverse stakeholder perspectives. NGOs can support a deeper analysis of social upgrading issues and hold companies to account. Other civil society and government actors should be engaged for systemic impact, as originally envisaged in the business case. The process should raise awareness among applicants and partners on the strategic objective of generating credible evidence from the projects.
5. **DFID should consider expanding the number of target countries and industries** including those which are less mature, vertically integrated or ethically codified and in developing countries with important global supply chains and where there is energy and momentum for change.



6. Following the consultation process on industry challenges and potential responses, **DFID should consider offering different types of finance (grants, loans etc.) to stimulate corporate behavioural change and a two stage application process.** Successful concept note applicants would be offered technical inputs to articulate the linkages between social and economic upgrading, develop implementation plans with multiple actors and to design *for* evidence generation.
7. **DFID should allow a longer time frame for the implementation of projects,** to allow grantees adequate time to build relationships of trust and to implement.
8. **DFID should require applicants (retailers but also their suppliers) to share data relevant to the Monitoring and Evaluation process, recognizing that otherwise this will not happen.**
9. **DFID should actively facilitate the demonstration effect, providing dedicated funds for a real time learning mechanism.** The learning function should be provided by a locally based actor with relevant expertise and credibility. Supporting on the ground learning between the projects and beyond is important, and should also engage with a broader set of civil society and government actors than are currently active in TGVCI.
10. **To enable the generation of robust evidence on social and economic upgrading for sustainable supply chains,** the following changes are needed: recognition of the transaction costs involved in managing a large number of diverse projects in diverse country contexts; applicants are informed of the strategic objective from the start; participating companies are required to share specific business data in their contracts as a condition for public funding; advice is provided at an early stage of the design process to project coalitions on how to design for evidence generation; DFID should ensure specific resources are allocated and available, managed by the programme EMU, to commission independent project case studies, to allow greater quality control .
11. **A more critical analysis of the development contribution and impact of business** in the *context of sustainable development imperatives, such as the resource constrained economy, tackling poverty and inequality, and ensuring companies are accountable for their human rights impact* is required to guide future DFID strategy. Attention should be given to a wider set of levers for corporate behaviour change, (social movements, regulation, impact investment), but also to the formulation of clearer definitions and impact statements, and initiatives which push companies to achieve on clearer targets on sustainability.

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**ANNEX 1: SUMMARY OF PROJECT ACHIEVEMENTS AGAINST TARGETS AND EVIDENCE ON EFFECTIVENESS AND IMPACT AVAILABLE.**

Projects	Relevance	Targets for Round 1 projects	Performance against targets (round 1 projects)	Effectiveness & impact
<b>Impact Pathway 1: Workers' life skill, technical skills &amp; leadership skills enhanced in South Africa/Kenya export fruit/horticulture</b>				
<p><b>No. of projects:</b> 6 (5 in Round 1; 1 in Round 2)</p> <p><b>Location:</b> 5 in South Africa; 1 in Kenya.</p> <p><b>Size:</b> 1 Large; 2 Medium sized; 1 Small, 2 Very Small.</p>	√	<p><b>Top of the Class</b> 150 marginalised workers (50% female) trained and mentored in life skills and value chains. 10 knowledge sharing events by January 2015</p> <p><b>Emerging Leaders, Kenya</b> 30 trainers 4,500 trained directly and 15,000 trained by trainers</p> <p><b>Emerging Leaders, South Africa</b> 15 trainers 11,000 - (3,000 trained directly and 8,000 trained by trainers; 60% women)</p> <p><b>Youth Engagement and Vocational Skills</b> 500 seasonal &amp; unemployed male &amp; female youth trained in life skills; 300 completing accredited technical training; 80% of trainees employed (seasonal and permanent) within 6 months of completing programme'.</p> <p><b>Leadership and mentorship:</b> 20 leadership trainees (60% women) and 20 mentors successfully complete leadership and mentorship training in South Africa by Aug. 2015</p>	<p><b>Top of the Class (exceeded targets)</b> 170 permanent workers trained in life and technical skills; 11 knowledge sharing events held (Top of the Class)</p> <p><b>Emerging Leaders, Kenya</b> Unclear disaggregation: 12 trainers trained in Kenya; <b>(less than target)</b> 7,496 trained in Kenya (exceeded target for direct trainees, but no information for the figure of those indirectly trained).</p> <p><b>Emerging Leaders, South Africa</b> 55 trainers trained in South Africa <b>(exceeded target)</b></p> <p>2,750 South Africa (below figure for those trained directly, although close, but no information for the number indirectly trained. No gender disaggregation).</p> <p><b>Youth Engagement and Vocational Skills (exceeded targets)</b> 601 unemployed youth or young seasonal workers trained in life skills. 179 trained in Fruit Grading and Packing, 394 trained in Plant Production</p> <p><b>Leadership and mentorship: (exceeded targets)</b> 20 leaders (15 male and 5 female) trained and each with mentor (15 managers participating – 12 male, 3 female) across 4 suppliers.</p>	<p><b>To date:</b> Increased technical, life and leadership skills. Evidence on seasonal and unemployed worker promotions weak. Evidence on permanent worker promotions stronger. No quantitative assessments on individual worker productivity provided by businesses, but management feedback positive. However, critical mass of permanent and returning seasonal workers insufficient in many individual companies to have likely visible corporate impact.</p>
<b>Impact Pathway 2: Workers health awareness, access to health services and reduced exposure to health hazards</b>				
<p><b>No. of projects:</b> 5. (3 in Round 1; 2 in Round 2)</p> <p><b>Location</b></p>	√	<p><b>HER farm project, Kenya</b> Recommendations developed for clinics in Kenya by July 2014.</p>	<p><b>HER farm project, Kenya</b> 10 clinic assessment plans completed; 10 nurses trained; 27 supplier sites hosting training; 696 peer health educators trained;. 18355 women and men workers and smallholders receiving health information in horticulture and tea</p>	<p>HER farm project's own evaluation data indicates improved awareness of health issues (e.g. among PHEs), and reduced absenteeism due to sickness at treatment site, but more analysis needed of counterfactual.</p>

<p>Kenya (3); Bangladesh (2)</p> <p><b>Size:</b> 1 Large; 2 Medium; 1 Small, 1 Very small.</p>		<p><b>Worker Education &amp; Nutrition, Kenya</b> Nutritional crops demonstration farm to be operating by June 2014. 800 canteen and health staff nutrition trained by October 2014 and 800 workers and smallholders (% female and youth) trained at the nutrition demo farm or dissemination sessions/open days by December 2014. '24 radio programmes broadcast by January 2015 for workers and smallholders in 4 export supply companies at 10 sites' 3000 men, women and youth from target audience access broadcasts, SMS service, social media, printed materials and interact with show/media'.</p> <p><b>HER project, Bangladesh</b> Delayed Original target of 100 clinics upgraded in Bangladesh by January 2015 scaled back to 15 clinic assessment plans produced. Original target – 100 nurses, current target – 15.</p>	<p><b>Worker Education &amp; Nutrition</b> Garden established; <b>(target met)</b> 19 employees trained in nutrition garden <b>(Below targets)</b> 24 radio programmes developed and broadcast, and distributed on CD –Exact audience listening figures unknown.</p> <p><b>HER project, Bangladesh</b> Delayed.</p>	<p>Many factors influencing worker productivity. Positive qualitative feedback from management, but quantified data not yet available on worker productivity (e.g. introduction of lean management). Too early to establish for Worker Education and Nutrition as training on garden not complete. Some health and financial management messages taken up from magazines. Uncertain impact of radio programmes.</p>
<b>Impact Pathway 3: Manager &amp; workers skills training on better management for mature industrial relations &amp; ethical compliance</b>				
<p><b>No. of projects:</b> 7 (2 in Round 1; 5 in Round 2)</p> <p><b>Location</b> Bangladesh (6), South Africa (1)</p> <p><b>Size:</b> Very Large (1); Large (1), Medium (2), small (2), Very small (1)</p>	<p>√*</p>	<p><b>BBW</b> The original project target was for 'a total of 200 factories (management skills) to be covered, but this was reduced to a target of 125 factories with the agreement of DFID in August 2015. The original target - 1,188 managers successfully complete management skills training - was reduced in August 2015 to 750 managers trained from 125 factories.</p> <p><b>Upskill</b> 300 factories (ethical compliance) invest in training by July 2015 1500 managers complete ethical compliance training by July 2015'</p>	<p><b>BBW:</b> (Below targets, but still on-going) 510 managers trained in human resources and productivity from 85 factories (BBW)</p> <p><b>Upskill (Below targets, project ended)</b> 184 users in 51 factories. 24 people sat exam (Upskill)</p>	<p>Positive data from early self-assessment data on absenteeism, labour turnover, worker satisfaction, but more mixed results on efficiency and wages. Need for counterfactual to attribute impact (BBW). There is limited rigorous evidence available at this stage that UpSkill has led to changes in the stability of the workforce, the level of worker satisfaction, or levels of productivity. It is relatively early to see such impacts.</p>
<b>Impact Pathway 4: Models for engaging smallholders and workers in more productive and resilient horticulture supply chains</b>				
<p><b>No of Projects</b> 2</p>	<p>√</p>			

\*Except Count Me Too

## ANNEX 2: PROJECT ANALYSIS & REVIEW OF EVIDENCE GENERATION BY TGVC PROJECT

### Round 1

Countries/ Projects	Size (Funding)**	Strength of evidence likely to be generated by the projects themselves (Our assessment in 2014)	Update 2015
<b>Output 3 Workers' life skill, technical skills and leadership skills enhanced in South Africa and Kenya export fruit and horticulture industry</b>			
Youth Engagement and Vocational Skills, South Africa	£498,000; <b>Large</b> UK retailer	<b>Average</b> – independent evaluator, but no counterfactual. <u>Chosen as an EMU case study</u> which will help to strengthen the evidence, but counterfactual not possible due to access issues and fluid and dispersed nature of unemployed and seasonal workers in the sector	Final report from independent evaluator – some weaknesses. No counterfactual. EMU has conducted qualitative work at baseline & MTR, interviewing workers and managers to extend the coverage of the independent evaluator. This will be repeated for the final evaluation.  <b>Data gaps:</b> trained worker productivity, wages & bonuses, worker satisfaction, enterprise productivity and profitability
Top of the Class South Africa	£161,106 <b>Small</b> UK retailer	<b>Average</b> – independent evaluator being contracted, but unlikely to have counterfactual.	Independent evaluator study received. No counterfactual. EMU is conducting light touch qualitative work – this project was included as an <u>additional case study</u> at baseline stage as a way of increasing the coverage on the same impact pathway  <b>Data gaps:</b> trainees self-assessment of skill levels, employment levels
Leadership & Mentorship South Africa	Total £80,000 <b>Very Small</b> UK retailer	<b>Average</b> – independent evaluator, but no counterfactual	Independent evaluator conducted a baseline study of limited scope. Endline report not yet available. <b>Data gaps:</b> trainees' self-assessment of leadership skill levels; trainees' wages and bonuses.
Emerging Leaders Kenya	£272,925 <b>Medium</b> UK retailer	Basic SMS survey of participants by the project <b>Weak</b>	Evidence gap. This was not included as a case study and the retailer was not made aware of the need to include an M&E component at the design stage.  <b>Data gaps:</b> trainees' promotion, worker productivity, wages, work force stability, further investment in training.
Emerging Leaders South Africa	£265,700 <b>Medium</b> UK retailer	<b>Weak</b> – basic SMS survey possibly of participants	Evidence gap. This was not included as a case study and the retailer was not made aware of the need to include an M&E component at the design stage.  <b>Data gaps:</b> trainees' promotion, worker productivity, wages, work force stability, further investment in training.
<b>Output 4 Workers health awareness, access to health services and reduced exposure to health hazards'</b>			
Her Project Kenya	£346,200 <b>Medium</b> NGO	<b>Average</b> Independent evaluator but counterfactual by project evaluator unlikely due to limited funds. <u>Chosen as an EMU case study</u> , which will strengthen the evidence but access to control farms has been limited	Endline survey from project independent evaluator Return on Investment study not yet available. (2 were planned, 1 is anticipated only) EMU conducted FGDs with workers at treatment and control sites. EMU conducted a control group survey. EMU has just received the raw data from the project for the treatment site. Analysis is still on-going. EMU interviewed site management at the treatment site, but access at

			<p>the treatment site senior corporate human resources officer level was not possible. Access to the control site management was also denied.</p> <p><b>Data gaps:</b> worker satisfaction, value of further health investment</p>
HerProject Bangladesh	£544,741 <b>Large</b> NGO	<b>Average</b> – independent evaluator, but no counterfactual	<p>No independent evaluator. Project scaled back and training only began in Aug 2015.</p> <p><b>Data gaps:</b> worker productivity, sick rates and labour turnover.</p>
Worker Education & Nutrition Kenya	£300,310 <b>Medium</b> UK retailer	<b>Average</b> – Independent evaluator to be appointed, but limited funds & no counterfactual	<p>Independent company commissioned to conduct a study (but potential conflict of interest). No control groups. Report has not yet been submitted. EMU conducted FGDs and management interviews as part of MTR.</p> <p><b>Data gaps:</b> Worker change in awareness, target audience use of advice, smallholder/worker income, enterprise productivity and profitability</p>
<b>Output 5 Manager and workers skills training on better management for mature industrial relations and ethical compliance</b>			
Benefits for Business and Workers	£1,288,000 <b>Very large</b> UK consultancy	<b>Good</b> – no independent evaluator commissioned by the project, but the grantee has advised that a Randomized Control Trial on BBW is being conducted by the University of Warwick including 28 factories. Tracker data is being collected by the project from participants. An EMU case study is underway.	<p>Long delay on NDA. Project monitoring data is available for batches 1-6 only. Baseline has been conducted by EMU with participating factory (although only one of the batch of 6 agreed to participate, so the selection is not random). We secured control group access. However, KPI data has not been shared either by the treatment or the control group. EMU sought to hold focus group discussions and a management interview at a supplier factory that participated at the start of the project for the MTR, but access was not possible.</p> <p><b>Data gaps:</b> manager satisfaction with training, health and safety record.</p>
UpSkill Bangladesh	£332,566 <b>Medium</b> UK consultancy	<b>Average</b> - Awaiting more information	<p>Independent project evaluators report has been received. Limited scope. EMU are seeking to conduct FGDs and management interviews to validate the study</p>




## Round 2

Output 3 Workers' life skill, technical skills and leadership skills enhanced in South Africa and Kenya export fruit and horticulture industry		
Retaining of dysfunctional youth, South Africa	£90 000 <b>Very small</b> UK retailer	<b>Weak.</b> No independent project evaluation. Project M&E likely to be relatively limited in scale <b>Data gaps:</b> Stability of labour force, level of satisfaction with training, promotions, worker remuneration, enterprise productivity and profitability, level of further investment
Output 4 Workers health awareness, access to health services and reduced exposure to health hazards'		
Health Insurance for all, Bangladesh	£100,000 <b>Small</b> Bangladesh retailer	<b>Weak.</b> Limited internal data collection. No independent evaluator. <b>Data gaps:</b> <i>to be established</i>
Reducing Charcoal use for improved health and livelihoods in Naivasha, Kenya	£ 48,955.00 <b>Very small</b> UK importer	<b>Average.</b> Some internal data collection. No independent evaluator. Positive willingness to collaborate. We are seeking to include this as a <u>case study</u> but the project has experienced some delays in implementation and we await news from PMU on whether the project is continuing etc. <b>Data gaps.</b> Economic benefit assessment, worker productivity, value of further investment, environmental impacts.
Output 5 Manager and workers skills training on better management for mature industrial relations and ethical compliance		
Upscale, Bangladesh	£510,488.00 <b>Large</b> UK consultancy	<b>Average/good.</b> The grantee has agreed to work with us on a <u>case study</u> . They have an independent evaluator, and we would seek to build upon and extend their rather limited remit. We have agreement in principle but have not yet approached the factories for access. However, their collaboration will not extend beyond the end of their project mid- 2016. <b>Data gaps:</b> retailer and brand assessment of sourcing risk, retailer and brand further investment in worker training.
ETI Bangladesh Garments Social Dialogue Project, Bangladesh	£128,319.07 <b>Small,</b> Multi-stakeholder initiative	<b>Average.</b> ETI said in principle they are happy to collaborate on a study, but requested that we did not seek access yet (which would be needed for a baseline). We also have resources only for one case study in Bangladesh in Round and so have agreed on a light touch approach to validate the very strong internal M&E process being facilitated by ETI. No control group.
Count Me Too – Disabled workers access, Bangladesh	£182,760 <b>Small</b> Bangladesh supplier	<b>Weak.</b> Limited internal data collection. No independent evaluator <b>Data gaps:</b> <i>to be established</i>
Safe Workplaces through gender equality and anti-sexual harassment in Bangladesh RMG factories, Bangladesh	325,320 <b>Medium</b> UK consultancy	<b>Weak.</b> We have worked extensively with the lead grantee in discussing the M&E plan. They are conducting an internal study, but it is limited in scope, e.g. while they are gathering some data across all 10 participating factories, their final evaluation reporting and study will focus on the best performing case. We suggested they included all 10 in the endline, but they have limited resources. We do not have resources to include them as a case study. There will be no independent evaluation of this project and no counterfactual. <b>Data gaps:</b> level of supplier access to trained trainers, level of further retailer investment
Migrant workers registration system, South Africa	£90 000 <b>Very small</b> UK retailer	<b>Weak.</b> Still under development. They have just sent us a revised M&E plan and framework responding to our comments. But likely to be relatively limited, no independent evaluation. <b>Data gaps:</b> worker productivity, enterprise productivity and profitability, employment, further investment, workers' wages & bonuses, use of data base.



Output 6 Models for engaging smallholders and workers in more productive and resilient horticulture supply chains'		
Creation of joint venture small farmer groups, South Africa	£637,669 <b>Large</b> South African retailer	<b>Weak.</b> One of partner companies is conducting M&E. We explored as a case study but their response has been extremely slow and limited. We have not yet received a full M&E plan so cannot judge the strength of their internal assessment.  <b>Data gaps:</b> EMU awaiting feedback on monitoring framework
Farmer support & Linkages programme, South Africa	£370,225 <b>Medium</b> South African consultancy	<b>Average/good.</b> Retailer based in South Africa declined to work with us on a case study. They are working with a South African Consultancy company which is conducting the M&E and is happy to work with EMU in conducting a <u>case study</u> and extending their field data collection. We will have access to their M&E data. EMU are interviewing control group hubs as well as participating hubs and we will conduct a control group smallholder survey at the same time as the M&E consultants collect their smallholder treatment survey. We will not have access to the retailer management level.

**Key**

	Data and evidence likely to be relatively strong		Data and evidence likely to be average		Data and evidence likely to be relatively weak
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## **ANNEX 3: TECHNICAL, LIFE AND LEADERSHIP SKILLS ENHANCED IN SOUTH AFRICA AND KENYA EXPORT FRUIT AND HORTICULTURE INDUSTRY (IMPACT PATHWAY 1)**

### **3.1 Theory of Change of Impact Pathway 1**

Impact pathway 1 anticipates that investments in workers' life skills, technical skills and/or leadership skills will lead to benefits for workers and in turn for companies – see Figure 1. Six projects fit under this impact pathway, five Round 1 projects namely Youth Engagement and Vocational Skills, Top of the Class, Leadership and Mentorship, Emerging Leaders in Kenya and South Africa, and one Round 2 project - Pinotage Youth Development. This section analyses the relevance, additionality and innovation, efficiency, effectiveness and impacts, and contribution to systemic impacts of the different projects clustered within the impact pathway 1.

### **3.2 Relevance of Impact Pathway 1**

The importance of skills deficiencies and labour shortages were identified as part of the Capturing the Gains Research and highlighted in the TGVCI design document. Overall, impact pathway one is relevant to the TGVCI programme.

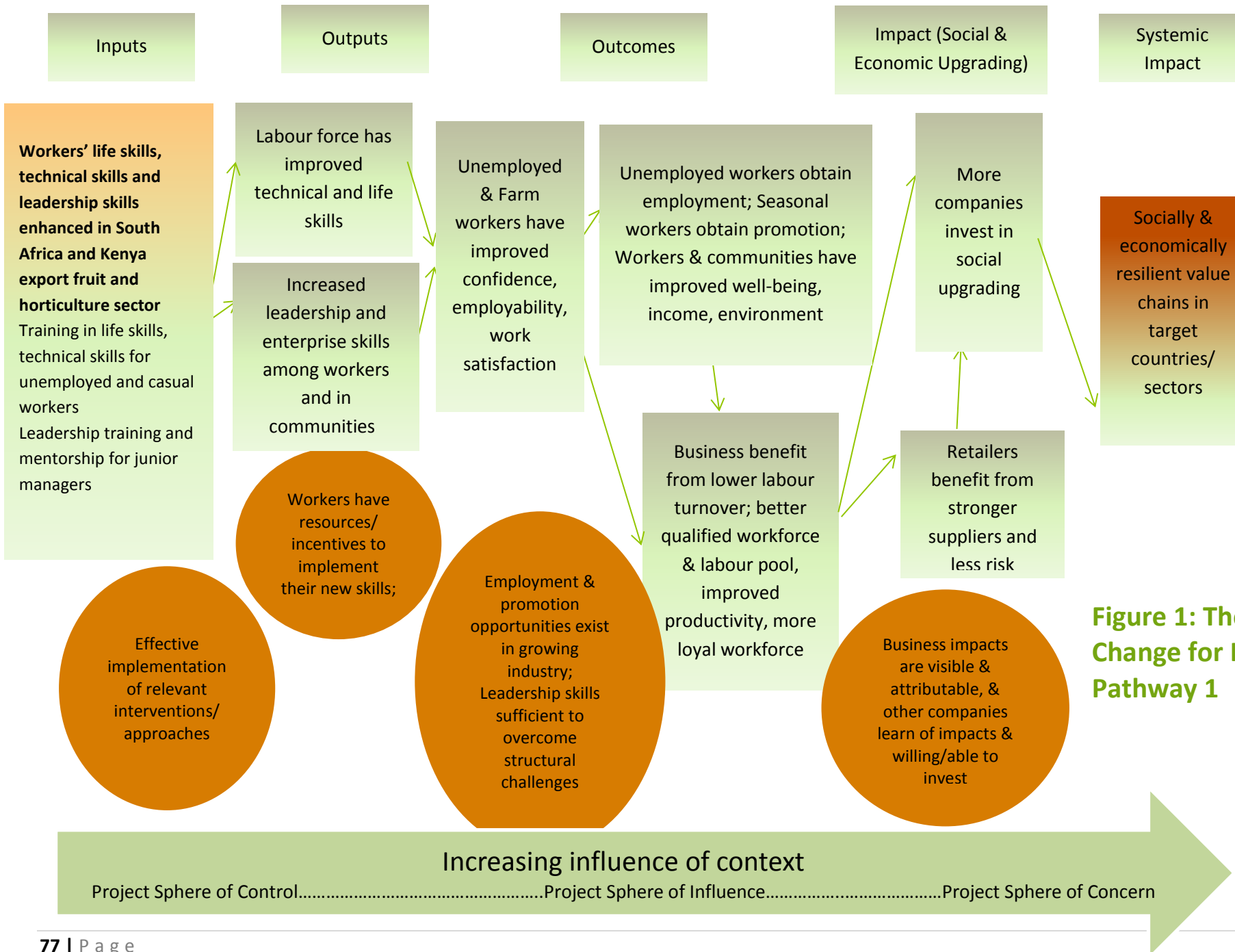
All four of the Round 1 projects in South Africa focused upon technical, life and leadership skills training for permanent workers, or seasonal/unemployed workers. One project targeted permanent workers (Top of the Class), another has targeted seasonal workers and unemployed youth (Vocational Skills and Youth Engagement), and another focused on middle managers (Leadership and Mentorship). Emerging Leaders is a project being implemented in Kenya and South Africa - it focuses on leadership and life skills training for permanent and seasonal workers, as well as management and community members.

Agriculture is an important source of employment, particularly for the fruit and wine industries. Despite all kinds of human resource and worker training initiatives being undertaken in the South African fruit industry, recent research found that there is “...*increasing demand for more educated and skilled workers to enhance productivity and efficiency of quality output as well as coping with... increasing complexity of production ... for diverse markets with different requirements and standards*”<sup>59</sup>.

In South Africa, interviews with owners and managers demonstrate that there is a clear need for technical skills training for educated and skilled labour in packhouses, where demands on performance are increasing, in order to improve productivity and reduce waste (manager interviews). While casualization is continuing, affecting quality control, employers increasingly need skilled workers who understand quality, particularly in the packhouses. Thus, they are mainly focusing training on this.

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<sup>59</sup> TGVCI Grantee's Full Project Proposal, SA Final Jan 2014, p.1-2



**Figure 1: Theory of Change for Impact Pathway 1**

Increased capacity to take the initiative is also something that senior managers are keen to see grow among their middle managers and supervisors. The Leadership and Mentorship project focuses on leadership training and mentoring for middle managers who currently have permanent positions. The project's evaluator's baseline report (MESURE, p 9-10) surveyed the chosen participants and mentors at the start of their training. They found that mentors feel that mid-level managers need to take more initiative and be more active in the workplace. This indicates that the focus of the training is valued from the company perspective and is relevant.

While this need exists for permanent workers and especially those employed in the pack houses, training is no less relevant for seasonal workers who pick the fruit in the orchards or vineyards. This is the case not only for technical skills, but given the high incidence of HIV/Aids and other social issues amongst farm workers, it is also relevant for life skills and a broader understanding of the value chain that goes beyond the point of production. Against this backdrop the investment in training funded by the TOC is relevant.

Despite the high levels of unemployment in South Africa as a whole, recruiting and retaining seasonal workers for businesses can still be a challenge for farms and packhouses (manager interviews). Agriculture is not seen as a desirable job among many youth. Building a career within agriculture is challenging for new entrants: 'career paths' are largely illusionary on smaller farms, because there are few opportunities for upward mobility (e.g. tractor driver, irrigation specialist or foreman). More opportunities exist at the bigger corporate farms and pack houses. For some companies interviewed as part of the EMU case study, owners and managers reported that many seasonal workers return to the same farm, but are known as 'permanent seasonals', i.e. they do not have a permanent contract, but, depending on the product and growing season, they are on the farm for much of the year and work in successive seasons. However, there are challenges for many farms with high levels of seasonal worker turnover; among the reported reasons for leaving was the search for slightly better wages, but finding better quality accommodation or childcare can also be relevant<sup>60</sup>.

Improving the skills of unemployed and seasonal workers is necessary to improve their life prospects, but some owners and managers have traditionally not seen the value in investing in this. Workers could move on and then the business would not see the benefit. Given that this risk always exists, many farms only invest in the training that is absolutely necessary to attain the required quality standards and minimize waste. Farms/packhouses cannot afford to avoid investment in training completely, but they 'don't do training for the sake of training', as expressed managers (manager interviews). Changing this mind-set is important if social upgrading is to occur. A UK retailer representative based in South Africa, involved in several of the TGVCI projects, said that supporting skills upgrading among their suppliers is a priority for their company, although a specific challenge and current priority is how to address upgrading among the seasonal workforce (Key informant interview).

Tackling life and leadership skills in South Africa is highly relevant, because of the social challenges which workers face: many farm workers have low self-esteem, which is rooted in dysfunctional

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<sup>60</sup> Anne Wiltshire: 'Certified Skills: Temporary Farm Workers in the Deciduous Fruit Sector in Ceres', unpublished 'Short Report', Stellenbosch, 2015

families, low achievement and life in paternalistic farm cultures. The Emerging Leaders project seeks to overcome the challenges for farm workers trapped in such situations. There are structural factors which act as a brake on achievement at school and in enabling youth to find a job. If youth do not manage to achieve at school and find a job, then the cycle of low self-esteem continues. Emerging Leaders tries to address the issue by encouraging workers to be empowered and to write their own story, but the question is whether they can rise above their circumstances and the structural processes which recreate poverty, to pursue and achieve their goals through this short-term training.

In Kenya, support for increased worker leadership and personal self-development skills is needed and desired amongst senior management (Hellyer and Whitwell, 2012). Raising the ambitions and confidence of workers in the horticultural industry is increasingly important to the leading companies in the sector. Increasingly, such companies have more open management styles and are seeking to invest in their workforce and encourage more commitment/initiative from workers. Hierarchical and directive management systems that were appropriate a decade ago are not suitable for the better educated and ambitious youth that are available to work in high value horticulture: *'Being able to develop this talent pool as an asset, rather than exploit them as a consumable, will be a good business investment'* (Hellyer and Whitwell 2013, p18). While there are already vocational training and worker welfare initiatives in the horticulture sector, these tend to be 'productivity oriented, rather than pertaining to wider social benefits accruing through worker empowerment and raised aspirations' (Hellyer and Whitwell, 2013, p18). Riisgaard and Gibbon (2014) also find evidence of this shift toward training of existing staff to improve their tacit skills to ensure continuity of production. Therefore more can be done to tackle life and leadership skills strengthening for horticultural workers.

### **3.3 Additionality and innovation in Impact Pathway 1**

Many South African and Kenyan companies already invest to some extent in technical skills training, although there has been less investment in life and leadership skills training. To date, more training has focused on permanent workers, because of the uncertainty that companies face as to the benefits from training for seasonal workers. There are well established community development programmes in South Africa which do address social and life skills for communities, including workers, but it is also the case that social issues are significant for many workers.

In the Western Cape, South Africa, where many of the TGVCI projects are focused, there has been a long history of skills training and community development programmes and this continues today. One of the training courses, Top of the Class, was already known in the industry, but some of the managers interviewed were not aware of the courses and others could not or would not invest – therefore the TGVCI could potentially shift behaviour by increasing awareness and incentivizing managers to take up the training. However, it is not clear if companies would adopt the training without the complementary funding provided to date through the projects. In terms of supplier buy-in, the Top of the Class training course, managers interviewed said it was useful as a practical course focused on understanding the value chain and improving relevant technical skill sets, as well as starting to tackle some life skills.

Level of innovation was not a selection criterion for the TGVCI projects, although projects were asked to spell out what they offered not only in terms of scaling up, but also in terms of innovation.

Top of the Class was developed prior to the TGVCI, so it was not new to the sector. The focus of the **Youth Engagement and Vocational Skills** project, on unemployed and/or seasonal workers, was innovative – this target group has not been covered by previous training courses, so it is new to the sector. As well as the challenge of capturing the rents on investments in seasonal worker training, there is limited trust of unemployed youth who are not known to the owner/manager. Potentially the TGVCI could have incentivized companies to target unemployed youth. The Youth Engagement and Vocational Skills project originally focused both on unemployed youth and seasonal workers, but in implementation has mainly focused on seasonal workers. There are new projects under Round 2 that do seek to reach unemployed people (**Pinotage Youth Development**).

The **Emerging Leaders** (EL) project is inclusive in approach and can include workers of all levels, permanent or seasonal, from general worker to owner and community members. When the EL Leadership for Hope courses are held it is often the case that the entire workforce participates for the full three days. This course encourages participants to act in all spheres of their life and so potentially reaches beyond the workplace to the community setting. There are also innovative features to be found in the pedagogical approaches adopted by the projects. While some offer more traditional classroom based training, and/or with some practical assignments and mentoring, the **Emerging Leaders** approach is unique as it is based upon a strong, charismatic, intensive group approach to tackling low self-esteem and motivation among participants. This pedagogical approach is new to the horticulture industry in both Kenya and South Africa (apart from the initial pilot in Kenya which TGVCI builds upon). However, it is also the case that the facilitation of good quality participatory learning and capacity strengthening processes (which also take care to address structural issues and to avoid raising expectations without follow-up) are not new to international development. In Kenya, Emerging Leaders began in an informal settlement in Nairobi where workers at horticultural suppliers live, but was then piloted with Kenyan exporter companies in horticulture and tea and also in Ceres, South Africa.

The **Pinotage Youth Development** project adopts a pedagogical approach that is focused on intensive, individual and small group based training over an extended period for unemployed youth ('young, talented South Africans for employment') who apply for work following the training. The organization is adapting its current programme, which predates TGVCI, to focus on the horticultural sector, where the potential impact is significant due to the size and scope of the industry. Unemployed students are being recruited from surrounding townships, settlements and farms in locations supplying the firms that supply the lead retailer. An in-depth assessment process has been established including a team camp to assess teamwork and interpersonal skills. The coaching enables students to identify earning and employment opportunities at the end of the course and they receive a certificate of completion endorsed by the industry. The pedagogical approach focuses on personal development through intensive learning, confidence building and mentoring. The intensity of the training, the highly experiential approach and the targeting of unemployed youth mean this project is quite innovative in the South African context.

A number of foreign workers were put forward by suppliers among the seasonal workers selected by the suppliers participating in the **Youth Engagement and Vocational Skills**, although they were eventually paid for by the supplier if they continued in the training. They were not part of the eligibility criteria for the project, as generating employment for non-South Africa nationals was seen as politically sensitive. However, from a development and business perspective, it is the case that if

suppliers are using overseas workers then they also require training, and clearly managers wanted to include them in the training that was being offered.

With respect to the question of behavioural change at retailer level, i.e. whether the participating retailer would have invested in activities that they would not have otherwise have done, a lead grantee said that the upscaling would not have happened without the TGVCI grant. Further, the DFID funding provides a *'lever within our own company'* for the staff member responsible for sustainability to advance such initiatives. TGVCI has been a *'brilliant catalyst'* and without it *'none of this would have happened'* (Lead grantee interview). For larger retailers and brands there is already investment in programmes in the supply chain. The question of whether retailer/brand investment has increased or changed in focus as a result of the TGVCI will be explored in the final evaluation.

### 3.4 Efficiency of Impact Pathway 1

We do not have estimates of the cost per person for the training delivered in Top of the Class, Youth Engagement and Vocational Skills or the Leadership and Mentorship project. The training offered by these projects has been provided on a subsidized basis to the suppliers in order to facilitate recruitment (grantee interviews).

Currently, the TGVCI Emerging Leaders project is funding the training provision for suppliers in both Kenya and South Africa – the suppliers are not paying themselves, although significant costs are incurred where the entire workforce, including managers, participate in a three day training. For this reason a more rapid approach has been developed to encourage uptake. However, it will likely be necessary for future suppliers to pay for the training course provision - the Certificate of Community Leadership (CCL) (grantee interview).

The companies did not pay for the Leadership and Mentorship course in the first round, but as the Fresh Product Exporters Forum (FPEF) has a small budget, FPEF now expects the companies to contribute. FPEF can use some of its own resources, but *'Good training is expensive though! To really be sustainable it is important that companies pay a contribution. They only paid the costs of transporting workers last time (and time off work)'* (implementing partner interview).

### 3.5 Effectiveness and Impacts of Impact Pathway 1

This section explores the effectiveness and impacts of the projects based upon the evidence *available to date* and using a theory based evaluation approach. Many of the projects are still continuing and so project completion reports are not yet available.

The **Youth Engagement and Vocational Skills project** theory of change is presented in box 5 below.

### Box 5: The Youth Engagement and Vocational Skills project theory of change

The Youth Engagement and Vocational Skills project aimed to increase the employment of unemployed youths and the transition of young seasonal workers to permanent employment to address the skills gap in the agricultural sector. Training in 'life skills', covering personal and interpersonal skills and essential communication skills (e.g. CV and preparation for work), was proposed for 500 seasonal and unemployed South African young men and women aged 18–28, who have reached Grade 9/standard 7. The project also aimed to enable 300 youth to complete accredited technical training in small groups of 10 to 15 people. The Accredited Skills Development in Plant Production or Fruit Packing and Grading is linked to the National Government's priorities as expressed in the National Skills Development Strategy III. Participating suppliers in the project were recruited through a series of Roadshows held at farms and pack houses around the country. The provision of this structured, accredited skills training was seen as developing the skills and work experience of unemployed and seasonal workers on participating farms. In turn, this would increase the employability, and self-esteem of the trainees and increasing numbers would actually gain employment. The project proposal did not provide a clear vision of how this investment would lead to business benefits.

The project exceeded its target in terms of overall numbers trained: A total of 601 unemployed youth or young seasonal workers participated in the life skills training between May 2014 and June 2015. 179 participants attended the Fruit Grading and Packing Processes and 394 attended the Plant Production technical training during this time. 21% of the technical trainees were reported as unemployed. A total of 20 farms took part in the training (MESURE final report, October 2015, p. 3). They were spread over seven of South Africa's nine provinces. The wide geographic spread arose because the retailer felt that it should offer the training to all suppliers. However, the project design incurred high transaction costs for the grantee and the focus on seasonal workers who do not necessarily return to the same farm to work and dispersed over many different farms/packhouses, presented challenges from an evaluation perspective, particularly for identifying impacts of improved worker productivity on the individual company. It quickly became clear that owner-managers were not very willing to engage unknown unemployed youth on their farms and this is one of the reasons that the majority of beneficiaries were seasonal workers<sup>61</sup>. The trainees were 79% seasonal workers, with only 21% unemployed.

In terms of completion of the technical training, there were a total of 503 successful trainees, an overall completion rate of 88%. Completion rates were similar for seasonally employed and unemployed workers, and for the two technical courses. 70 trainees (i.e. 12%) did not complete the technical training (MESURE report, 2015)<sup>62</sup>.

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<sup>61</sup> In some cases the lead grantee notes that there is a limited pool of available workers in the immediate rural environs of training.

<sup>62</sup> Reasons provided by the sites for this included: pregnancy; permanent employment in other sectors; very low literacy levels regardless of meeting the required educational criteria; disciplinary sanctions; termination of employment by participants and some who did not return back to work without explanation.'



The independent project evaluator found that 77% of the 503 successful technical trainees were offered employment following the training; of these, 69% were offered seasonal employment and 8% offered a permanent position (table 1). There were relatively fewer employment offers for the unemployed; 36% of unemployed workers completing training had offers compared with 88% of trained seasonal workers. There were also differences in the type of offers. Unemployed workers were offered only seasonal employment (column C table 1), while 78% of the qualified seasonal workers were offered further seasonal employment and 10% were offered permanent employment.

**Table 1 Training of workers and employment outcomes by initial employment status.**

Workers involved in training	A Entered training	B Completed training	C Offered seasonal employment	D Offered permanent employment	E Accepted seasonal employment	F Accepted permanent employment
All workers	573	503 (88%)	348 (69%)	41 (8%)	338 (67%)	41 (8%)
Seasonal workers	453 (79%)	398 (88%)	310 (78%)	41 (10%)	304 (76%)	41 (10%)
Unemployed workers	120 (21%)	105 (88%)	38 (36%)	-	34 (32%)	-

75% percent of *those completing training* accepted job offers at the end of the training; 67% for seasonal jobs and 8% for permanent. For trained workers who were previously seasonally employed, 76% took up offers for further seasonal work and 10% graduated to permanent work. For workers previously unemployed, 32% took up offers of seasonal work, but none were offered permanent posts.

In terms of the project investment in technical training for all the 573 workers (including those who dropped out), by the time of the MTE (project was recently ended), the overall outcome was that 59% got seasonal jobs and 7% got permanent jobs at the end of the training.

However, the independent project evaluation, commissioned by the project itself, did not establish if the seasonal workers had worked on the farm previously, which has weakened the study with respect to understanding access to employment and promotion. It was not clear whether the participants classed by the independent project evaluator as ‘seasonal’ had jobs before (as ‘permanent’ seasonal), possibly even on the same farm. Were they ‘unemployed’ only for a short period before the season?

Benefits from the technical and life skills training were identified by participants and owner-managers in the independent project evaluation. However, not all of the workers interviewed by EMU (EMU case study) were as positive. The project evaluation did not adequately unpack what workers meant when they said they foresaw a future in agriculture. In the EMU case studies, while most of the workers said the training had had some positive effects in their work, they could not see how the training would enable them to obtain promotion (because promotion opportunities on the farms and in the packhouses are limited in number). Many aspired to leave agriculture, but often realistically, they could not see a way out and for this reason their future lay in agriculture.

Companies are generally trying to reduce the number of permanent staff on their payroll to lower labour costs. The project did not create jobs and given the farmers’ need for a stable seasonal labour

force it is likely that they would have offered the seasonal work regardless of the training. This does not mean the training was not useful, but in terms of creating employment or a significant change in work status the approach has not as yet achieved this. At the case study farms visited by EMU, none of the trainees had received their certificates more than a year after completing the training, which in some cases had caused disappointment<sup>63</sup>. The grantee reports that there has been a delay at the organisation that moderates the training, and this explains the delayed distribution of the certificates.

It is too early to *fully* assess the impacts of the Youth Engagement and Vocational Skills as the project is only just ending. Workers did point to benefits in terms of increased self-confidence and esteem according to the Independent evaluator. Owner/managers at the EMU case study sites said that workers' punctuality, ability to take the initiative and knowledge had all improved as a result of the training, but neither provided figures to quantify any difference and nor did they share data on their levels of investment in training and whether this has changed as a result of participation in the project.

The **Top of the Class** project theory of change is provided below in box 6.

#### **Box 6: Top of the Class Theory of Change**

The '*The Top of the Class*' project sought to enable participants to better understand their role in the supply and value chain, develop individuals' skills and knowledge for improved career progression, provide guidance to workers on personal and social aspects, e.g. financial literacy, health and gender rights, improve trainee workers' self-confidence and leadership skills, leading to a more secure position in the workplace and community.

The training was intended to enable workers to gain a nationally recognized certificate recognized by different employers (particularly valuable for seasonal workers), and to address the skills shortage in the South African fresh produce sector, engendering a more loyal, productive workforce. Ten regional courses (across Western Cape, Northern Cape, Limpopo, Mpumalanga, and Eastern Cape) of technical and life skills training for permanent workers were provided – each course was 8 days long, delivered in two separated halves, with an interim month-long gap for mentored practical application of the skills. 15 workers participated in each course.

Each course involved 12 modules delivered over six to eight weeks, covering: The South African fresh fruit trade chain – then and now; Quality management; Cold storage and the cold chain; Production; Picking, packing and packaging; Road and rail transport; Terminals and container depots; Seafreight and airfreight transport; The consumer; Forwarding, logistics, information technology and research; Exporters and their role in the trade chain; Life skills in the fresh fruit industry. A visit to the UK for selected workers was also arranged. Line managers and supervisors received mentorship sessions to help workers put their newly acquired skills into practice. Colleagues of participants would also participate in knowledge-sharing sessions.

These activities would lead to improved technical and life skills for participants who would receive a certificate to show they had completed the training. With support from their more aware manager, they would achieve better financial literacy, self-confidence, leadership and gender rights and an ability to work more effectively and efficiently, as well as improved career progression. A better understanding of the value chain for study tour participants would result, and a greater awareness at management level of how to support workers to use their new skills and wider knowledge sharing

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<sup>63</sup> The lead grantee has advised that the workers have now received their certificates.

in the organisation as a result of the knowledge sharing sessions. Suppliers would benefit from increased worker productivity and a more satisfied and loyal workforce. The project would contribute to a more skilled and productive workforce on a more systemic scale, if other companies learn of the business benefits, and invest more in training their workers. Retailers and brands would benefit from being able to source from more resilient and productive suppliers, and reduce their risk. Overall this would contribute to more socially and economically resilient global value chains.

The Top of the Class project was already established in South Africa prior to the commencement of TGVCI. The target of the project was to provide training in life skills and value chains and enable mentoring for 150 marginalised workers (50% female), as well as conducting ten knowledge sharing events by January 2015. The training included 174 participants, with men constituting 62% and women 38%. Ninety-eight percent of participants (170) successfully completed the training. The Top of the Class project has successfully completed NQF level 1 training for 170 trainees (3 participants did not complete<sup>64</sup>) across eleven sites (one funded by the supplier); with a high concentration in the Western Cape. The training started in 2014 and ended in August 2015.

In some cases as few as five employees from a particular farm or pack house were nominated to attend. In such cases where the trainees do not constitute a 'critical mass' amongst a big labour force, it is unrealistic to assume that they will make a significant difference to the productivity or 'economic upgrading' of the business as a whole. This may be different in the case of smaller operations where 50% or more of the employees were exposed to training. Eleven knowledge sharing events were also held. Interim certificates have been provided to participants at ceremonies, but the official certificates are still pending. The best performing individuals from each group have participated in a study tour to the UK.

The majority of the participants were satisfied with the training:

*'My line manager now has more trust in me and I get more responsibility' (female quality assurance officer, 34, Packstore 1).*

*'This course can only improve my life and the business can only benefit. I have a deeper insight into the chain now'. (male supervisor, 39, UK supplier Farm 1).*

*'This is a very good course...I learned a lot of new things...especially with regard to life skills, motivation and hygiene in the orchard'. (male supervisor, 37, UK supplier Farm 1).*

*'The course gave me the bigger picture...how the chain works. I'm grateful...It will help me to achieve my aim to become a farm manager' (male assistant manager, 47, UK supplier Farm 1).*

The training provided resulted in 'social upgrading' on the part of the participants, including higher levels of self-esteem after the training, and more knowledge on communication, problem solving, health issues and value chains knowledge (independent project evaluation report).

Trainees said they already had a good relationship with the manager, but this had improved in most cases. The managers said the training had positively affected the participants' productivity levels,

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<sup>64</sup> Reportedly because of lower literacy levels of these particular individuals, the pace of the training and one individual felt the training was not relevant to them.

leadership skills, communication skills, motivation and team morale. 55% had shared information with colleagues.

43% of the Top of the Class participants reported 'being promoted' since completing the training and all of those promoted had received a salary increase over and above the annual increase. However, there appears to be an issue in the project evaluator's data. In our case studies some trainees are classed, by themselves and their managers, as 'permanent seasonal' workers – i.e. they only break off temporarily and then return to the same farm. Thus, worker classifications are not always clear and this was not properly investigated by the independent evaluation report. It is not possible to say what proportion this constitutes of the total in the independent evaluation report and what percentage have been promoted to permanent employment status following the training. This is a possible methodological weakness of the project evaluator research in that it did not capture the important difference between those with genuine permanent contracts, and those with only 'permanent seasonal/casual' status. Although the latter work all year round, they receive fewer benefits and have less security than the former.

As mentioned above, in their final report MESURE stated that '...overall, 43% of participants reported that they were promoted since completing the TOC training. All those promoted also reported that they had received a salary increase over and above the annual increase'. The report contains no figures on the increases in Rand terms. Further, there is no clear definition of what promotion means – often it is an increase in responsibility rather than a change in formal position. In the case study interviews, all the workers said that their position had not really changed. Although the retailer's resident technologist played a key part in working out the logistics and delivery, it would appear that the purpose and content of the Top of the Class training was not always well explained to participants or managers before it commenced. In hindsight it would also have enhanced motivation and understanding if the forthcoming training had been discussed in the context of the participants' career plans and opportunities.

Another positive feature of the Top of the Class training was the follow-up and conclusion of the training less than two months after it came to an end. Participants received positive rewards in the form of accredited certificates and were given the opportunity to share their newly acquired knowledge with their fellow employees – although in some cases more could have been done to encourage information sharing<sup>65</sup>.

There is some evidence that the training has contributed to business benefits, in the sense of more efficiency and higher productivity on the part of the trainees once they had returned to their places of work. This was confirmed by most line managers interviewed by EMU as part of the Annual Review and MTE fieldwork.

Participants interviewed said the UK trip had been successful, enabling them to gain a much better understanding of the entire value chain and why their work is important with respect to product quality - something that management thought important, (e.g. packing of product properly).

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<sup>65</sup> At the five evaluation sites visited by MESURE 55% of participants (or 31 of 56) indicated that they had shared the information they learned during the TOC with their peers/ colleagues/ teams and management. In addition, information-sharing sessions were presented to approximately 18 employers, 530 permanent and 100 seasonal employees.

According to MESURE ‘...the majority of managers (96%) indicated that they were satisfied with the training that their employees received... Managers spoke of how the training had positively impacted on the participants’ productivity levels, leadership skills, communication skills, motivation and team morale. [However]...in terms of productivity levels and motivation, many managers made the point that their participants had been highly motivated and productive prior to the training and as such they had not seen a drastic difference in this regard’ (Independent Project Evaluation Report, 2015).

In our case study interviews, line managers generally suggested that the trainees under their supervision generally ‘worked better’ or were more efficient at their jobs after the training. For example, a line manager at a pack house said that, generally speaking, the Top of the Class training had made the trainees ‘more positive’. ‘His’ trainee specifically (a young woman doing quality assurance) had become more confident and better at managing conflicts. In his view she was one of two strong candidates for a higher position in the new pack house that would come into operation in 2016. However, neither he nor other managers could cite individualized productivity figures – mostly because their jobs (supervision), or aspects of their jobs did not lend themselves to measurement. This is not surprising since many of the participants at both of the EMU case study suppliers were team leaders or supervisors and therefore motivated to get ahead. Both the pack house and farm in the EMU case studies are highly unionized amongst the ordinary workers. At the former there was a strike looming when visiting for case study interviews in October 2015.

Regarding job satisfaction, the majority reported they are now ‘more satisfied’ with their jobs after the training than they were before the training. Only 2 participants indicated that they were not more satisfied with their jobs after the training’ (mainly because they could not apply their newly acquired knowledge in their jobs, i.e. they had a feeling it was all in vain).

One could argue that the Top of the Class training had unintended consequences (but at the same time almost inevitable) in that it raised expectations. Firstly, in those cases where the training had not been discussed in the context of trainees’ possible career progression and where they had not been promoted after the training, questions arose in their minds as to where they were going from here (EMU case study). The independent project evaluation report recommends the provision of ‘concrete guidelines for managers in future so that they become aware of the responsibilities they have for the training and development of their employees and also to provide them with the necessary skills to do this in an effective way’ (MESURE, 2015, page ii).

Secondly, the broader perspective and wider horizons instilled by the course stimulated the hunger for more amongst grantees. Almost without exception during the case study interviews, trainees highlighted their desire to experience first-hand other aspects of the chain they had only heard about, e.g. cold store facilities in Cape Town harbour, or citrus production in other parts of the Western Cape.

Although a success on most counts, and other producers have expressed interest in running further Top of the Class training (EMU case study; independent project evaluator), the retailer’s local technologist hinted (in May 2015) that attention should shift to the ‘mass’ of workers in the industry (EMU key informant interview, Annual Review). For a case study company where we were given

figures for investment in training, the amount had increased by 1%<sup>66</sup>. Without a counterfactual comparison we cannot attribute this necessarily to the project intervention.

The **Emerging Leaders project in Kenya and South Africa** theory of change is summarized in box 7 below.

### **Box 7: Emerging Leaders Projects and their Theory of Change – Kenya and South Africa**

The objective of the Emerging Leaders project in Kenya and South Africa (and that of the organisation itself) is to bring training to the world's most vulnerable workers and communities. The training, an intense 3 day training course using a variety of interactive techniques, includes six modules, including: Leadership Brings Hope; Leadership is Writing Your Own Story; Mindsets; How Leaders Write a Different Story; Leadership for a Story of Prosperity (Business planning); Managing your money to write a different story. Delegates are challenged to complete homework, with encouragement to share what they have learned with others, to make a change that benefits their community, e.g. starting a saving scheme, clean the community, provide sanitation, early child development, setting up an income generating project etc.

Leadership skills training and mentoring for workers are provided leading to transformed mind-sets, empowering workers who implement projects, which improve their lives and that of the community. Workers' performance improves, benefiting business. Participating companies continue to invest in the workforce and other companies learn of the business benefits and follow suit. Training of trainers and building the EL organisation allows for further scaling up in the retailer's supply chain and that of other companies.

The projects have developed a 'train the trainer' approach to enable the further scalability of the training and tailored mentoring for any projects that are launched to ensure that they continue to thrive after launch.

In Kenya Emerging Leaders (EL) had already conducted pilots - the TGVCI project has supported the scaling up of the training with various suppliers<sup>67</sup>. The project target was for 4,500 smallholders and workers (60% women) on 30 farms to complete 3 day leadership training courses by March 2015. The total number of workers trained to date by Emerging Leaders staff is over 7,496. We do not have figures for the agreed target in the Performance Management Framework for 15,000 people indirectly trained by June 2015.

An Emerging Leaders project target for Kenya was for at least 15 trainees to be selected and to successfully complete a 5 day training-of-trainers course by August 2014 and a further 15 by December 2014. Three training events were organized for trainers to witness, involving three

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<sup>66</sup> In the 2013–2014 financial year, pack house 1 spent about R 1,200,000 on training which constituted about 2% of their payroll. In the last financial year (2014-2015) the company spend R1 200 000 on training courses and R1 mill on internships for students. Together this constituted 3% of the payroll.

<sup>67</sup> In Kenya, Emerging Leaders began in an informal settlement in Nairobi where workers at horticultural suppliers live, but was then piloted with Kenyan exporter companies in horticulture and tea and also in Ceres, South Africa.

different corporate suppliers. The project trained 12 trainers in June 2014. This is half of the original target, but the project team reported that they stopped training more trainers as it was decided that the likely demand for training from the horticulture industry could not support the full number as yet.

A target was set that at least 60% of trainees express positive improvement in leadership skills. The project developed a partnership with a mobile phone company to capture feedback from participants after the training. A mobile phone survey was conducted with Echomobile providing feedback from 564 participants, which was very positive overall. The EL project Kenya coordinator interviewed trainees during a training course and found positive feedback.

No independent project evaluation was commissioned by the grantee, and this project was not selected as one of the EMU case studies and so there is an evidence gap. Over 90% of respondents reported that training will 'make a great change to their lives'. Further, of those surveyed, the training was shared with an average of 28 people by each participant (approximating 15,812 in total). It is important to know whether after the excitement of the training how far the individual projects established by participants are sustained and whether the changes in their mindsets continue. We do not have data to show how far participants implemented the IGA and community projects, nor how many were successful and have been sustained. A further target was for 75% of trainees to receive mentoring and follow up visits, but no data is currently available on this and this indicator will be reviewed at final evaluation. Two mentoring events were held with all the certified trainers (project monitoring), but we do not have any assessment of the effectiveness of these events.

Interviews by EMU with workers at a Kenyan vegetable and flower grower during an Annual Review visit indicated that after the EL training they had established income generating or community projects. However, they noted that the Emerging Leaders training was not the only factor influencing the change: the interviewees said that they had already been thinking along these lines and the EL training was an additional push encouraging them to make changes. One of the most significant areas of behavioural change resulting from the EL training has been seen at the middle management level (e.g. production managers and supervisors) according to limited key informant interviews by EMU: they said that the EL training equipped them with leadership skills, which has led to reduced worker-supervisor tensions. A scout in the vegetable section said: *'At the workplace I am no longer harsh with the employees under my watch and I am also careful with the language that I use with both my juniors and seniors'* (EMU fieldwork).

The Senior Human Resources officer at a company that has participated in all the TGVCI projects in Kenya was positive about the preceding pilot of Emerging Leaders in Kenya, but since then she has not been available for interview, even though the project has been rolled out across several of their sites through TGVCI (EMU Annual Review 2014). The social development officer from the same company reported that 1,500 workers from their packhouse in Nairobi underwent a 3-day EL training. By June 2015, 20-25 income generating and community development projects had been established by the workers. Some of these include: poultry keeping; day care centres; tree planting; and garbage collection. He felt that the EL training has been instrumental in motivating the workers to realize their full potential, even if it is not within their company. For instance, six company

management staff quit employment to pursue their passion in different careers or enterprises following the training (EMU Mid-Term Evaluation).

At the same time, this company has not been able to provide data that demonstrates that the training has had an effect upon absenteeism rates, staff turnover nor on the levels of satisfaction of workers with their jobs, their confidence in approaching their managers, or on the percentage of farm turnover invested in training per annum. According to the Innovation and Sustainability department in this large exporter it is too early to tell whether the EL training has had an impact on absenteeism or staff turnover, and the specific company in question is participating in three TGVCi projects which means attribution to any specific initiative is very unlikely to be possible. The buy-in from this supplier has been significant. The project monitoring reports suggest that other suppliers to the lead grantee are participating, but it is not clear that there is the same level of buy-in from these companies.

**Emerging Leaders in South Africa** began after the Kenya project had advanced, as the lead trainer and founder of Emerging Leaders needed to focus on the Kenya project before moving to South Africa. The targets for the South Africa project are as follows: 15 trainers trained and so far the project has trained 55 trainers – thus it has exceeded its targets significantly. In terms of the number of workers trained either directly by EL staff or by those trained by EL trainees the targets were as follows: 3,000 trained directly and 8,000 trained by trainers by June 2015; 60% women) to have completed leadership training courses by June 2015. The data we have so far for South Africa is that 2,750 workers were trained, which is close to the 3,000 figure (although we have not been given figures that relate to the 8,000 indirectly trained). We do not have a gender disaggregation of the figures.

Some figures have been shared by an EL implementation partner in South Africa in Ceres/KBOS region on levels of satisfaction of participants in the training. The overwhelming majority (+/- 80%) of the participants responded positively to the course according to the EL implementation partner. Whether they meant that this had improved their leadership skills cannot necessarily be inferred from their answer.

The design of the Leadership for Hope training course was found to be too long for many companies – so an adapted approach has been developed called ‘Certificate for Community Leadership or CCL’. This is delivered over a three to four week period, rather than over three days, and includes four modules, each lasting for four hours. This adaptation also allows further follow-up with participants.

For the South African EL project no evidence will be generated as to the outcomes and impact of the intervention. In the absence of evidence, it is not possible to say how beneficial the training has ultimately been or to attribute impact to the intervention. Further, it will not be possible to establish if there are any less positive aspects (such as dashed expectations when participants meet setbacks) or associated costs for participants and companies.

There is a risk that approaches which focus on the empowerment of individuals alone could potentially neglect the power inequalities that create poverty and which may remain in place presenting barriers to development. Investment in life and leadership skills is needed in the South African context, particularly for seasonal workers and unemployed youth. More evidence is desirable as to the relative efficacy of different approaches seeking to reach these target groups (seasonal



workers and unemployed youth), as some operate on a group basis with others providing more individual training. There are also different pedagogical approaches and vastly different durations of training – Emerging Leaders, Top of the Class and Youth Engagement and Vocational Skills and Leadership and Mentorship project are all relatively short in duration.

The **Leadership and Mentorship** project is a Round 1 project nearing completion, led by a UK retailer in collaboration with a training service provider and a trade industry body. See box 8 for the theory of change.

#### **Box 8: Leadership and Mentorship Theory of Change**

Based upon a pilot, the project seeks to develop the leadership capacities and competencies of junior and middle management on fruit farms and packhouses through a process of training and mentoring, with the aim of promoting young people with leadership potential into leadership positions through the training and mentorship programme. It aims to develop the capacities of both mentors and employees. There is a special focus on previously disadvantaged employees and youth aged 18 to 25 years. Both are given tasks and asked to work together and build their relationship. The training involves 6 workshops on different aspects of personal development, coaching of mentor and leader, supported by an independent coach in group or triad sessions and focused on objective setting, experiential workplace learning. The latter includes field trips focused on the industry to embed learning and broaden worker knowledge.

Workers will obtain improved confidence, management skills (e.g. managing conflict, leadership, assertiveness, collaboration). Managers and owners will have greater capacity to manager and develop their employees during the project and the intention is that this relationship will continue after the training. As a result of their improved skills, trainees receive promotion, more responsibilities, become mentors, interact more with management – eventually having an improved career progression and higher pay. Supplier businesses benefit from increased worker productivity, improved quality and a more satisfied workforce. Retailers benefit from more secure supply and reduced risk. Companies continue or increase their investment in social upgrading, to capture business benefits. Overall this contributes to more resilient and productive global value chains.

The project target was as follows: 20 leadership trainees (60% women) and 20 mentors successfully complete leadership and mentorship training in South Africa by August 2015. The project has met this target with 20 leaders (15 male and 5 female) participating, selected from 4 suppliers (mainly packhouses, rather than farms). During the leadership training each leader was assigned a specific mentor – sometimes one mentor supported more than one leader (there were 15 mentors involved – 12 male and 3 female). A second indicator focused on participants' assessment of their leadership skills (the target being 60% of the trainees expressing positive improvement in leadership skills) and a third indicator tracks any change in responsibilities and promotion (40% of leadership trainees, men and women, in improved leadership positions by 2015). However, the independent project evaluation is not yet complete.

The Leadership and Mentorship project selects staff that show leadership potential and are in a middle management position. The pedagogical approach involves a process of self-discovery, and is less of a one-way process than some other training approaches and it is hoped that the mentoring relationship once established, will continue in the future. A representative from the coalition

partner, Fresh Produce Exporters Forum or FPEF<sup>68</sup>, which was developed by Top of the Class and Leadership and Mentorship training programmes prior to TGVCI, and continue to offer these courses to the industry, explained that the Top of the Class course is more practically oriented and focused on the value chain, but also includes an element of personal development. The L&M course is mainly focused on personal development, rather than the ‘practical nuts and bolts’ of the value chain. In the Top of the Class training people learn practical knowledge, but do not necessarily gain sufficient self-confidence to apply this knowledge (FPEF interview).

The Pinotage Youth Development Agency project is a Round 2 project, which is just beginning. The theory of change is set out in Box 9 below:

### **Box 9: Pinotage Youth Development South Africa, Theory of Change**

Targeting talented previously disadvantaged 18-25 year olds who are ‘hungry for change’ the project aims to adapt its current approach to the horticultural sector. Its current approach integrates work readiness, technical skills, personal development and life skills – all of which are essential elements for success. A 12 month pilot in the wine industry has been successful according to Pinotage Youth Development Agency: 21 out of 24 unemployed youth have gainful employment in the wine sector since graduating in May this year.

The TGVCI project aims to engage 25 unemployed youth focusing on the fresh produce sector and this will run for 18 months. Potential unemployed students will be recruited from surrounding townships, settlements and farms that currently supply the industry. An assessment process will be established as well as a team camp away to assess teamwork and interpersonal skills. The programme is integrated, combining both technical skills covering the whole value chain, as well as personal development and life skills. The curriculum has been custom-designed to meet the specific needs of the target market and to prepare graduating students according to the needs of a potential employer. The split currently stands at: 45% technical skills (orchard management, production, pest management, sales, marketing and tourism); 25% practical placements; 30% life skills, coaching/mentoring and support skills. There are practical placements interspersed with classroom learning, which allow students the opportunity to put their theoretical learning into practice. Support through the retailers’ on line academy, social media skills and access to information and communication technology will not only help to embed learning, but also give students a competitive advantage in the modern business environment.

The project is only just beginning and so lessons and evidence are not yet available. This is not selected as an EMU case study and no independent project evaluation is planned by the grantee.

### **3.6 Sustainability**

According to the independent project evaluator, the owner/managers participating in the Youth Education and Vocational Skills project said they would seek to participate in similar training in the future and would be willing to fund such training themselves. EMU interviewed case study owner-managers who indicated that they would like to re-run the training. One owner-manager said that

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<sup>68</sup> An industry body representing more than 90% of fruit producers in South Africa. The fruit companies pay a levy based on the volume of their exports and this funds FPEF, which conducts lobbying, market access, and transformation activities – i.e. activities in support of black economic empowerment.

he was keen but it would depend upon if they could find enough volunteers to take up the training (they are relatively small farms/packhouses). One owner/manager said he was going to send his employee on a leadership course nearby. However, there are differences between farm owner/managers as to how far they value the training of workers, especially with the risks that some seasonal workers may not return to the farm. This kind of training helps to contribute to this professionalization of the industry, but there are already many training initiatives in the industry and the test will be if such training courses are taken up, without or with lower levels of subsidy.

Top of the Class training is likely to be run again by some suppliers – there have been positive responses from suppliers who indicate they would like to use the training again. However, more time is needed to see how many suppliers participate and how the funding is covered.

A UK retailer is supporting the Emerging Leaders approach - their sustainability lead has seen it in the field and believes it to be effective. The lead grantee/retailer and DFID investment has helped to develop Emerging Leaders as an organization, enabling it to provide services to the retailer's supply base and to the suppliers in other retailers' supply base, and to promote itself to other retailers. Emerging Leaders is now more established in both Kenya and South Africa as a result of the TGVC, and it is active in other parts of Africa. There are plans to roll out in other countries from where the retailer sources products and in West Africa there has already been a pilot in Cote d'Ivoire. There are plans to invest in Emerging Leaders in Ghana and Cote d'Ivoire, where they are reasonably sized value chains. The retailer's other sourcing countries may not have sufficient concentration of suppliers/volumes (grantee interview).

The Leadership and Mentorship (L&M) project is likely to be run again with the same participating companies, although a bigger test will be when other suppliers are recruited and asked to pay for the full costs of the training. It is too early to say if this will happen or not (implementing partner interviewee).

Initially, the Leadership and Mentorship (L&M) project found it difficult to get companies to buy into the course, but suppliers became more positive. The implementing partner said that his organization is planning to re-run the training again, offering it to the same Eastern Cape packhouses, who are very keen. A new set of middle managers working with the same suppliers in Eastern Cape will participate, because of the positive feedback received. The L&M course has been taken up and implemented at a packhouse in Western Cape, which is also part of the Top of the Class training and various other training and social development initiatives. This signals wider interest within the industry about this leadership training programme and/or the fact that this type of training is fairly well established and valued already within the industry. It is not highly cutting edge, and the independent project evaluation results are still awaited, but if effective, this approach could be scaled up further in the future. The independent project evaluation does not include any counterfactual, which means attribution of impact to the intervention is not possible.

Discussing the Leadership and Mentorship project, cautioning against the notion of *'quick fixes'*, the implementing partner noted that while *'training is a valuable 'piece of the puzzle''* (i.e. part of solution to the industry's challenges), *'there is also a fundamental problem with basic education levels, which can be 'disheartening'*. There is a *'huge deficit in the education' of the workers and so many social problems, it is almost 'damage control' by the time workers are trained in the L&M*

*programme'* (KII interview). *'There are no quick fixes. The intervention needs to be long-term and intensive, probably 1 to 3 years is needed with young graduates from school'*.

Interestingly, the Pinotage Youth Development project is working intensively with individuals over a much longer period than the Round 1 projects, and focusing on unemployed youth.

### **3.7 Systemic Impact**

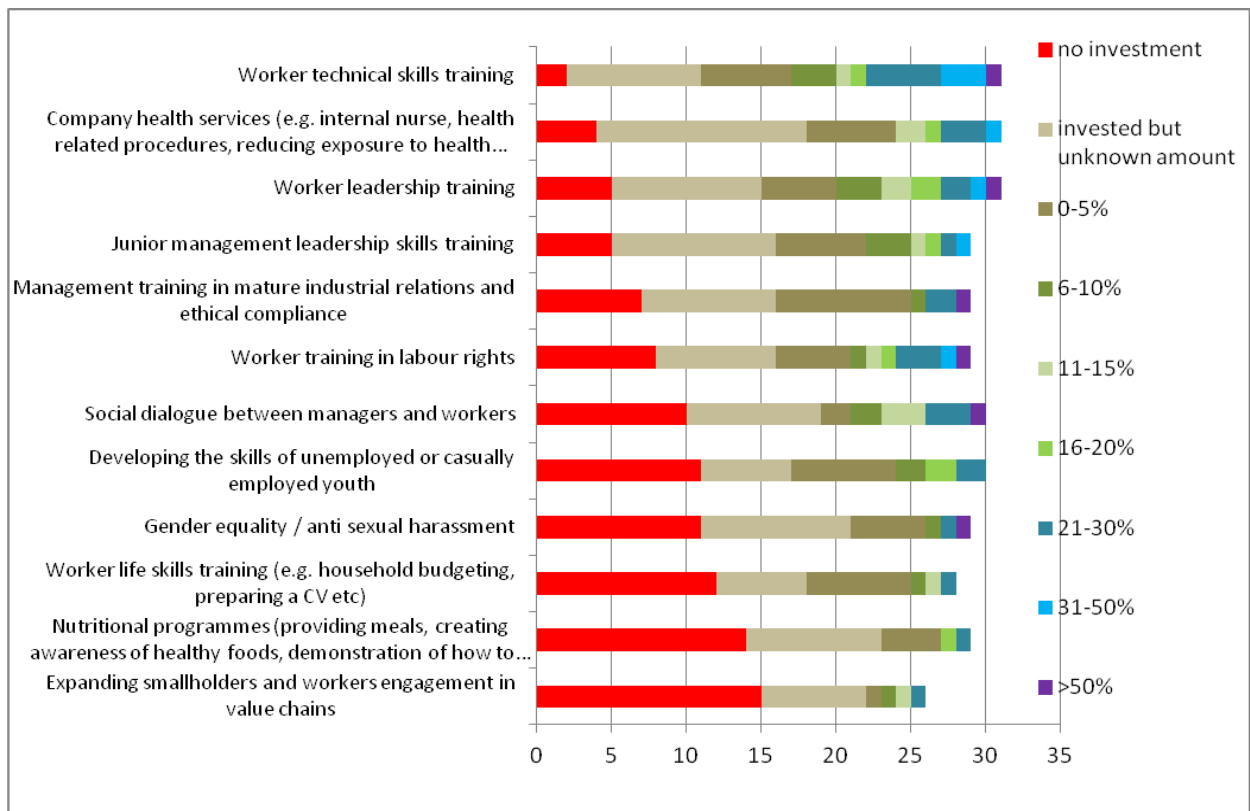
It is too early to assess the contribution of the projects to date toward systemic industry change given their stages of implementation. However, we can explore if they are likely to do so using the theory of change approach. The question arises, for example, as to how a demonstration effect could occur if there is no clear learning mechanism in the programme design. There has not been much communication between the TGVCI projects in South Africa (EMU grantee interviews during the programme) and certainly no *facilitated* inter-project learning. Lead grantees have said this was a missed opportunity from the start of the TGVCI (EMU grantee interviews).

It is not clear if suppliers will invest in significantly up-scaled skills training in the future, if they have to pay the full or even subsidized costs. More research is needed as the programme progresses as to the response of retailers – will they invest to make the training affordable to the suppliers or is the onus solely on the suppliers to meet international requirements? The growth of alternative markets for South Africa suppliers is changing the dynamic between them and UK retailers to a certain extent, as the suppliers now have more alternative options for end markets (industry key informant interviews).

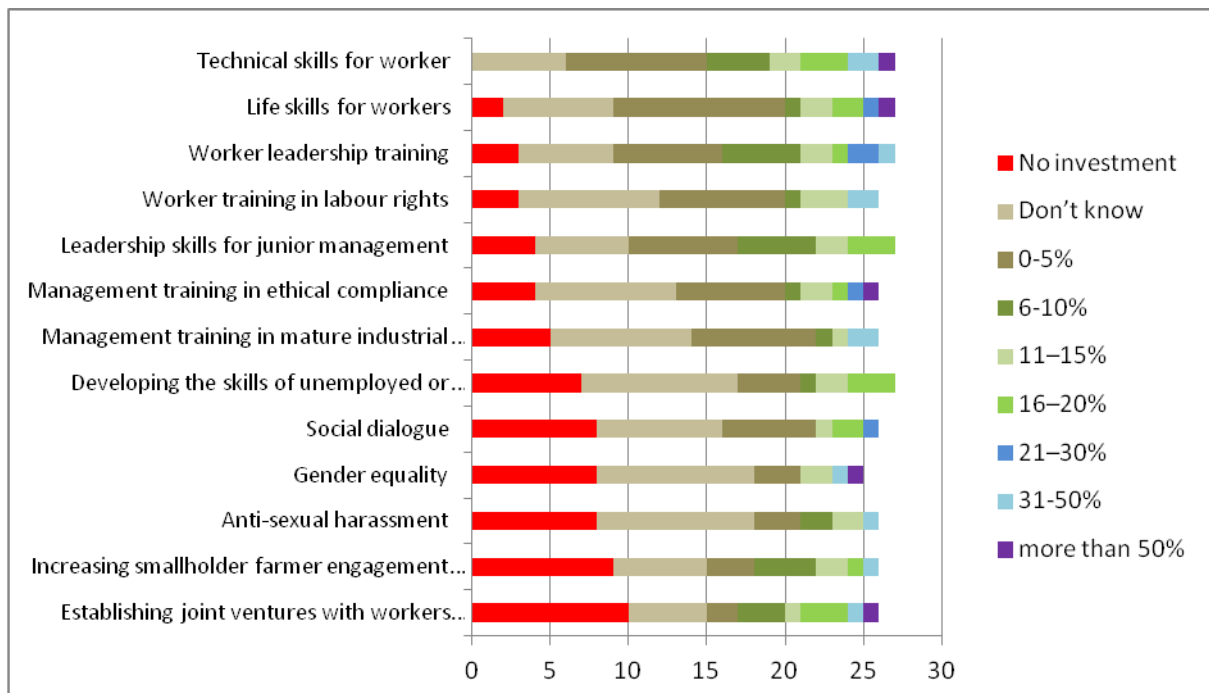
Although the skills, leadership and technical training is highly relevant to the South African industry it is not clear if participating companies will invest further. The industry survey in South Africa conducted by EMU in 2015 indicated that investment in workers technical skills was the most important category in the past year, and considered also to be the most important for business performance (Figure 2).

Similar priorities were reflected in responses on likely future investment (Figure 3). Developing the skills of unemployed/casually employed youth was a lower investment priority. The likelihood of investing in management training in ethical compliance, anti-sexual harassment, social dialogue, gender equality and management training in mature industrial relations, was rated lower, but with interesting variations among the respondents, a few of whom were intending to make substantial investments in ethical compliance and gender equality.

**Figure 2: Roughly how much has your company invested in the following activities over the past year? Please indicate this as a percentage of company profits. (n=32) source: industry survey**



**Figure 3 Roughly how much is your company intending to spend on the following activities over the next two years? Please indicate this as a percentage of company profits (n=27) source: industry survey**



A pro-active exporter from Kenya is rolling out a number of the TGVCI interventions, having participated in all three of the Kenyan projects (one of which falls under Impact Pathway 1) and there is the potential for corporate behavioural change to be occurring within this large exporter at an individual corporate level relating to their investment in training, not only in technical skills, but also life and leadership skills – something which needs further exploration in the next phase of the TGVCI evaluation. However, it is not clear if other suppliers will follow suit and be as proactive.

## ANNEX 4: IMPROVED WORKERS' HEALTH AWARENESS, ACCESS TO HEALTH SERVICES & REDUCED EXPOSURE TO HEALTH HAZARDS IN KENYA HORTICULTURE & BANGLADESH RMG (IMPACT PATHWAY 2)

### 4.1 Theory of Change Impact Pathway 2

Five projects are clustered under Impact Pathway 2, namely HER project Kenya and Bangladesh, Worker Education and Nutrition, Health Insurance for All, and Reducing Charcoal Use for improved health and livelihoods. In this section we discuss relevance, additionality and innovation, efficiency, effectiveness and impacts, sustainability and potential contribution to systemic impact.

### 4.2 Relevance of Impact Pathway 2

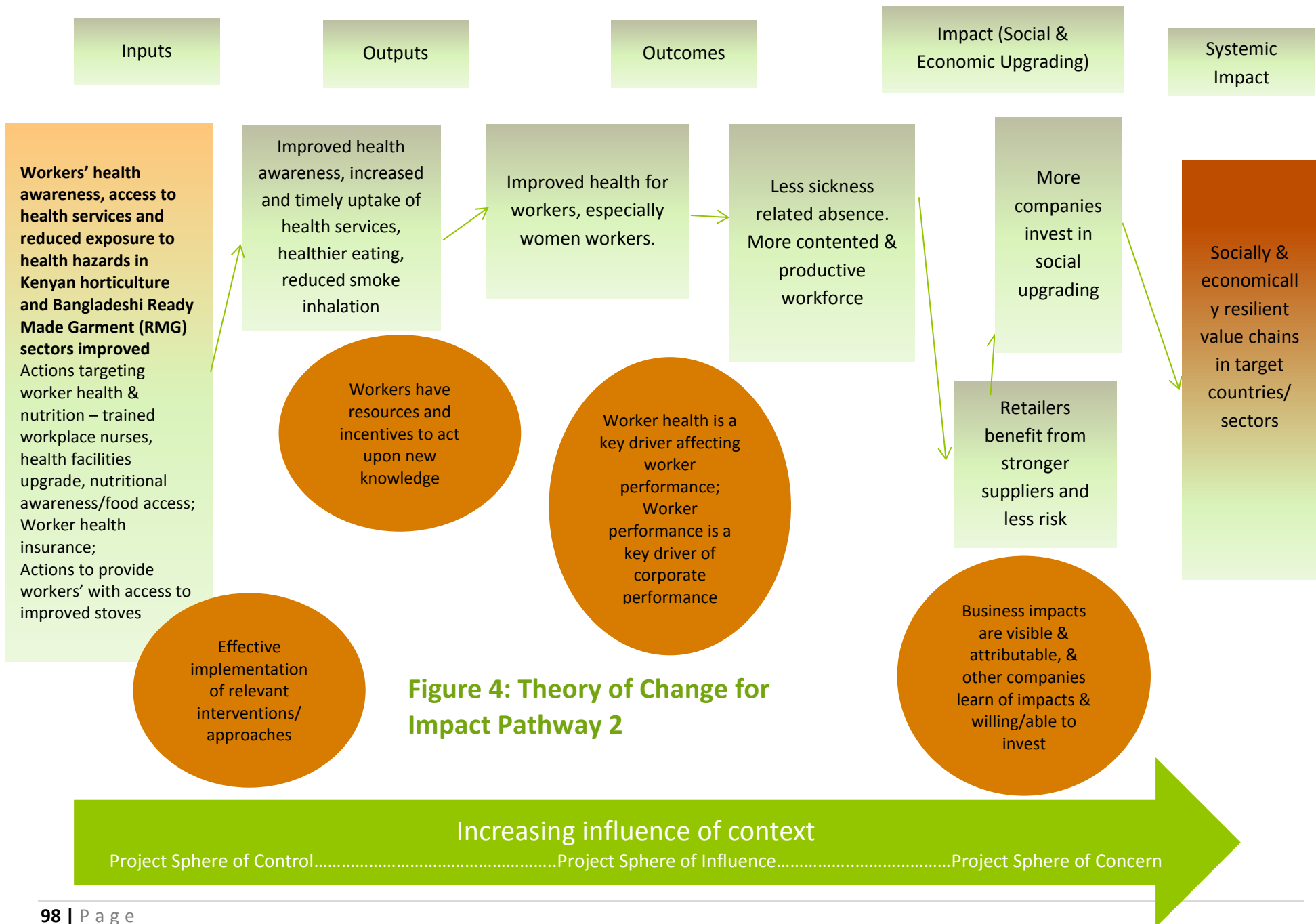
Action on worker health and nutrition is relevant in both the Kenya and Bangladesh contexts. In Kenya there are multiple issues facing the horticulture industry. Improving access to food and nutrition education was noted in the design document as important priorities generally in Kenya (Hellyer and Whitwell, 2013, p16). The Kenyan Government's Policy on National Food and Nutrition Security (2011) includes a focus on human rights to food and adequate nutrition, and promotion of diversified eating habits and healthy diets<sup>69</sup> (Hellyer and Whitwell, 2013). A study conducted to establish the relationship between worker productivity and nutritional status of road workers in Kenya, found that better nourished workers (with a wider arm circumference and higher haemoglobin levels) were more productive than the less well-nourished workers (Wolgemuth, et. al., 1982). Analyses of the nutritional status of smallholder children in tea producing areas indicate stunting levels greater than 30%<sup>70</sup> (GAIN, 2011). Under-nutrition may result in irreversible physical and mental damage leading to adults with reduced labour productivity (GAIN, 2011). Promotion of human nutritional security through a combination of good agricultural and nutritional practices is important (GAIN, 2011).

Although workers' nutrition was a prioritized intervention theme in the TGVCI design document, actions relating to health, workers' health *per se* were not (Hellyer and Whitwell, 2012). The lead grantee of Her Farm project, an international NGO, makes a strong case for the *longer term* process of social upgrading through improving workers' access to health care, both in terms of responding to the challenges posed, but also the *opportunities* presented: pay is better and more stable than in other sectors (e.g. sugar and coffee), but workers face myriad health problems, including HIV/AIDS, family planning, maternal mortality, particularly related to illegal abortion; and gender based violence including female genital mutilation, which remains widespread (grantee project proposal). If women and their families are healthier, they will remain productive participants in the labour force in critical agricultural sectors, increasing profitability and quality of products (Grantee project proposal). Reductions are possible, resulting from investment in human capital, in absenteeism, tardiness and turnover.

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<sup>69</sup> <http://www.ascu.go.ke/DOCS/National%20Food%20and%20Nutrition%20Security%20Policy.pdf>

<sup>70</sup> Stunting is commonly used to measure under-nutrition. When children below 5 years old are suffering from chronic malnutrition they become too short for their age (i.e. stunted). Generally, stunting prevalence above 25% indicates severe under nutrition problems. (GAIN, 2011)





Indirect business impacts can be achieved of equal or greater importance, such as improved use of existing resources such as nurses, improved worker satisfaction with management, improved worker health behaviour, reductions in recruitment costs, and improved reputation with international buyers (Grantee project proposal).

The international NGO grantee focused firstly on women workers health, because of the disproportionate number of women in horticulture and tea in Kenya, often to be found in low skilled positions and earning only modest wages (grantee proposal). However, they later focused on male workers, recognizing their health issues and also recognizing the importance of changing male attitudes if women are to realize better health outcomes (grantee interview).

Investment in health of the workforce in Bangladesh is also very important. Access for poor women to health care services and products in Bangladesh is deficient. With women making up to 80% of the RMG workforce, workplaces could play a critical role in helping to meet health needs. Qualified factory nurses and effective onsite clinics have the potential to provide accessible, timely and affordable healthcare. Although a legal requirement, existing healthcare facilities in most factories are insufficient. Nurses generally lack the education, training and skills to provide a decent service. In many cases clinics are more symbolic than functional. Given this context, and proven business benefits from other HER project women's health initiatives, this pilot project aimed at factory nurses and clinics is very relevant. No other training is available for health care workers in RMG factories. Providing health insurance for all workers is thus a relevant intervention.

Providing health insurance for RMG workers is a relevant intervention in the context of Bangladesh. The project assumes that improved health services of the type to be provided by the health insurance will make a significant impact on the health of workers and their families. While this is a reasonable assumption, other factors (e.g. nutrition, sanitation, housing and working hours) may be as or more important. The project further assumes that improvements in worker health arising from health checkups and insurance will lead to measurable impacts in terms of absenteeism, turnover, waste and business profitability. While also reasonable, these impacts are not certain.

#### **4.3 Efficiency of Impact Pathway 2**

For HER project in Bangladesh, a reduction in project targets is likely to increase the unit cost of training significantly. The estimated fee for nurse training was USD 400. This is a significant amount for a 5-day training course that will not qualify trainees as fully-fledged nurses. The fee for the clinic upgrading plan was USD 250. Any upgrading costs will be additional. The willingness of factories to meet these costs is not yet known. For HER project Kenya, training costs have been subsidized at three retailers by a German Development Bank. They are proposing to extend this subsidy so that between 20 and 40 suppliers can participate in the partnership between the lead grantee and Kenya Flower Council.

#### **4.4 Additionality and innovation in Impact Pathway 2**

Health interventions are not new to the Kenya or Bangladesh horticultural sectors. Many companies in both industries provide some level of health services to their workers. There is a case for additionality in the sense that supplier companies would not necessarily have acted without the added incentives provided to improve the services they provide.

Currently, there are public programmes on health in Kenya, especially in the Naivasha area, and there have been Corporate Social Responsibility projects by companies in health and education previously in the industry. One of the most prominent interventions has been an HIV/AIDS awareness campaign over the last fifteen years in response to a government directive that employers should create awareness amongst their employees, by training workers as peer health educators and through the provision of condoms. A number of employers engaged with local and international NGOs to work on this campaign. At the same time several companies in the industry are Fairtrade certified, and so premiums are generated which are invested by the Joint Body (involving management and worker representatives) and these have often been invested in local medical projects, so as to provide improved health services to communities in their surrounding area, as well as employees. Such clinics have offered immunization and HIV/AIDS awareness, counselling and testing. The lead grantee for the Her Farm project indicated that initially they were concerned about fatigue with CSR initiatives in Kenya.

The TGVCI design document found that some of these types of corporate social responsibility initiatives have been scaled back in recent years, due to economic pressures on the industry. Many suppliers do not sign up to the notion of a business case for investment in social issues for workers, such as in health, and where pilots are underway the findings are not being shared for commercial reasons (Hellyer and Whitwell, 2012). The focus on nutrition is more recent in the Kenya context, and reflects increased recognition of high cancer and heart disease rates amongst male workers (PMU pers. Comm.)

The **HER project in Bangladesh** is explicitly a pilot, and so it is unlikely to have happened without TGVCI support. The HER project in Kenya follows on from an earlier pilot, but we do not know, as yet, if companies would have acted further on health without the TGVCI investment.

In terms of the level of innovation shown by the projects, compared to what exists in the sector, it does not appear that the Her Farm project is highly innovative, although the element of developing clinic upgrading plans and working with companies on their plans for upgrading may be.

The **Worker Education and Nutrition project** developed and broadcast a radio programme using an approach that is not new to the country, but it is new to the industry, i.e. to horticulture (implementing partner interview). Through a participatory process, the team developed a programme focused on social issues of direct relevance and importance to workers. These programmes would clearly not have been made without the TGVCI.

The second element of the Worker Education and Nutrition project includes various innovative dimensions. The project copied and adapted the model for an existing garden developed by the NGO Real Impact as a model – but it is new in the horticultural sector and may encourage behavioural change if other companies adopt the approach. However, it is too soon to say if this is the case. The technologies the garden showcases are not highly original either, but they have not been demonstrated by companies to workers and visitors (e.g. smallholders) before in Kenya. The engagement with canteen staff to improve menus and to supply them with nutritious produce grown on the nutrition garden is highly innovative and so additionality is clearer than for some of the other TGVCI interventions.

The **Health Insurance for All** project is genuinely innovative in terms of its approach and it is new to the Bangladesh RMG sector. It is piloting health insurance and medical check-ups and represents a new and potentially replicable approach to the important issue of RMG workers' and their families' health. An affordable solution to health insurance would have significant social and business benefits.

The **Reducing Charcoal Use for improved health and livelihoods** is new to Kenyan horticultural farms. Improved stove programmes are well known in many rural areas of Sub-Saharan Africa, but this approach has not been tried via horticultural suppliers providing subsidies on the stoves to their employees. It may stimulate action by companies if the approach is seen to be successful going forward.

#### 4.5 Effectiveness and Impact of Impact Pathway 2

In this section we explore the evidence available on the effectiveness and impacts of the different projects within impact pathway 2.

The HER project Kenya theory of change is presented in box 10 below.

##### Box 10: HER project, Kenya theory of change

The project objectives are: i) To improve the health outcomes of low-income workers in the Kenya agriculture export-industry; ii) To increase the capacity of farms to contribute systematically to improved health outcomes; iii) To articulate the business case for targeted investment in the personal health of small farm holders and workers, as critical to the social and economic performance of the industry. Three sets of activities or workstreams are envisaged, namely: a) scaling up across the retailers' supplier company sites, developing the UK retailer's supplier company's health policy and upgrading clinic standards and training nurses, b) a buyer scale up, with recruitment of more buyers and suppliers in the Kenya horticultural sector with participating sites implementing her project and developing a health management programme for employees. c) a tea smallholder pilot is envisaged involving two corporate partners with adaptation of the HER farm methodology to deliver health trainings to smallholders.

Anticipated outputs include improved health awareness and an increased uptake of health services among workers and smallholders. Improved health outcomes for workers, particularly women workers, lead in turn to less sickness related absence and a more contented and productive workforce. Suppliers will benefit from more healthy and productive workers, meaning better productivity, reduced wastage etc. Companies will continue to invest and other companies, learning of these benefits, will follow suit.

In terms of the achievements of the project on its *outputs*, the findings are as follows:

**Workstream 1:** Clinic assessments were completed at 10 clinics, which means the project has met its targets for workstream 1. The clinic assessment reports set out detailed recommendations on how to improve the clinic (e.g. through harmonizing best practices and procedures, expanding the role of the nurses, integrating health services/staff into existing management structures of the farm) and included an analysis of the company's health and safety policy and provided recommendations for responding to gaps in the clinic assessment. The findings were presented to the management, HR offices and nurses from all clinics. The group validated the findings and worked

with the NGO grantee to finalise recommendations based on internal priorities and resources (Monitoring reports).

Curriculum and materials to address gaps in nurse competencies were then adapted from the Bangladesh model to the Kenyan context. A three day training course was conducted in January 2015, followed by assignments for the nurses to practice the new skills acquired and 10 nurses were trained (as per the target). They gave positive feedback in their training evaluation (Project monitoring). A male engagement plan has also been developed early during the project in response to a request from the supplier company, and is being rolled out during the implementation of the HER health programmes in Kenya. This pilot is informing the grantee's global programming in other countries, with men included in trainings and acting as peer educators. The clinic assessment experience and nurse training has informed the grantee's future delivery of health interventions globally and particularly in a nurse training offering being developed in Kenya.

The project aimed to train not only the nurses at supplier company sites, but also 600 peer health educators by the end of the project. The project has exceeded this figure, reaching 696 Peer Health Educators, the latter cascading information down to 'thousands of workers', i.e. their peers (project monitoring). The number of workers reached within workstream 1 is estimated to be 5,705.

**Workstream 2:** The recruitment of other buyers and suppliers was slower than expected and more resource intensive, with a challenge encountered in companies not maintaining initial commitments, especially self-paying suppliers. Twenty seven implementing sites have been reached so far (not far off the target of 30), representing a considerable scale up for the grantee's presence in Kenya. It has also engaged with industry associations to seek partnerships with individual and clusters of farms. At these workstream 2 supplier sites in horticulture, 7,268 workers have been reached by the project.

**Workstream 3:** In the tea sector pilot the aim has been to adapt the HER health trainings for the tea sector with baseline assessments and training. A scoping study and initial stakeholder engagement in Kericho was followed by discussions in the UK with the relevant companies and inclusion of women's empowerment indicators in monitoring. Training of trainers was conducted, followed by an initial training of peer educators and community champions at one cooperative, but a delay was encountered at the second, where a transport per diem was requested by smallholders at short notice. Training has also been provided for tea buying centre clerks and quality assessors who will facilitate community meetings.

In tea, the project has reached 5,382 people. The total number of workers and smallholders engaged is 18,355 compared to an original target of 18,000.

In terms of the number of sites reached, the project planned to reach 11 of the sites within the large exporter partnering on workstream 1, but only 10 have been covered. 17 other supplier sites in horticulture and tea in workstreams 2 and 3 have been engaged in the project and implementing health programmes.

The intervention theory of change for the project is that by improving worker's health through clinic assessments, nurse and worker training, this will lead to improvements for the company, including reduced sickness and absenteeism, greater worker productivity etc. Neither the overall project completion report nor the Return on Investment study, are ready as yet, as the project is still on-

going. However, EMU conducted a case-within-a case study employing data from the project. The methodology was as follows:

### Box 11: Methodology of EMU Her Farm Kenya Case Study

The lead grantee, an international NGO, was already planning to conduct a baseline and an endline survey. EMU selected a farm from a cluster of farm sites participating in the Her Farm project and identified a closely matching non participating farm as a control group at worker level. The grantee conducted the treatment site questionnaire surveys while EMU conducted the questionnaire surveys at the control group, as well as conducting manager interviews and focus group discussions with workers at both sites (treatment and control). The baseline was conducted in 2014 and the endline surveys were conducted in 2015. Final evaluation work will be conducted by EMU in 2017.

The grantee clustered their sites for efficiency in rolling out the training. EMU selected one cluster of sites, and selected one site from the cluster to be a treatment site. A non-participating, control farm with the best matching characteristics was selected close to the cluster (see (a) below)

#### (a) Comparative characteristics for Control Farm and Case Study Farm

Characteristic	HerProject supplier company	Control Farm
Size (No.of workers)	850	700
Sample size Baseline (female workers)	34	100
Sample size Endline (female workers)	66	100
Product(s)	Flowers & Vegetables	Flowers
Year of establishment		2000
Location	South Lake	South Lake
Clinic on farm	Yes	Yes
Certification	Fairtrade (2000)	Fairtrade (2012)

Individual female workers were randomly sampled from the lists of individual female workers. A total of 100 female workers from the *control farm* in Naivasha were interviewed in a survey to collect baseline data on demographics and health indicators. This was a stratified random sample drawn from a population of 476 female workers on the control farm, with 65% and 35% of the 100 workers interviewed from the packhouse and greenhouse respectively. The interviews took place from 27-29 May 2014 with the assistance of three research assistants. During the Mid-term evaluation, an end-line survey with 100 female workers was once again conducted by EMU from 28-30 September 2015, with the assistance of three research assistants. The sampling framework was similar to the baseline survey, but the workers interviewed had to have worked on the farm for at least one year in order to be able to assess the changes (if any) from the baseline survey. The survey was supplemented by four focus group discussions (FGDs) on both the control farm and case study farm.

The worker baseline survey on the treatment farm was conducted by the Her Farm project. On Her farm project farm 2, a total of 34 workers comprising 29.8%% of the female workforce, were randomly selected and interviewed on 7 May 2014. The Her Farm project also conducted an end-line survey of female workers on the treatment farm on 16-17 September 2015.

Mixed methods were employed by EMU at both treatment and control sites, dovetailing with the HERproject M&E activities.

**(b): Field Methods**

Methods		Baseline	Mid-term evaluation
Focus Discussions	Group	2 women's and 2 men's group to understand their existing health, access to health facilities, livelihood strategies etc.	2 women's and 3 men's group to understand the changes (if any) from the baseline to endline indicators.
Semi-structured interview	with managers	The interviews explored changes undertaken by the company and changes in attitudes, behaviour and practices amongst managers. They included several questions to quantify perceptions of change.	The interviews sought to get an overall view of the Her Farm project, whether they had seen a difference/change in the workers since its implementation. The interviews also sought to interrogate the systemic effects and sustainability of the HERproject.
Questionnaire	for workers	Yes	Yes
Key informant interviews		Lead grantee; training service provider	Lead grantee; training service provider (during Annual Review)

Results from the case study are presented below:

- For the treatment cluster, including the treatment site for the EMU case study, 3 nurses were trained and 49 Peer Health Educators (PHEs), reaching 1056 individuals (366 men and 690 women) with the different health topics (endline report). The PHEs were trained in a set of seven sessions on the following topics: HIV/AIDs and preventing STIs; Family Planning; Maternal Health; Nutrition; Chronic non-communicable diseases; Ergonomics.
- The clinic in the treatment farm offers outpatient services and provides referrals when appropriate. The clinic is linked to a medical centre at a neighbouring company (workers on other treatment sites are also linked to this medical centre and to the Naivasha District Hospital for referrals). Table two summarises worker knowledge and utilisation of health services at baseline and endline.
- At the **treatment site, worker awareness of health services** of nearby health facilities has increased significantly with +13.8% margin, but the utilization of the nearby health facilities dropped by -14.6% (table 2). For those who accessed those services, the referral rate from the farm clinic has increased by a significant margin of +48.9%. The percentage of workers visiting the farm clinic has dropped from 70.6% to 25.4%. Only 25.4% of the female workers reported having visited the farm clinic.
- Nearly half (47.1%) rated the services offered as excellent, while 35.3% and 17.6% rated the service provided as average and good respectively. The services at the clinic appear to have improved since the intervention of the HERproject. In 2014, only 35% of the workers who had visited the clinic rated the services as excellent. The frequency of visits varies from 1 to 4 and 1 to 6 in the baseline and endline respectively. The workers mainly visit the clinic for treatment of small injuries, menstrual pain and for family planning services among others (endline report).

**Table 2: Worker knowledge of the clinic on the farm, other health services nearby, use of other health services, referrals by the clinic, and % of women using the farm clinic**

	Treatment Farm			Control Farm		
	Baseline	Endline	% change	Baseline	Endline	% change
Is there a clinic on the farm?	Yes	Yes	0%	Yes	Yes	+11%
	100%	100%		83%	94%	
Are you aware of nearby public hospitals/clinics or other health service providers?	Yes	Yes	+13.8%	Yes	Yes	-4%
	86.2%	100%		91%	87%	
Have you used any of these health service providers in the last six months?	Yes	Yes	-14.6%	Yes	Yes	+4.5%
	37%	22.4%		74.2%	78.7%	
Were you referred by the farm clinic?	Yes	Yes	+48.9	Yes	Yes	-15.1%
	11.1%	60%		33.3%	18.2%	
% of women who have used the farm clinic in the past 6 months	Yes	Yes	-45.2%	Yes	Yes	+3.5%
	70.6%	25.4%		74.4%	77.9%	

By comparison, in terms of **worker awareness of health services, for the control farm** - the awareness of health services on the farm has increased by +11%, whilst awareness of nearby clinics has reduced by -4%. Visits to nearby health facilities increased by +4.5%, and for those who accessed those services, 18.2% were referred by the farm clinic. The proportion of female workers visiting the farm clinic increased slightly from 74.4% to 77.9%. Out of those who had visited the clinic (at the time the endline survey was conducted), nearly three-quarters (74.4%) rated the services offered as average while a paltry 6.7% and 1.3% respectively indicated that the services were good and excellent respectively. The frequency of visits varies significantly from 1 to 7 and 1 to 12 in the baseline and endline respectively. On average, workers made 2.32 and 2.71 visits for the baseline and endline respectively. The workers mainly visit the clinic due to weakness and tiredness, small injuries, lower abdominal pain and to rest – perhaps an indication of the physically arduous nature of their work (Baseline and Endline Control Farm Survey). A double-in-difference analysis still needs to be carried out and will be reported in the final evaluation.

Workers' level of **awareness of communicable diseases** at the treatment site varies from high to moderate, with a majority (85.1%) of the workers aware of HIV/AIDs, its symptoms and how it is spread. For the control group also, almost all of the respondents are aware of the most common sexually transmitted diseases and are also aware of the different modes of transmission of HIV/AIDs. There is no significant difference between the baseline and end-line survey of the workers' knowledge of communicable diseases.

**Knowledge of non-communicable diseases** at baseline varied from moderate to high. At the control site there is no significant difference between the baseline and end-line surveys of workers' knowledge with respect to non-communicable diseases, whereas knowledge of these diseases increased at the treatment site.

**Table 3: Knowledge of non-communicable diseases on treatment and control farm**

	Treatment Farm				Control Farm			
	Yes		No		Yes		No	
	Baseline	Endline	Baseline	Endline	Baseline	Endline	Baseline	Endline
Breast cancer	89.7	100.0	10.3	-	99	95	1	5
Cervical cancer	86.2	94.0	13.8	6.0	89	84	11	16
Diabetes	81.8	100	18.2	-	98	93	2	7
Hypertension	65.6	100	34.4	-	97	94	3	6

During the baseline survey, control group workers’ knowledge of the specific *symptoms* of these diseases appeared to be moderate – with the exception of breast cancer which was higher. By the time of the endline survey awareness of symptoms had increased from moderate (21-35% aware) to fairly high (50-60% aware) without intervention. This is an indication of the difficulty of measuring and attributing change to a specific intervention, because often the socio-economic and cultural environment cannot be held constant. However, there has been a commendable improvement in their knowledge and practices with respect to breast cancer, where +45% more workers can self-examine.

With respect to **ergonomics and occupational health** at baseline, more than half (55%) of the control group workers had experienced accidents at the workplace compared to 18.8% among the treatment group. These include injury (bleeding) caused by machines, knives, scissors etc, plus fainting due to chemicals especially in the greenhouse, electrical shock, being run over by a flower truck, fire outbreaks, etc. Occupational health and safety has improved for both groups of workers, although the accident rate for the control group at endline was over 40%. The majority of the workers are provided with PPEs and most use them. There is a higher rate of use among the treatment group (Table 4). The decline in musculoskeletal problems is more substantial at the treatment site (Table 5).

**Table 4: Ergonomics and occupational health.**

	Treatment Farm		Control Farm	
	Baseline	Endline	Baseline	Endline
Have you been provided with any personal protective equipment (PPE) at work?	87.9%	100%	85%	97%
Have you/your colleagues ever had any accidents in the farm?	18.8%	16.4%	55%	42%
Use of PPEs by workers	94.1%	100%	83%	97%



**Table 5: Musculoskeletal problems**

Musculoskeletal problems	Treatment Farm		Control Farm	
	Baseline	Endline	Baseline	Endline
Weakness of limbs	26.5%	1.5%	53%	48%
Back pain	50%	0%	80%	64%
Difficulty in moving limbs	28.1%	1.5%	45%	41%
Pain or stiffness during movement	35.3%	4.5%	57%	44%
Difficulty in moving head up/down or side to side	13.8%	1.5%	45.5%	30%
Joint pain	41.2%	4.5%	65%	53%

Data has not yet been made available on the **quantity and value of farm output per worker per day**. However, we are awaiting the ‘Return on Investment’ reports from HERproject to be shared. This will require validation. It will not allow for attribution of impact as the study was only conducted at the intervention sites. Many factors, not only worker health, influence productivity at a supplier level. During the qualitative discussions, workers consistently reported that wages are the chief influencing factor, as low wages reduce their motivation and working harder brings no reward<sup>71</sup>. Some said that allowances should be provided for those doing spraying or acting as security guards because of the risks involved.

Whether workers meet their production targets depends upon whether they are healthy or not, the quality of their equipment (often this is poor), whether the targets are realistic (often they are not), the weather, and availability of produce. However, being off sick does not mean that they can escape the work. The workers reported that they usually meet their targets, but sometimes it can mean working late into the evening, or tasks are carried over to the next day. Sometimes it depends upon their supervisors and the realism of targets depends on the tasks to be done. There was no major differentiation between treatment and control group workers on these points, or between baseline and mid-term evaluation points.

Qualitative interviews were conducted with the **peer health educators** by EMU. FGD participants at the treatment site included some workers who were Peer Health Educators (PHEs) and some who were not. The PHEs in the FGD reported that they had received training on maternal health, family planning, nutrition, HIV/AIDS and cancer.

88% of workers say that they have learned something from the PHEs and 11.7% say they have not (at all 3 treatment sites) according to the project’s own data for the cluster.

There are **challenges relating to information sharing by PHEs**. Information sharing has been limited to date, because there is insufficient time for workers during the day to receive the information. PHEs have their own targets to meet and are not given enough spare time to share the information they have gathered with their peers. Some of the PHEs said that they could not do all of the training

<sup>71</sup> Bonuses are mainly paid to workers in the greenhouses and packhouses since it is easier to ascertain whether or not they have met their production targets, whereas, those who work in the open field rely on the vagaries of weather to determine the amount of harvest.

offered or needed more; some still lacked information, or said they did not fully understand some of the topics and still lacked confidence in their role. Although the PHEs can give out information on prevention and identifying symptoms, they cannot assist with treatment and this remains a challenge for many workers, because of their low pay and because the clinic does not offer testing nor many types of medicines at the moment. They received information on symptoms and prevention, but for treatment they were told a doctor should be seen.

The case study has given rise to some interesting challenges in data collection to assess outcomes and impacts.

- **Comparability between baseline and endline:** data for the treatment farm was not consistently recorded in the two datasets, with some missing variables. The treatment group sample size was not the same for the baseline (34) and endline (66). Further checking of the treatment group data is needed.
- **Prior contribution to outcomes:** The treatment site had a Health and Safety Policy in place prior to the project. The project has worked to 'leverage previous investments in health by the company by reinforcing health messages as well as introducing new health information' (Endline report). Some of the treatment farms have run training previously on health related issues, including health and safety awareness, especially the use of protective equipment and training on how to operate machinery. Other treatment sites have run cancer awareness and testing sessions focusing on breast cancer, family planning, HIV and STI awareness and general health education. We do not have comparable information from management at the control site on whether they have an existing health and safety policy or have run previous training relating to health and safety for the workforce. Therefore it is difficult to attribute the health related outcomes solely to the project.
- **Other factors influencing the control group:** participating in the study as a control group itself raises awareness. Other factors may be at play such as the wider awareness of the importance of occupational health and safety at the workplace on the horticultural farms in Naivasha or aspects linked to the Fairtrade certification process. We were not able to gain access to the control group management to explore such issues.

At the final evaluation in 2017, EMU will conduct a survey of both treatment and control groups. With this final data, an assessment of outcomes and impacts should be possible.

The **HER project, Bangladesh** theory of change is presented in box 12 below.

The HER Project Nurse Training Programme contracted a local organization to assess the gaps in knowledge, products and services of nurses and clinics, and to design the pilot nurse-training curriculum. However, following a difference of opinion between the lead grantee and the local contractor on the length of the curriculum, responsibility for finishing the curriculum was given to a different Bangladesh-based not-for-profit organisation. The training curriculum was reduced from 9 to 5 days, and the training was provided by a Nursing Training Institute in Bangladesh, which also provided feedback on the curriculum development as part of a Technical Advisory Group.

### Box 12: HER project, Bangladesh theory of change

The project objectives are to: i) to improve the health outcomes of female workers; ii) increase the capacity of factory-based clinics to contribute systematically to improved health outcomes; iii) to articulate the business case for targeted investment in the health of RMG workers, and female workers in particular, as critical to the social and economic performance of the industry in Bangladesh. The project provides a gap assessment of gaps and service provision, the design and piloting of nurse training institute and upgrading of clinic facilities in RMG factories (Project proposal). Better skilled factory nurses, and better clinic facilities once upgraded, will improve the quality of health care provided to workers. The nurses' role as health trainers within the workplace will improve the health knowledge of workers and their families. Improvements in health care and knowledge will decrease health-related absenteeism and staff turnover, with consequent direct business benefits. Improvements in the workplace environment, improved worker satisfaction, and an improved reputation with buyers will lead to additional indirect business benefits.

Evaluation of the business return on the investment in nurse training and clinic upgrading will allow the grantee and other stakeholders to promote the importance and benefits of this type of investment. A key output is 'increased awareness in private sector of the benefits of investing in improved health care services and care'. The expectation is that this evidence and advocacy will lead to increased investment in workplace nurses and clinics in the RMG sector.

The lead grantee originally planned to train 100 nurses in around 80 factories, and to produce upgrade plans for 15-20 clinics. Problems in obtaining matching funds led to the project being put on hold from October 2014 until the end of April 2015. Preoccupation with ACCORD/ALLIANCE related inspections and improvement made brand and factory recruitment more difficult than expected. Project targets were subsequently reduced to 15 nurses and 15 clinics, with a shift from clinic upgrading to the production of clinic upgrading. The nurse training was completed in September 2015. Eight clinic assessments have also been completed, with the remainder due for completion by the end of October 2015.

It is too early to assess the results of the project in terms of reduction in sick days, health related turnover, or worker satisfaction with health services. However, given the limited scale and scope of the inputs (nurse training and clinic assessments), outcomes in terms of worker stability and productivity may be difficult to discern at factory level. It is also therefore too early to assess project impacts. However, given the small scale of their inputs, impacts in terms of worker incomes and business profitability are unlikely to be discernible. Whether the clinics are upgraded as planned, and the extent to which these and the better trained nurses have discernible effects on worker satisfaction, absenteeism and turnover at a factory scale, remains to be seen.

The **Worker Education & Nutrition Programme, Kenya** theory of change is presented in box 13 below.

The project is not an EMU case study and the independent project evaluation is not yet available. However, EMU have conducted some interviews with participating workers, as well as project partners, which provide some qualitative data on the effectiveness of the project.

### Box 13: The Worker Education and Nutrition Programme theory of change

There are two main impact pathways within this project – namely the radio programme component and the nutrition garden component. The former involves the development of a drama that is relevant to workers and smallholders in Kenya (targeted at sites of 4 supplier companies), with topics identified through a participatory process and the drama developed with the engagement of key technical advisors from the sector. The programme is broadcast once a week and focuses on social issues such as gender inequality, financial literacy, nutrition etc. Additional materials are produced including large posters and dissemination through SMS and pocket sized print guides. The drama was intended to raise the awareness of workers, smallholders and their families of knowledge and solutions on diverse social issues. In turn this would enable the target groups to have greater ability to secure regular employment and earnings, to adopt improved farming practices, and would attract youth and retain existing staff in the sector while also empowering families and communities. Business benefits accruing to supplier companies as a result of these outcomes for workers would include improvements in absenteeism and staff turnover, amongst other things.

The nutrition garden would be designed and established at one supplier company in Naivasha, with training provided for on-site workers, as well as canteen and medical staff on nutrition, plus ‘train the trainer’ and open days involving local stakeholders and other companies. These activities are anticipated to lead to various outputs including workers having greater knowledge of nutrition and being more empowered to make better choices about their food. More nutritious menus would be offered at the canteen and workers would be benefiting from more productive plots. The theory of change anticipates families and communities achieving improved nutrition awareness and also being able to make changes in their diets. Workers and families would see an improved diet leading to better health and business benefits would accrue to companies, e.g. reduced absenteeism and turnover. The engagement with local stakeholders would provide a means by which decision-makers would be influenced helping to encourage other companies to invest.

The project target for component 1 in the Worker Education and Nutrition project, Kenya, was to reach 3,000 men, women and youth from the target audience (i.e. workers on the farm sites) through programme broadcasts, SMS service, social media, printed materials and interaction with show/media. The aim was to complete 24 radio programmes broadcast by January 2015 for workers and smallholders in 4 export supply companies at 10 sites. The project successfully developed the radio programmes through a participatory process and a weekly broadcast of 10 programmes called Jipange Mtaani was delivered. We do not have audience figures for the programme as these were not collected by the project, however it is safe to say that a wide audience reach was obtained and feedback from the radio stations was positive.<sup>72</sup> Initial feedback indicated that the show was on too late in the evening for the workers, and so the programme was distributed to the supplier sites using audio CD format and the CD was played during lunch break in the canteens. Additional printed materials were also produced<sup>73</sup>.

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<sup>72</sup> The national reach for Milele FM is 10 million listeners daily and Radio Injili is 4.5 million. The three radio stations are not in a position to tell us how many people listened to the Jipange Mtaani show (the project output) specifically.

<sup>73</sup> A3 posters that created awareness and directed workers to listen to the radio program and b) Pocket-guides that contained supplementary information on the 6 key themes: (Financial management, Nutrition and Safe

Focus Group Discussions held by EMU during the MTE process identified some of the constraints that projects can encounter when trying to reach workers through different media. In a focus group discussion of women workers at the site involved in the Worker Education and Nutrition project (the main site where the nutrition garden has been established) the women had no knowledge of the radio programmes, either from the radio, or the canteen during lunchtime. They said that they do not have radios and have limited time at home to listen to the radio. They were aware of the magazines, but not all of them could remember the content or messages – some said they were too tired on the bus home to read. Of those that could, two said they had covered family planning and how this can benefit the wellbeing of the whole family, another said there had been financial management advice, and one reported a story of entrepreneurship by a man who had grown and sold vegetables.

Similarly, the male participants in an FGD held by EMU during the MTE could also not pinpoint the radio programmes, but remembered the magazines and could relate the financial management advice to encourage them to make savings, communicable diseases, and chicken enterprises. Although the magazines outlined initiatives that *'if you followed them, they can change your life'*, the male FGD participants said that there were challenges in acting upon the advice, especially their limited access to capital preventing them undertaking income generating activities. One participant said he was managing his finances better, but did not provide specific details. Another participant said that he had learned about growing tomatoes, green leafy vegetables and chicken rearing.

For component 2 of the Worker Education and Nutrition project, namely the nutrition garden and canteen staff training, the target for the project was reaching 800 canteen and health staff nutrition trained by October 2014 and 800 workers and smallholders (% female and youth) trained at the nutrition demo farm or dissemination sessions/open days by December 2014. There was an initial delay in the establishment of the farm, due to a blockage in the retailers' disbursement of funds, but the farm itself is now fully operational with a wide range of inter-linked sustainable agro-ecological technologies being demonstrated and developed in a relatively small area – half an acre.

All the technologies were chosen because they provide opportunities for improved nutrition and incomes. Examples include; Drip irrigation system; Vegetable growing with vertical bags using little space, enabling production in home gardens and higher productivity, and improving nutrition; Vermiculture – worms are reared in coffee husk mulch and then fed on waste from the plot. They supply 'worm juice' or vermiliquid for the area under cultivation; Growing of Lucerne, Napier grass, Moringa, Desmodium and Sesbania sesban – these are regularly harvested and dried in the drying area to provide bloat free but highly nutritious feed for goats; goats and chicken rearing; charcoal cooler; mushroom production; Hydroponic barley to feed chicken and goats; Composting of unused waste for use as an organic fertilizer in growing beds and bag gardens etc. No agrochemicals are used on the site for pesticide control and no inorganic fertilizers. Spray programmes comprise spraying of natural Metarhizium, Trichoderma, Bacillus, and vermiliquid. Diverse vegetables are being supplied to the canteen (project monitoring reports).

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food preparation, Drug and Alcohol Dependency and Abuse, Family Planning and Sexual Health, Relationships and Domestic Violence, and Loans and Savings).

One training course was completed in March, 2015 with 19 employees. More training courses are planned for the supplier employees (not only in the canteen and health staff) now that the farm is established, but the figures are currently below target due to the initial delay. A worker committee has been established at the farm site drawn from all departments and from the various different farms, so that the technologies and opportunities were widely disseminated. The cooks from the canteen at the site have visited, plus workers involved with general welfare and health and safety committees have received practical training.

The EMU interviewed five of the *workers who had directly benefited from practical training on the nutrition garden* during the Annual Review visit. All of them have utilized the knowledge gained from the nutrition garden either at a personal or community level. The cook narrated how she now enjoys fresh vegetables every day because she has planted them in vertical bag gardens alongside her house. Whereas the gardener narrated how she learnt the value of crop rotation in maintaining a healthy soil for nutrition gardens. Generally, the nutrition garden has taught them to improvise and how to use household waste such as vegetables as compost.

Male and female workers in the MTE focus group discussions held during the MTE were also asked about the nutrition garden. These workers had not been directly involved with the nutrition garden on the whole. In the women's group only four of the thirteen female participants in the FGD had visited the farm themselves. Those that had visited the site gave positive feedback, mentioning various technologies they liked and noting how many different things can be grown in a small area. One participant said she has started growing green leafy vegetables at her home. Another was keen on the chicken project for example.

On the other hand, only one of the women workers in the FGDs is growing leafy vegetables using the vertical bags. One participant had met the trainer and had learned about chicken and goat rearing, and growing green leafy vegetables, but she has not been able to adopt these practices, because she lacks the capital to get started. Several participants said that the knowledge is useful for when they retire and return to their rural homes where they will have more space and time, as they are migrant workers. Limited access to water is a key challenge highlighted by the women, as they have to buy water at the settlement where they live around Naivasha Lake, so sustaining such a garden when it is not the rainy season would be difficult.

Several of the female FGD participants said that the trainer was not there when they had visited and that they would like to receive direct training on the technologies. The company has suggested that they visit during lunch breaks, but the participants generally felt that they have limited time to do this. For some of the participants their work is far from the canteen so attending during the lunch hour is completely impossible. A couple of participants said they felt that there was mistrust between management and workers and if they visited the site they would be accused of stealing.

The men's FGD participants gave similar feedback to the women. Five have been to the demonstration farm, but three have not. The ones who have visited gave positive appraisals of the technologies, but also noted the need for capital to get started, and water is also likely to limit adoption. The men's group also said that they had not yet received formal training, but informal visits have been encouraged. They also said that the trainer is not available during lunchtime.

It is too early to judge how far workers will learn about and take up these new technologies. But there is clearly a strong demand for the training among workers – male and female. Both the women’s and men’s groups suggested training in small groups should be rapidly rolled out, but this should be run during work time not during their limited rest time. For the group of workers who have been more closely involved in the management of the site or received a little training, they have taken up some of the technologies. But access to capital, land, labour and water will be an issue according to many of the workers interviewed, given their living conditions in the migrant settlements around the lake, at least until they retire and travel home to their home villages of origin. Some of the male FGD participants said they would like to ask a trusted relation or friend to start such projects in their rural home village, and could do this before they retire, but it would require capital. While workers may benefit if they can take up such methodologies, it is not so clear how the business will *directly* benefit from workers’ improved health and productivity, except potentially through the more nutritious menu and quality of produce at the canteen.

In terms of technology uptake a gender issue arose which may require more exploration – one male FGD said that his wife will grow the vegetables and therefore ask him for less money. While this implies that women will be generating income, it is not clear how far they will be better off if their work increases. The potentially gendered nature of the uptake of the various technologies on offer merits further investigation.

We do not have data on whether workers’ understanding of nutrition has changed. It is important to note that this project is not the only intervention at this supplier to have focused upon health and nutrition, and this also complicates attribution. Both the women’s and men’s groups noted that while they may have some knowledge of what a balanced diet is, in order to achieve this for both them and their families, requires a higher income. Price is a key determinant of what workers eat – while some families said that they have fish, eggs and fruit in their diet, others said that this was not possible for larger families relying upon a single income. Women workers in the FGD said meat is the main ingredient missing from their diet. Providing children with fruit requires higher pay, but vegetables are part of their diet most days. The supplier already has a flour mill from which workers can buy flour with the cost deducted from their pay.

Although the nutrition garden has been supplying the canteen with some produce and the canteen staff has received training, the participants in the FGDs did not discern any identifiable change in the menus offered or in the quality of the food. Some of the women bring their own food to the farm to eat sometimes. Both groups indicated that they were happy when eggs were provided, but these are now given to the child care centre instead.

The senior management staff and directors of the exporter group have also visited the nutrition garden and have now agreed that other farms within their group should bring their workers for training and eventually the aim will be to have such farms at all the sites to produce fresh produce for the canteens. One of the other supplier sites has upgraded its canteen garden, adopting principles and technologies from the nutrition garden. A food kiosk will also be run at the main site to sell to the public after it expands the demonstration nutrition garden. An open day was held in July 2015 for local stakeholders, farm staff and local communities.

We do not have data on worker sickness and absenteeism, - which would be one of the social upgrading impacts from the project if workers’ nutrition were improved, but it is too early to assess

this. Attribution is also likely to be extremely difficult, but we await the independent project evaluation report. In the FGDs, workers said that as well as wages, which influence nutrition, targets are sometimes unrealistic, but this often depends on the particular supervisor. One group said that there are faults with the clocking system and they can lose pay as a result unfairly. The most effective way to improve productivity would be through cash bonuses or an increase in wages. Good relationships between workers and supervisors also play a role, and they suggested that more training be provided for supervisors on how to manage.

The Health Insurance for all, Bangladesh theory of change is presented in box 14 below.

**Box 14: Health insurance for all, Bangladesh theory of change**

This project aims to institute medical check-ups and health insurance for all workers employed by the supplier company, and to measure the impact on workers and the business. This is a new idea in the RMG sector. This project is designed to provide health insurance that will give workers and family members access to regular health check-ups and treatment. It is expected that this will improve the health of workers and their family members. This will improve the wellbeing of the workers and their family and increase productivity of the factory. Absenteeism, productivity and wastage are expected to be reduced. The health benefits will also discourage workers from leaving for other factories, thereby reducing worker turnover. It will reduce the risk profile and enhance the reputation of the factory. All these together will make the supplier more resilient and profitable. The risk profile of the retailers/brands will also be reduced. If adopted more widely, health insurance will improve the wellbeing and health of the workers across the industry, which will ultimately lead to a more socially and economically resilient global value chain.

No worker health insurance of this type is available in Bangladesh. Negotiations with several companies were not successful. However, the grantee is in negotiation with an insurance company and expects to finalize the contract for a tailor-made insurance product in November 2015.

The grantee has also organized a retreat for the workers to raise awareness of the benefits of health insurance. Ensuring satisfactory coverage and service from the medical services is not expected to be easy according to the lead grantee, although workers will not have to pay for the insurance themselves, which will be covered by the project

It is too early to assess the outcomes and impacts of this project given that it is a Round 2 project.

The **Reducing Charcoal use for improved health and livelihoods in Naivasha, Kenya** theory of change is presented in box 15 below.



### Box 15: The reducing charcoal use for improved health and livelihoods in Naivasha, Kenya theory of change

This project aims to improve the health and livelihoods of horticultural workers in Naivasha, Kenya by providing access to, and awareness of, affordable LPG (liquefied petroleum gas) in innovative, compact cooking stoves as an alternative to charcoal. The project has 5 main aims, which are to:

- Spread knowledge and awareness of the multiple benefits of using LPG over charcoal by holding targeted demonstration events in each of Naivasha's 5 major peri-urban centres.
- Increase access to LPG by establishing 10 new refilling stations, strategically located within Naivasha and its densely populated satellite settlements.
- Provide a credit facility for 1,000 supplier company employees (across 5 main Naivasha-based farms) to catalyse demand for stoves and LPG through hands-on experience and word of mouth.
- Provide subsidies for 2,400 stoves for horticultural workers at farms.
- Improve access to affordable clean energy for low-income households throughout the Naivasha region by establishing a network of dedicated energy stores.

The project builds upon an initial pilot in Kenya, but the pilot was not specifically focused on horticultural industry workers.

#### 4.6 Sustainability

It is too early to assess the sustainability of any of the projects given that they are not complete as yet, but we can explore the plausibility of these projects making a contribution in the future by using the theory of change approach.

The HER project in Bangladesh, in particular, is still on-going having had a significant extension and there has also been a scaling back of the size of the project. The sustainability of any discernible worker and business benefits, and the likely sustainability of the nurse training programme in the absence of TGVCI subsidies will need to be explored at the end of the project, but data will be limited as the project M&E has been rolled back and this is not an EMU case study.

With respect to the HER farm project, Kenya the project is still in its final stages. Some of the peer health educators (PHEs) interviewed said that they need more training, confidence building and time to share the information they have with their peers. One issue that workers raised is that they do not have sufficient income to be able to afford a fully balanced diet (e.g. lacking funding for fruits) and cannot pay for medicines etc. Further, they live in relatively cramped accommodation. Both of these issues, wages and housing, are not touched upon by this or other TGVCI projects in Kenya. Changing attitudes among male workers is also necessary, particularly with respect to STIs and HIV/AIDS. This was evident from the FGDs. The lead grantee NGO has now recognized this and developed a male worker education pilot.

The Her Farm project does seek to address sustainability by embedding the improvements within the partner companies – the lead NGO has held a discussion with management following the development of the clinic upgrading plans and training of Peer Health Educators, to explore how the company intends to take forwards the investment made to date, and to identify tailored key roles and responsibilities for this (e.g. introducing a new induction system on health topics for new

recruits, increased focus on PHEs or nurses etc). The HER project in Kenya will be rolled out by one participating company across its suppliers. Buy-in from the main exporter partner has been significant already:

*'The farm is satisfied with the HER project since the PHEs are now better equipped to disseminate health information to their peers. The farm has invested a lot on the improvement of the clinic, washrooms, and canteen and they have an action plan to continue promoting worker's health. They plan to expand the clinic to be able to serve more workers as well as continue training existing and new PHEs. They have also planned to carry out mobilization of groups through the PHEs who will form part of the Health and Safety committee'* (project cluster of sites end-line report).

The newly recruited sustainability manager at the company is developing a 'new corporate Sustainability Plan, and this will include a revision of the internal health policy which includes a commitment to continuing with the peer health educators' (Lead grantee). The lead grantee and the same supplier are planning to pilot visits from clinicians to farms to provide health services, funded by the company. More technical guidance is needed, though, for companies on how they use health committees (Lead grantee interview). In an interview with the implementing partner it was mentioned that other potential avenues for supporting health on the participating farmers were being explored, such as linking companies to public health programmes. It is not yet clear how many other suppliers will roll out the project without subsidization.

The HER farm lead grantee said the project has been important for their organisation in the following ways: They have been able to reach significantly more suppliers and to move beyond the core Her project model to include other activities, such as nurse trainings, clinic assessments, Return on Investment analysis, creating a more '*holistic and impactful*' programme and building up the case for social upgrading over the longer term as part of corporate strategy (lead grantee interview). The project has also been useful for the exporter, because it has created visibility for the company with industry stakeholders with respect to their sustainability activities. However, the lead grantee did also note that the horticulture sector in Kenya has a limited number of players that have appetite to participate in a worker empowerment program like HER health. Buyers have also demonstrated less interest than in other industries involved in HER project, such as textile and ICT sectors.

The potential partnership between the lead grantee and the Kenya Flower Council<sup>74</sup> and involving support from the German Investment bank, DEG<sup>75</sup>, indicates potential upscaling will occur. This is important, because as the lead grantee recognize, to date they have reached the top suppliers – pioneers who are needed to take things forward – but they need to reach more widely in the industry. 'Therefore we are launching a partnership with the Kenya Flower Council, to reach beyond this. KFC have 80% of the industry as members. They are keen to work with us and we hope to reach

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<sup>74</sup> The Kenya Flower Council (KFC) is the leading voluntary association of cut flower and ornamental growers and exporters in Kenya. KFC's mandate is to promote the responsible and safe production of flowers, including advancing the health and well-being of the sector's workers.

<sup>75</sup> Deutsche Investitions- und Entwicklungsgesellschaft (DEG) is a German development finance institution that finances investments of private companies in developing and emerging markets worldwide. DEG has sponsored HERhealth programs with three grower clients, and also has experience supporting sector-wide initiatives to support sustainable development in Kenya.

about 30 suppliers through this new partnership. KFC heard about us through our work with various suppliers in Kenya, and there was a push from our sponsor – a German financial institution - to KFC encouraging them to support an industry-wide platform’ (Lead grantee). ‘It is our track record, gained through our work here and with the particular support of TGVCI since 2013 in this project, where we have become a compelling partner for KFC’.

The project proposal indicates that ‘Supporting improved health and well-being of women and men is crucial to maintaining worker productivity and to growing the Kenyan floriculture sector. Driving a local, sector-wide commitment to worker health, empowerment, and productivity is at the core of the proposed project’<sup>76</sup>. It is this attempt to deliver more of an industry-wide commitment to health and well-being of workers, which is exciting with respect to the aims and ambitions of the TGVCI. The KFC will seek to secure commitment from twenty of its members in the first year by introducing the programme through its Technical Committee and the Board, establishing a position to oversee the programme, holding workshops etc. DEG will provide a cost-sharing facility for participating growers. Growers will make the initial investment in the programme, contracting directly with the implementing partner. At programme completion, DEG will reimburse 50 per cent of the cost of the programme to the growers that participated. DEG will also participate in project progress meetings and provide feedback based on previous experience sponsoring HER project (Project proposal). The German Development Bank, DEG, subsidized the costs of the training for three producer companies in Kenya that are their clients, in the TGVCI project, and they have now actively supporting this project, because they see that margins are tight in the horticulture sector of Kenya, and they think there is potential for social upgrading through this project.

The implementing partner for the radio component of the Worker Education and Nutrition said that they would be fairly unlikely to undertake a project such as this again, as the transaction costs are too high trying to meet the needs of multiple stakeholders in the project.

The nutrition garden has been successfully adapted to the new site (i.e. adapted from the existing farm at the Real Impact site to the supplier site). The adaptations involved not only technical considerations, such as soil type, but also management approaches and worker engagement. The aim is that new TGVCI demo farm will test the approach with a wider audience and then provide a model that can be rolled out further. The supplier indicates that they are planning to extend the nutrition garden. The training on site has only just begun, but more work needs to be done with respect to the training of workers on the existing site, as there were limits to their access to the site and while positive about the technologies viewed on site, there are challenges with respect to adoption, apart perhaps from the vertical vegetable bag growing, because of lack of access to credit, water, land and time.

The project monitoring report says that the board has agreed to provide support for the extension of the project activities, including similar demonstration farms on their other farms in Kenya (project monitoring reports). The company is also developing new ways of making the upkeep of the nutrition garden at the existing site sustainable. For example, they have already hosted a number of external visitors including a large group of outgrowers from Homa Bay, and it would be potentially feasible to charge visitors for study tours). The sale of vegetables and seedlings, and sale or trade in

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<sup>76</sup> An Industry-wide Commitment to Worker Health and Well-being Concept Note. November 2015

associated products, such as the vertical vegetable bags are also being considered. The supplier has a new sustainability officer in place, who is developing a dissemination strategy for the specific agri-nutrition technologies demonstrated at the half-acre site, in collaboration with Real Impact. A healthy snack bar/restaurant is also being considered to support the farm.

The lead grantee retailer's Kenya Technical Manager has been promoting the technology with their other suppliers in Kenya, who have been very interested in the mutual benefits for the company and staff identified by the participating supplier, including improved knowledge on health, nutrition and agri-business opportunities. This strengthens staff morale and also benefits staff relationships.

Health Insurance for All and Reducing Charcoal Use for improved health and livelihoods are Round 2 projects so it is not possible to comment upon their sustainability.

#### **4.7 Systemic Change**

It is too early to expect the projects to have made a contribution to systemic change. However, we can explore whether they are likely to do so or if indeed there are any early signs of a wider contribution.

For HER project, Bangladesh it is far too early to assess this, because the project still has some way to go after initial delays. However, the very limited scale and scope of the project makes any discernible contribution to programme level outcomes unlikely. HER project Kenya is being rolled out by one major exporter that has participated in the project and is convinced of its value, although it is not clear whether other suppliers will do the same. The lead NGO and implementing partner training service provider are developing an agreement with the Kenya Flower Council, and with the German Development Bank – DEG – subsidizing the cost for 20-40 suppliers. This DEG provided funding for three suppliers to participate in the existing project (\$6,000 per supplier). Without the subsidy the training in the KFC partnership will cost approximately \$4,400 per supplier, but with their subsidy it will be reduced to \$2,100 (interview with DEG).

The project has been quite active in promoting its project: 13 events have been undertaken mainly in the UK, Nairobi as well as in the US and Ethiopia involving outreach work by the project. 7 publications have been produced such as various blogs and reports. As an international NGO focused on this work, there is an incentive for the organisation to conduct such marketing and information sharing.

It is too early to say if the Worker Education and Nutrition project has yet made a contribution to systemic change. There is reported to be quite a lot of interest in the nutrition garden from a diverse range of stakeholders, but it is not clear that large numbers of workers at the host site will be able to adopt the technologies, due to their limited access to resources. We do not have figures from the supplier which might point to impacts on the business, and the supplier has participated in multiple TGVCI projects, which complicates attribution. It is not clear that other suppliers have heard of this initiative and will follow suit.

Health Insurance for All and Reducing Charcoal Use for improved health and livelihoods are both Round 2 projects and so it is too early to assess systemic change.

## ANNEX 5: MANAGER AND WORKER SKILLS TRAINING ON BETTER MANAGEMENT FOR MATURE INDUSTRIAL RELATIONS AND ETHICAL COMPLIANCE (IMPACT PATHWAY 3)

### 5.1 Theory of Change - Impact Pathway 3:

There are seven projects clustered under Impact pathway 3 on Manager and worker skills training on better management for mature industrial relations and ethical compliance, of which there are two Round 1 projects: Benefits for Business and Workers (BBW), and Upskill in Bangladesh; and five Round 2 projects: Upscale Bangladesh; Joint Ethical Trade Initiative (JETI) Garments Social Dialogue Project, Bangladesh; Count Me Too – Disabled workers access, Bangladesh; Safe Workplaces through gender equality and anti-sexual harassment in Bangladesh, RMG factories; and Migrant workers registration system, South Africa.

See Figure 5 for a visualisation of impact pathway 3.

### 5.2 Relevance of Impact Pathway 3

The **Upskill** project was designed to provide multi-platform ethical compliance training for mid-level managers of RMG factories. The key feature of the project was its use of ICT technology, especially the use of tablet and internet based training platforms that users could access at their convenience. The plan was to offer it online on PCs and offline on Android tablet computers. The idea was that, as the managers were very busy, they would be able to access the training anywhere and anytime, even if the factory was closed for any reason and would have improved knowledge retention.<sup>77</sup>

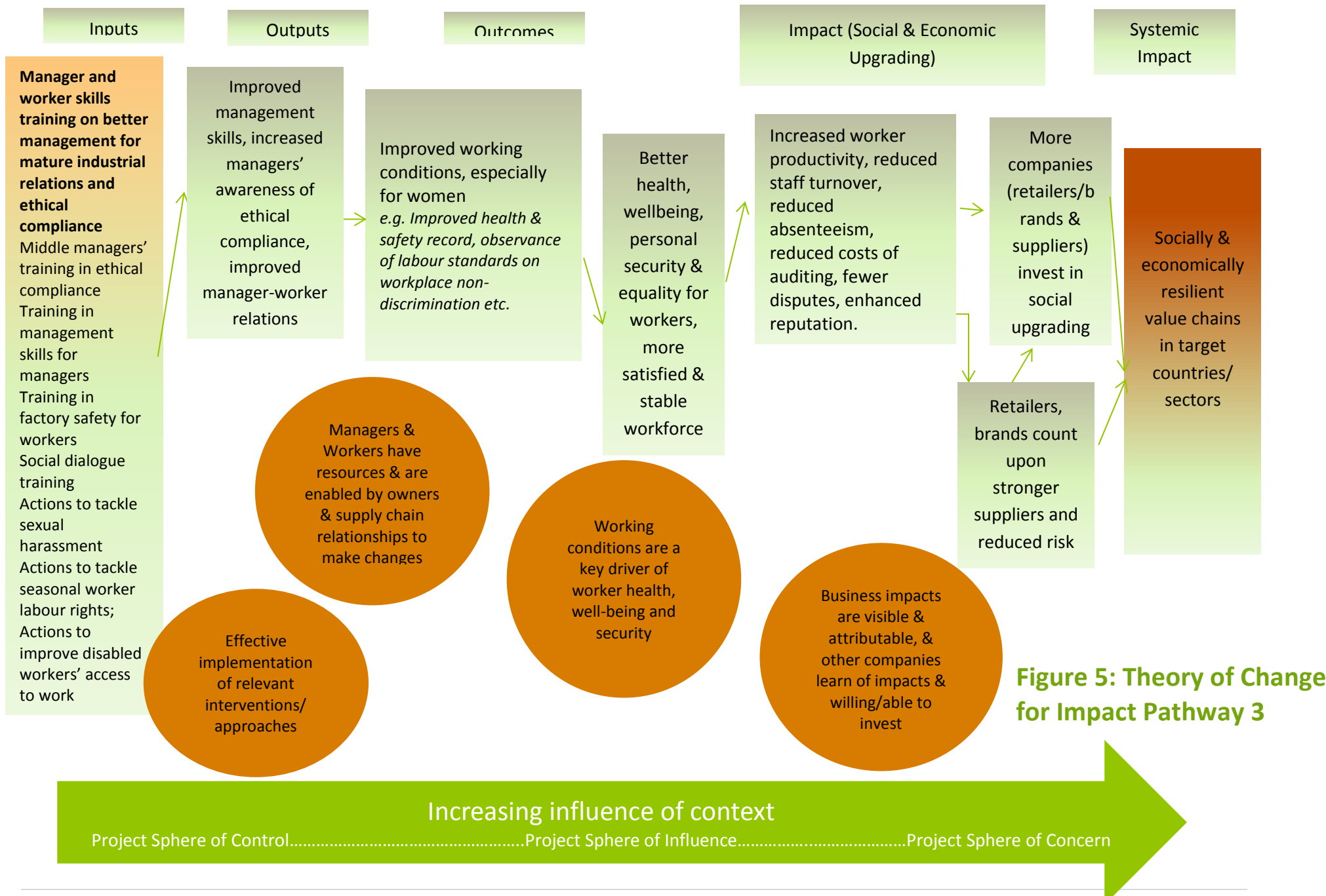
The training provided was relevant, even if not different from the mass of other compliance training available. Their innovation in this project was the mode of delivery: tablets and computers. However, neither of these proved as appropriate as expected. After the start of the training it was found that some of the managers do not have access to computers in the office and spend very little time at their desks. Some managers were not also very comfortable with computer-based platform and lacked technical skills. Some of them were more comfortable with printouts. Sign-up was slow and problematic, partly because of initial problems with old browser versions. The tablet option did not materialize due to issues related to procurement and problems keeping pace with the technological change in the tablet market.

**Upscale** is based on the assumption that improvements in ethical compliance can improve factory safety and create a better working environment for workers. It further assumes that the current reliance on written procedures is of limited value where the majority of the workforce is illiterate, and avoidable injuries and accidents may result. Upscale aims to address this problem by raising workers' knowledge and awareness of safety and compliance in a scalable and effective way by using Audience Response Technology (ART), this is an ICT learning system using interactive software.

Ethical compliance and factory safety remain important issues in the RMG sector despite the progress made by the ACCORD, ALLIANCE and other initiatives. The general issue addressed by Upscale is therefore relevant. However, project relevance to individual factories depends on the extent to which workers' knowledge and awareness is lacking at the outset.

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<sup>77</sup> "Should a factory close due to worker unrest, hartal or political instability then the user will be able to use the tablet device at home instead of relying on the factory's resources to provide access to UpSkill."



**Figure 5: Theory of Change for Impact Pathway 3**

Factories claim that they inform new workers about their rights and safety measures during the induction/orientation, but the project proposal did not present information on the existing level of worker awareness or knowledge.

Relevance also depends on whether the mode of training – conventional or ART based – is a major reason why workers’ knowledge and awareness is lacking, if it is lacking. The proposal references a report showing that the majority of current worker training is ineffective, and the grantee cites scientific research showing improved training response with audience response technology. This would suggest that Upscale is a relevant response to the ineffectiveness of current training approaches.

That said, a key question is whether an improvement in workers’ knowledge and awareness, if achieved via training, then leads to an improvement in safety and compliance. The extent to which this will happen in practice depends on the extent to which workers’ level of knowledge is an important factor. If other factors are more important (e.g. the attitudes and practices of managers or owners; structural safety issues; the effectiveness of inspections and audits; etc.) or if workers feel unable to act on their knowledge due to the character of worker - management relations and the hierarchical power structure in factories, improving worker knowledge may be less relevant.

There is a serious lack of worker's representation and voice in the RMG sector in Bangladesh. Owners and management have a strong dislike of Trade Unions or worker's organizations, and only 5-10% of factories are unionized. This lack of worker representation and voice contributes to poor industrial relations. This is recognized as a major problem for the productivity and reputation of the RMG industry.

The legal requirement for a Participation Committee comprised of worker representatives freely elected by the workers and management representatives is a positive step. However, many of the participation committees as yet only exist on paper and do not function, or are not properly representative. The **Social Dialogue** project aims to make the committees functional and effective through capacity building of both the committee and factory management.

This is a very relevant initiative. If participation committees can be seen to work well, and if they lead to real benefits for both workers and managers/owners, the negative view of worker representation and trade unions could be reduced. The project is not, however, particularly innovative.

**Count Me Too** is a project to the RMG sector with great potential value to the RMG industry. The participation of disabled people in one of the largest employment sectors in the country is negligible. The victims of the factory accidents who become disabled become a burden on their families and have very limited employment opportunities. At the same time, the RMG sector faces a shortage of skilled workers and high worker turnover. Piloting an approach to employing more disabled workers within the RMG sector could have significant social benefits, but the business benefits at the individual company level are not so obvious, except with respect to reputation. The relevance of the project to the TGVCI has not been clearly articulated.

Employing more disabled people may involve additional costs for companies (e.g. workplace adaptation and training). The impact on productivity is unknown. Accurate measurement of the

costs and benefits, and therefore of the business case for increasing the employment of disabled people, could do much to dispel the prejudice that exists. Unfortunately, as with many of the Round 2 projects, there is no robust M&E in place.

The **BBW** project is a response to the significant and systemic issues in the RMG sector. Despite the renewed emphasis on auditing and compliance, and the considerable investment in factory safety, following the Rana Plaza disaster in 2013, factory operating standards and levels of compliance still vary markedly. Fundamental problems highlighted by the grantee also include low wages and conditions, a lack of worker-management communication, and poor mid-level management capability resulting in a failure to achieve or maintain higher standards. The Benefits for Business and Workers (BBW) project, seeks to improve managers' capabilities in human resources and productivity, including worker-management dialogue, labour law compliance and fire and building safety. Given this context and a strong track record under the earlier DFID supported RAGS programme, BBW is a relevant intervention. It is not, however, particularly innovative or different either to the long history of past training programmes or to the many similar programmes now being rolled out by brands or other donors, notably the ILO Better Work programme. However, a key difference between BBW and the ILO Better Work programme as well as similar programmes from brands is the offering of a Human Resources and Productivity training to middle managers. BBW is required to mainly recruit suppliers who did not participate under the RAGS programme.

More significantly, recruitment of factories to participate has been more difficult than envisaged (grantee interview), despite the fact that most factories only pay around 25% of the cost. While this is partly due to the large number of other current initiatives in the RMG sector, the relatively low demand may indicate that the perceived relevance to factories is not particularly high prior to undertaking the training. Owners and managers may have other priorities given other processes such as the ACCORD and ALLIANCE which are ongoing in the sector, although the project data indicates that managers may be highly satisfied with the training content and the cut-to-ship savings obtained once the training has been undertaken. Many suppliers have only participated because their major buyer asked or required them to do so. The BBW plan mentions building a coalition with the ILO Better Work programme. This may not have been realistic given the similarity of the Better Work programme and the direct competition that it represents.

The **Gender equality and Anti-sexual harassment** project is seeking to change corporate behaviour. There are other interventions in the industry tackling women's rights in the workplace, but the issue remains a challenge and so is relevant.

The **Migrant Worker Registration** project is a relevant response, seeking to improve seasonal worker's understanding of their labour rights. There is other training on labour rights in the industry, but the projects' use of technology is also important, as well as the innovative inclusion of a database and registration card for seasonal workers.

### 5.3 **Additionality and innovation of Impact Pathway 3**

There are many training initiatives in the Bangladesh RMG sector, notably the ILO Better Work programme. Different brands are also introducing their own training programmes. Thus, while **BBW** may have provided training to some factories earlier than might have been the case, it appears likely that some type of training may have happened at some stage in the absence of TGVCI. Any additionality is judged to be limited. **Upskill** and **Upscale** are not innovative in their content topics,



but their use of technology is. Uptake to date has not been strong for Upskill, but this will be reviewed at final evaluation. The **Count Me Too** – Disabled Worker Access provides an innovation in the sector, although the linkage between social upgrading and business benefits at the participating companies needs further articulation. The **Gender equality and Anti-sexual harassment** project is not additional – there is a lot of on-going work on women’s empowerment and gender equality, although the project ambitions are to develop a new social dialogue approach so in terms of its pedagogical approach it may be additional. Not many companies in South Africa are funding training for seasonal workers and unemployed youth, therefore the **migrant worker registration system** is innovative and could encourage behaviour change within companies if mindsets change as to the value of seasonal worker training.

#### 5.4 Efficiency of Impact Pathway 3

**UpSkill** did not meet some of its targets and found it hard to recruit a sufficient number of factories. By the end of the project 184 people had been trained for a cost to TGVCI of £120,000.

#### 5.5 Effectiveness & Impact of Impact Pathway 3

In this section we review the evidence available on the effectiveness and impacts of the projects to date, although of course many are still-going.

The **Benefits for Business and Work project theory of change** is as summarised in Box 16.

This project is a case study for EMU. However, the baseline was delayed for more than a year while a non-disclosure agreement was established between DFID and the grantee. The EMU baseline includes a control factory, although access was limited at the latter.

The project is still on-going having been given a no-cost 6 month extension. The target for the project was originally to reach 200 factories, but this was reduced to a target of 125 in August 2015 with the agreement of DFID: the latest data we have indicates that 85 factories are being engaged, thus it is not clear if they will reach their target by the end of the project. The project is still seeking to recruit more suppliers. In year 1 there was some competition from the ACCORD and ALLIANCE processes, but less so in year 2. A few brands piloted BBW in a few factories first before deciding whether to scale up with BBW. Scaling up their adoption of BBW across a wider proportion of their suppliers can be more challenging for retailers/brands, as it represents greater mainstreaming within the sourcing decisions of the company (Grantee interview). Some brands are just taking time to work out what they want to do next. Finally, the individuals in the brands that may engage with the project have to make the case to senior management and this can take time (Interview with lead grantee).

A second original target was for 1,188 managers to have successfully completed management skills training. This has now been reduced to a target of 750 managers receiving training by the end of the project (agreed with DFID in August 2015). So far 510 managers have been trained to date (September 2015). It is not clear if the project can meet the targets.

### Box 16: Benefits for Business and Work project theory of change

BBW's objective is to deliver better businesses which provide better jobs for workers. The roll-out is expected to deliver: i) Clear business case for factories. Improvement in workers' wages, job satisfaction, access to promotion and enhanced skills, so as to improve their social and economic security and ii) Delivery of benefits to 250,000-500,000 poor people in Bangladesh, approximately 60% of whom are women. There is a proposed delivery of cost benefit ratio of 1:21 over 6 months at individual factory level. At project level, delivery of an estimated £12.5 - £25 million to workers over 12 months through increased wages, a cost benefit ratio of between 1:10 and 1:20. The Benefits for Business and Workers (BBW) programme is a scale-up of the RAGS<sup>78</sup>-funded BBW programme which worked with 41 factories in Bangladesh in the period 2011-13. BBW is a training and consultancy programme which trains factories in batches of 6 over a period of 6 months. Training takes place largely in-factory, where factories have facilities, with each factory in a batch hosting at least one module. Each factory sends 6 staff members to the training; production manager, quality manager, industrial engineering manager, human resources manager, welfare officer and pilot line supervisor. The training focuses on HR, productivity, quality and communication and enables the factory middle management to value workers as an asset in driving the company forward and increasing profitability.

BBW training aims to improve management capability in human resources and production management. The programme also prioritises the inclusion of worker voice through a network of 'buddies' (more experienced workers) in each factory who provide mentoring and support to other workers and facilitate discussions between managers and workers. Better working conditions, greater worker voice, proper induction systems, better communication and better access to skills development and promotion lead to more satisfying and remunerative jobs. This social upgrading leads to increased productivity, reduced product wastage, and a more stable workforce (reduced absenteeism and turnover). The visible business benefits lead both to continued investments within participating factories and to other factories adopting BBW or similar improvement programmes.

Management participants have mixed, but generally positive, opinions on the training provided. Many participants, particularly those with limited formal training, said that it has helped them to improve Human Resources and production management. The induction, exit interview, and one-stop leave processes, as well as the tracking and 'Buddy' systems, are the most appreciated. However, some participants reported that they already knew most of the things taught in the training. Some of those without previous training did not find the contents easy to understand.

A summary of the tracker data from the 31 factories included in the first six training batches is given in Table 6 below.

Labour turnover and absenteeism were significantly improved in all the factories. According to EMU interviewees, the 'buddy' and one-stop-leave system introduced by BBW were major factors. Average improvements were also recorded for almost all the other tracker variables. The exceptions were total working hours - which increased in most factories and by 6% on average - and the proportion of factories where part, or all, of the workforce worked more than a 60 hour week. While the percentage of the workforce working more than 60 hours declined in around one-quarter of the factories, a slightly higher proportion of factories (32% at the end) still exhibited this practice.

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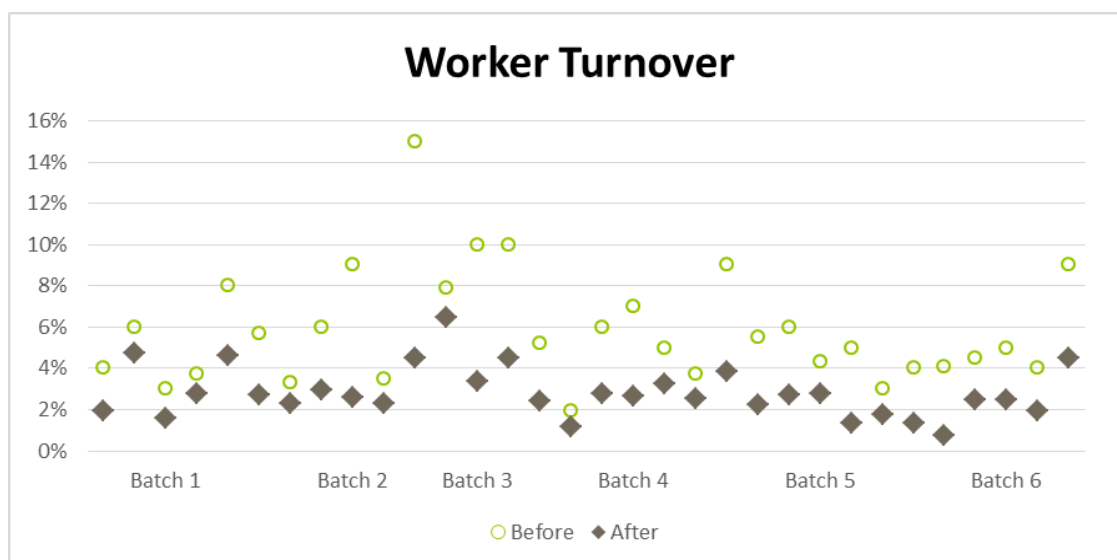
<sup>78</sup> Responsible and Accountable Garments Sector (RAGS)

According to the lead grantee’s data, on average 8% of workers were promoted as a result of up-skilling. Worker satisfaction also improved across all the variables measured. This is said to be due to improvements in the behaviour of supervisors and therefore in the working environment

**Table 6: Tracker data from participating factories submitted to the lead grantee**

Indicator	Average at end	Average change	% of factories increased	% of factories decreased	% factories unchanged
Efficiency	51%	+ 10%	70%	30%	
Cut-to-ship ratio	97%	+ 0.96 %	93%	7%	
Workers promoted and upskilled	8%		96%		4%
Take home pay	Tk 8,973	+ 9%	79%	21%	
Hourly rate	Tk 36	+ 4%	78%	16%	6%
Average working hours	250	+ 6%	69%	31%	
% factories working >60hr weeks	32%	+ 3%	1%	26%	73%
Labour turnover	2.83%	- 49%	0%	100%	
Absenteeism	4.51%	-32%	0%	100%	

**Figure 6: Worker turnover**



The results recorded for efficiency and wages were more mixed. The cut-to-ship ratio improved in 97% of factories and by almost one percent on average. This improvement is statistically significant. However, while efficiency improved on average by 10%, this improvement was not statistically significant and declined in 30% of the factories. Wage data also shows an average improvement, but again not for all factories. There also appears to be no correlation between recorded efficiency and wage improvements. There appears to be a correlation between increases or decreases in take home pay, and increases or decreases in working hours. Working hours decreased in all 7 of the factories where take home pay decreased. Working hours increased in 22 of the 25 factories where take home pay increased. In 18 of the 25 factories where take home pay increased, take home pay increased by more than working hours increased, indicating an improvement in wage rates.

However, there are only 2 cases where take home pay increased without an increase in working hours. Part of the increase in take home pay is due to increased wage rates, and part is due to increased working hours.

Overall, while batches 1-6 as a group generally show average improvements across most tracked variables, the training was not equally effective for all factories or all batches. Universal or near universal improvement was recorded for cut-to-ship ratio, labour turnover, and absenteeism. However, some indicators show negative results in 20% to 30% of factories. This may partly explain why not all factories are equally interested in the scheme.

BBW is not due to finish until next year, and so it is only possible to report on the indicative outcomes as revealed by the lead grantee tracker data for the early batches of training. Many of the participating factories are implementing many of the suggested practices. Workers and supervisors report that the working environment is improving. The leave process has become easier and the 'buddy' system is seen as a positive development in the interviews conducted so far.

The data from factories in batches 1-6 reported above suggest that the stability of the labour force and the level of worker satisfaction both improved, as did the level of productivity as measured by the cut-to-ship ratio. Average efficiency also improved, but not in all factories.

The project is still ongoing and it is therefore premature to assess impacts. However, if sustained, the average efficiency improvement of 10% observed in batches 1-6 suggests that the rate of return on the investment should be positive for the factories concerned. The data on wages is less conclusive, and it remains to be seen whether BBW leads to further investment in social upgrading by companies. The EMU case study is needed to attribute impacts – it includes a counterfactual comparison, although some access issues have been encountered.

It is too early to be sure if BBW has made a convincing business case, although the project's own data is overall very positive. A limited number of interviews with key informants suggest that many factories participate because brands encourage or pressure them to do so. Factory owners and senior managers are not always very willing to spend money on this type of training or to release their staff for significant periods of time. The competing pressure of production timetables, audits and other initiatives presents a less than favourable environment for further investment in BBW.

The **Upskill, Bangladesh project** theory of change is presented in Box 17 below.

The project targets were to sign up and train 1500 users from 300 factories. Only 184 users in 51 factories have been trained by the time of this review, although the grantee advises more have been trained since this date. A total of 24 people attended the examination and were certified, all during the pilot phase. After that no one has appeared for examination or re-examination. Factory, brand and user recruitment proved more difficult than expected. According to the grantee, political unrest was one reason for the recruitment problems. The problem with old browser versions also contributed, although this was later addressed by grantee. The Upskill platform has not been used by any additional users since the annual review in June, but the grantee advises that further users have used the platform since. The platform is not being actively marketed in Bangladesh at this

stage, although it is still available online and is being marketed in other countries. The level of interest from factories is said to be limited to date.

### Box 17: UpSkill project theory of change

UpSkill is an e-learning system designed to help factories meet labour and safety standards quickly and effectively. As originally envisaged, it was to be delivered either offline through a tablet or online as a training platform accessed via the internet. The project ended in June 2015.

The UpSkill project aims to offer convenient access to ethical compliance training via tablet and internet based training platforms. This training would supplement and improve the ethical compliance knowledge of managers in garment factories. The training modules address subjects such as working conditions, hygiene, safety and collective bargaining. Managers can pay a fee to take an exam and become certified.

Once trained, managers have improved ethical compliance awareness and knowledge. They maintain safety and compliance procedures at the workplace, display increased safety awareness, and have a more equitable dialogue with workers. This leads to increased morale, improved working conditions, reduced staff absenteeism and turnover, reduced labour unrest, improved efficiency and reduced wastage. Factories perform better during audits, buyers have increased confidence in the factories, and orders increase. Brands reduce their reputational risk by sourcing from more compliant factories. These benefits lead to trained managers re-certifying every six months, and to new demand for the training platform within the industry.

The grantee commissioned evaluation report<sup>79</sup> states that UpSkill “has led to many positive impacts for the users and changes to ethical compliance in the factories” (SEI, 2015, pii). However, the evidence presented in the evaluation report is limited. A baseline survey carried out as part of the evaluation found high levels of awareness of ethical compliance measures. Respondents reported that the majority of the ethical compliance measures had already been implemented in most of the factories. The high levels of self-reported ethical compliance could not be validated. The evaluators concluded that the self-reported awareness and implementation levels “present in the factories before ... the UpSkill learning process cannot be reliably inferred from the baseline surveys”.

Data on awareness and implementation levels after the UpSkill training is not presented in the evaluation report. Instead, the evaluation only presents data from interviews. According to respondents, UpSkill has improved knowledge on ethical compliance. 80% of those interviewed mentioned that managers were more motivated to implement ethical compliance measures. 91% of respondents reported implementing improved ethical compliance measures after using the e-learning platform. Among the measures improved were fire safety (22%), ensuring usage of safety guards in the factories (16%), improving workers’ motivation in adhering to safety guidelines (6%) and implementing safe hygiene facilities for women workers (6%). Most of the respondents (75%) intended to implement additional measures, but also pointed out they needed more time for full implementation.

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<sup>79</sup> Effect of the UpSkill e-learning platform on the Awareness of Ethical Compliance: Final Report; Stockholm Environment Institute (SEI), Environment Department, University of York, YO10 5DD, York, UK

This data is self-assessment. As in the case of the baseline self-reported data - which the evaluation report itself implies is unreliable – neither the improved level of knowledge nor the implementation of improved compliance measures can be verified. The managers in the factory visited during the annual review said that they had benefited from the knowledge on compliance and were trying to implement additional measures, and the workers also reported that they had been made more aware of safety measures. The measures and messages were relatively basic. The SEI evaluation report suggests that compliance awareness and implementation improved as a result of UpSkill, but it is difficult for the programme evaluation team to confirm these results due to limitations in the survey approach and because of the other initiatives of brands and the ACCORD and ALLIANCE which are being implemented in the industry.

On the basis of the information available, any impacts on worker incomes or business profitability are likely to be insignificant. The lack of active promotion of UpSkill in Bangladesh at the time of the review, coupled with the limited interest from factories<sup>80</sup>, suggested that further investment in marketing and users on-boarding was required.

The evidence presented that UpSkill has led to changes in the stability of the workforce, , or levels of productivity (i.e. outcomes at programme level) has limitations as discussed above. The limited effectiveness and scale of the project makes any discernible contribution to programme outcomes and impacts unlikely.

The **Upscale Bangladesh** project theory of change is as follows:

#### **Box 18: Upscale, Bangladesh theory of change**

Upscale is a mass safety and compliance training programme for factory workers in the RMG industry. Animated videos are streamed to large groups of workers at each factory through projectors and speakers. Each worker responds to questions using a transmitting clicker device which allows the trainer to adapt the training according to the response. The project started in May 2015 and is due to be completed in October 2016.

The UPSCALE training is a project of large-scale workers training on ethical compliance using animated games and audience response systems together. The grantee's mobile team will conduct the training session using those technologies. It is envisaged that the large-scale training will increase the knowledge of the workers on safety measures, which will lead to better safety practices. The improved safety practices will reduce number of accidents and staff turnover. It will also reduce the risk profile of the factory. These reductions in accidents and risks will reduce sourcing risk for retailers/brands; make the suppliers more profitable and resilient; and increase workers safety across the industry. This will contribute to a more socially and economically resilient global value chain.

The Upscale project began in May 2015 and at the time of the Mid Term Evaluation, October 2015, training had not yet started, so it is too early to comment.

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<sup>80</sup> The grantee advised that additional users signed up after the period covered by this Report.

The key issue for the project is the extent to which the training method leads to improvement in long-term worker knowledge and awareness (over and above what could have been achieved through conventional training), and the extent to which this leads to improvements in worker safety in practice.

The training content provided by Upscale is not additional. There are many other training programmes on offer from different agencies which cover similar topics, and factories claim that they provide induction/orientation training to new workers. Rights and safety compliance training and awareness could therefore have happened without TGVCI. However, this type of ART training programme is new and additional to the RMG sector.

The proposal did not present any evidence that worker awareness and knowledge is lacking, although this is highly likely, nor that ART will make a significant difference to training effectiveness in this context (uncertain); or that improving this will make a significant contribution to improving worker safety in practice. The Upscale project may provide this evidence.

Upscale is an innovative response to the problem of ineffective worker training, and addresses an important general issue: factory safety and ethical compliance. However, key issues for the project are the extent to which the innovative training method leads to improvement in long-term worker knowledge and awareness (over and above what could have been achieved through conventional training), and the extent to which any improvement in worker awareness and knowledge leads to improvements in worker safety in practice.

As in the case of Upskill, the start of the project and the disbursement of funds have been delayed.

The **Social Dialogue Project**, Bangladesh project theory of change is summarised in Box 19.

The grantee is running this project alongside their DANIDA funded Social Dialogue project, with little differentiation between the projects. It has recruited five factories so far: Three from the suppliers of a UK retailer and two from the suppliers of another UK retailer. They have finished the assessment of the factories and started the training in the factories that already have an elected WPC or Trade Union. They are working on organizing elections in other factories. The training has just started so it is too early to assess these aspects.

This project is not a new initiative either for the grantee or for the Bangladesh RMG sector. It is effectively a replication of the grantee's previous social dialogue project. H&M has a very large project on social dialogue which is working on establishing elected Worker Participation Committees (WPC) in all their 300 supplier factories. The only difference between the H&M and the grantee's project is that the latter is providing separate training to the trade union and women members of the WPC. The TGVCI project is thus not especially innovative, but it could help stimulate additional action by companies if successful. The grantee is seeking to develop a model which will improve worker representation, and if successful can help move the industry towards improved manager-worker relations and further social upgrading.

### Box 19: Social Dialogue project theory of change

The objective is to develop a scalable and replicable model of workplace social dialogue for the RMG sector in Bangladesh. Since 2012 the grantee, a multi-stakeholder initiative based in the UK, has been actively working with its members sourcing from Bangladesh to develop collaborative approaches to concerns about labour rights in the RMG sector. This project represents a continuation of a DANIDA-funded initiative in 2013-14 and, more specifically, follows a multi-stakeholder workshop in June 2014 that recommended establishing a social dialogue programme.

The Social Dialogue project will promote and support the elected Worker's Representation Committees (WRC) or Worker's Participation Committees (WPC) as now required by the labour law in Bangladesh. The project will either organize a fair election or review the election already conducted to confirm compliance with the rules. They will then organize training for both participation committee members and factory managers to make them aware about their respective rights and responsibilities and to develop their skills for a positive social dialogue. A fairly elected and functioning WPC should improve the participation/representation of the workers in factory decision-making, and improve the relationship between workers and management. Where there is a registered trade union, BGSD will work with their members on the WPC.

An improved relationship between the workers and management should lead to an improved level of ethical compliance. It will also lead to a reduction in workers dissatisfaction/unrest, accidents, conflict between workers and management, and worker turnover. The risk profile of the factory and the sourcing risk of retailers/brands will be reduced. Suppliers will become more profitable and resilient. If widely adopted within the industry, the reputation of the Bangladesh RMG industry will be enhanced, the sustainability of the global value chain improved.

This project is addressing an important issue: workplace social dialogue in general, and the effectiveness of participation committees in particular. However, as the additionality of this project is not very high, not least because there are already larger social dialogue projects working with participating committees, it is important that the evaluation of the grantees' initiative provides reliable evidence on the worker and business benefits of this type or project, and the particular merits of specific trade union and gender components. The grantee team has developed a robust approach to M&E and the EMU are observing the process, although our access to suppliers, retailers and brands is so far limited, because of the sensitivities and culture of the industry.

The theory of change for the **Safe Workplaces through gender equality and anti-sexual harassment** in Bangladesh, RMG factories project is presented in box 20 below.



## Box 20: Safe workplaces through gender equality and anti-sexual harassment

The overall objective of this project is to 'Provide better working conditions and growth opportunities to workers in the Ready Made Garments (RMG) factories in Bangladesh by enabling workplace gender equality'. The specific objectives are as follows:

- Gender sensitization of workers, supervisors, and managers on gender equality by focusing on attitudinal changes
- Enable worker-manager dialogue, especially for issues related to gender discrimination and sexual harassment.
- Empowering factories to initiate improvement projects based on outcomes of the dialogue process
- Going beyond factory audits for the brand
- Building local capacity

It is anticipated that this will lead to improved awareness of owners & top managers, line managers and supervisors and workers on gender equality & anti-sexual harassment issues & increased willingness to act, as well as increased workplace dialogue between workers & management on relevant issues and improvements made in factory rules, practices, & infrastructure on priority gender equality and anti-sexual harassment issues (and beyond). It will also increase the capacity of local trainers on gender equality and anti-sexual harassment issues. In turn the following outcomes are anticipated: Improved gender equality in workplace improves representation and working conditions for all workers, especially women; Increased worker representation, especially women workers; Improved working conditions especially for women workers (e.g. equal pay, Freedom from sexual harassment, improved Health and Safety, improved access to childcare facilities, improved promotion opportunities, freedom of association, better grievance handling; Improved worker satisfaction and Improved staff wellbeing and sense of personal security). Further, improvements in Worker Household and Community Well-being are anticipated.

Follow-on changes are envisaged in the theory of change including reputational and business benefits achieved by Suppliers (Reduced staff turnover, Reduced absenteeism, Fewer work stoppages, Better quality and productivity, Increased engagement/ understanding from brands & retailers beyond audits, Improved factory efficiency and profitability, Access to better trained trainers). Brands and retailers should also capture reputational and business benefits, with reduced reputational risks in the supply chain and better understanding of gender equality and sexual harassment issues.

This is a Round 2 project so it is too early to assess effectiveness and impact. The project is addressing very real and important issues: gender attitudes and sexual harassment. In terms of achievements to date, the project started four months late and has been further delayed by the security situation and late payments. It took longer to convince factories to participate than had been anticipated. The project ran a multi-stakeholder forum in May 2015 and has conducted a number of 'Training of Trainers' (ToT) workshops for gender trainers. The ToT workshops tried to draw a wider range of stakeholders, but lacked a focus on the trainers who will actually work with the factories, and were more sensitization or orientation sessions than rigorous training sessions. The project has started working with the factories, and has conducted sensitization training for managers/supervisors. It recognizes that it may need staff with more experience of the RMG industry. Its future effectiveness is likely to depend on the quality of the gender analysis conducted by the project, including learning from the practice of other gender initiatives in the RMG sector

(rather than just whether such initiatives are needed). Its future success will also depend upon the quality of the training and dialogue, how well the sensitization and dialogue-based approach works in practice and the quality of the impact assessment.

The **Count Me Too** – Disabled workers access, Bangladesh project theory of change is as follows:

**Box 21: Count Me Too - Disabled workers' access, theory of change**

The Bangladesh supplier already employs seven disabled people in various sections of the business. The project intends to pilot and evaluate a significant expansion in its disabled workforce (up to 150); to produce a handbook and video on disabled employment; and to disseminate the lessons learned within the RMG industry.

This project aims to increase the employment of disabled people in the grantee's factory. The workplace will be modified as necessary and the disabled people will be trained in the required skills. The experience of employing an additional 150 disabled workers, and the business case for doing so, will be evaluated and disseminated within the industry. Replication of this approach will expand the employment opportunities for disabled people, including the victims of the RMG factory accidents, with consequent social benefits for them and their families. The RMG industry will get a new source of skilled workers. Wider adoption of a more positive approach to the employment of disabled workers will also improve the image of the industry.

This is a Round 2 project so it is too early to assess its effectiveness and impacts. The project is in the process of employing more disabled people. They are modifying their workplace to be more disabled-friendly and are collaborating with NGOs, other factories who employ disabled workers, and with relevant government agencies. They have recruited around 35 disabled workers so far, most of whom are speech-impaired or have a disability in their arms or legs. These 35 workers are now being trained. A training manual for the disabled workers, and a study on workplace accessibility, have been completed.

**The Migrant workers registration system, South Africa** - The fruit industry's ethical standard, SIZA (Sustainability Initiative of South Africa) was introduced in 2013. The standards are not only in compliance with South African labour law, ILO norms and the Global Social Compliance Programme (GSCP), but also take a developmental approach and assist the farmer with practical advice. 1,200 fruit farmers/pack houses (out of a total of some 4500) are members of SIZA and the standard has achieved recognition across Europe. The ultimate objective is to involve all fruit producers in an online learning and training network.

The project has been progressing fairly rapidly, and developed the DVD using funding that it already has from the IDH Sustainable Trade Programme. Trainings have also been underway with workers across South Africa. As a Round 2 project it is not possible to assess outcomes and impacts and there is no evaluation planned.

## Box 22: Migrant Worker Registration System Project Theory of Change

SIZA (Sustainable initiative of South Africa) was established as a pro-active response by the South African fruit industry to promote sound and ongoing improvement of ethical labour practices on South African fruit farms and pack houses. In 2008 the South African fruit industry took a decision to respond to the need to provide retailers and their consumers with assurances of fair labour practices in their supply base, by supporting the development of a single South African based ethical standard and programme that would meet all retailer requirements.

The SIZA Visa project, supported by the TGVCI, aims to:

- Support farms to conduct suitable induction training for farm workers.
- Empower individual farm workers through the provision of a “SIZA Visa” Card which provides proof to other employers that the holder has received basic induction training.
- Enable workers to provide evidence of training provided & employers to recognize prior learning.
- Provide a source of data to track labour dynamics in the sector – e.g. migration tendencies; employment turn-over rates and so on. This meta-data will provide valuable insight into the agricultural labour market – particularly seasonal workers.

The theory of change anticipates that the project will achieve an improvement in seasonal workers’ understanding of labour rights, better skills and greater ability to prove training history. There will also be improved management skills and knowledge of workplace procedures. In turn it is anticipated that seasonal and unemployed workers will be more able to claim their labour rights and meet their responsibilities (e.g. contract, payslips, unfair treatment, discipline and appeals, improved communication channel) while benefits will capture direct benefits: Reduced training costs (no need for repeat training); Reduced accidents; Reduced exposure to hazards through improved use of personal protective equipment; Better quality product (due to hygiene and food safety); Improvements in seasonal worker productivity; Access to a larger pool of trained workers contactable via database (for employers providing training & for other companies across SA horticulture/viticulture). Businesses will benefit from easier compliance with the SIZA standard and they will have greater access to seasonal workers during the year. This will create more profitable and resilient suppliers, and provide seasonal workers with increased employment and hence income.

### 4.6 Sustainability

There are two aspects to the sustainability of BBW. One is the sustainability of the prescribed practices and benefits. This is a key issue, about which there is no data from this or previous BBW programmes. The other is the sustainability of the training programme itself. While there is interest from managers involved, there are indications that the factory owners are less keen to release their managers for the training, or to spend money on such training. There are also a number of other competing training programmes, some of which are cheaper or even free to the factory (as in the case of the ILO Better Work programme until 2016). Maintaining BBW without DFID or other donor funding will be difficult in this context.

Although available, the UpSkill training platform was not being actively promoted in Bangladesh at the time of this Review. The sustainability of the initiative in Bangladesh will depend on further uptake and investment by companies.

The content of the training covers similar topics to those on offer from others. The PC and tablet computer based training platform was different and would not have been rolled out without support from TGVCI. UpSkill was an innovative project. The **Upskill** project assumed that a tablet-based platform was feasible and affordable. However, there was initial slow uptake of the tablet-based option, the majority of trainees accessing training via desk top or laptop computer. There was positive feedback in the SEI evaluation on the online training. It was assumed that there was sufficient demand for a computer-based ethical compliance training programme, and that such a programme would be demonstrably superior to more conventional modes of training. This did not prove to be the case *at the time of the review*, as demand for the training and certification has been limited<sup>81</sup>.

#### 4.7 Systemic change

It is too early to see any contribution to systemic change, but we explore if there could potentially be an avenue for this. The potential for systemic change is limited by the small size of BBW relative to the RMG sector, the large number of similar initiatives, and by the varied performance across participating factories. Any demonstration effects are likely to be limited. There are many other competing management initiatives of this type, and communication among managers in the industry is not very high. There is a chance that practices may spread to other factories when managers change jobs.

In the Bangladesh context less than 10% of factories are unionised, and many of the few unions that do exist are ineffective or compromised. There is strong opposition to unions among owners/managers. The ITUC rates Bangladesh as one of the work places to work with effectively no labour rights. In this context, the Worker Participating Committees may be a positive development. If they work, they may make unionisation more possible/acceptable in the long run. The Social Dialogue project includes a Trade Union component, where they exist. However, many PCs are not yet representative or effective. Thus WPCs do not directly address the lack of, opposition to or weakness of the unions, but they may help to improve worker-management relations in the longer term. Such a social dialogue process, if rolled out, might conceivably contribute to more systemic change as it is working from the fundamentals of worker representation and empowerment, but the change trajectory is very long-term given the starting point in Bangladesh.

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<sup>81</sup> The grantee advised that additional users signed up after the period covered by this Report.

## **ANNEX 6 MODELS FOR ENGAGING SMALLHOLDERS AND WORKERS IN MORE PRODUCTIVE, RESILIENT & HORTICULTURE SUPPLY CHAINS (IMPACT PATHWAY 4)**

### **6.1 Impact Pathway 4 Theory of Change**

Two projects have been clustered under Impact Pathway 4, namely: Creation of joint venture small farmer groups, South Africa; Farmer support and Linkages programme, South Africa. In this section we review the relevance, additionality, effectiveness and impacts, efficiency, sustainability and systemic impact of the projects – as far as is possible at this stage.

See Figure 7 for a visualisation of impact pathway 4. :

### **6.2 Relevance of Impact Pathway 4**

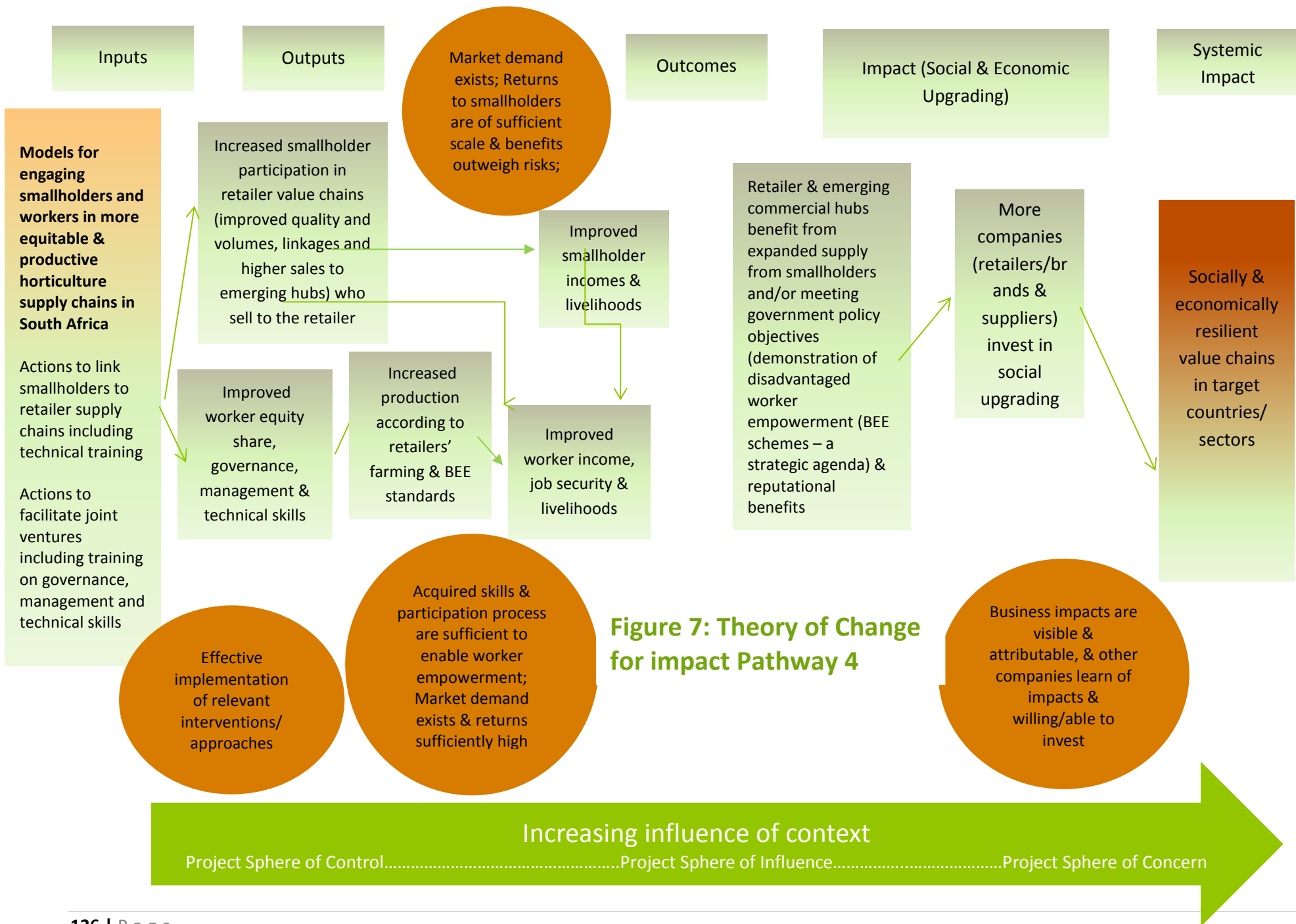
Both these projects are highly relevant given the growth of supermarkets in South Africa and the potential opportunities for smallholders to benefit from value chain participation (although there are also risks) and for workers to benefit from value chain engagement through shared equity in existing businesses. The Black Economic Empowerment (BEE) Agenda is high on the government policy agenda. It is thus important for the retailers operating in South Africa to be able to demonstrate measurable progress.

### **6.3 Additionality of Impact Pathway 4**

Both these projects have antecedents within the South Africa context. Joint Ventures have been trialled for many years, but with limited success. The **Creation of Joint Ventures** project presents something innovative in its focus on training on governance and management skills for the workers. There is huge pressure on South African retailers to respond to the BEE agenda. Therefore it is likely that such projects would have occurred anyway. However, the TGVCi pilot may still provide an evolution of the approaches tried before.

The Farmer Support and Linkages project is not particularly innovative in the South African context, with previous farmer support and market linkages initiatives having been implemented in Gauteng and North West provinces in South Africa, but there are innovations: A new process is involved of specifically targeting volume production from smallholder farmers through the use of hubs, which themselves are owned and operated by emerging farmers who have previously struggled to access mainstream commercial markets. Secondly, the lead grantee states that this is a new application of an existing approach: capacitating emerging farmers (hubs) to meet the volume and quality requirements of the retailer and then providing capacity strengthening for smallholder farmers to meet the quality and volume requirements of the emerging farmer (hub) is an innovation. This approach has been applied elsewhere in the sugar snap and fine bean markets in Zimbabwe and Kenya with relative success (project proposal). Currently, retailers think that, based upon previous 'traditional project designs' smallholders cannot produce the volumes they need. These negative perceptions will continue without the proposed project, indicating a level of additionality.

The Creation of Joint Ventures project is not particularly additional – the retailer informed the evaluation team in an interview that the farms had already been chosen by the retailer and a plan was underway to conduct the Joint Ventures. The TGVCi funding is providing the additional governance and management training, which is of importance to the long-term success of the initiative.



**Figure 7: Theory of Change for impact Pathway 4**

#### 5.4 Efficiency of Impact Pathway 4

We cannot comment on project efficiency given the early stage of development of both projects.

#### 5.5 Effectiveness and Impact of Impact Pathway 4

In this section we present the relevant project theories of change. The theory of change for the **Creation of Joint Ventures project** is set out below in box 23.

##### Box 23: Theory of Change for Creation of Joint Ventures

The objectives of this project are as follows:

- Build the capacity of selected black farm workers in South Africa so that they can meaningfully engage at a governance and management level in the development of an expanded commercial supply to this South African retailer.
- Develop Joint Ventures with two existing retailer commercial suppliers and its loyal, committed black workers so that the farm labourers can benefit from the dividends of an expanded production base.
- Ensure compliance with the retailers existing farming and BEE standards, which ensures that quality of production and standards of social and environmental performance are met.
- Develop tools for the standard that make it easier for farmers to comply.

The theory of change anticipates the following activities: Establishment of 2 Joint Ventures and their selected farm workers; Training of Worker-owners in business and financial management, life skills, governance and leadership; Infrastructure installed on the expanded production land under the two new JVs; Worker/owners trained in agronomic and sustainability skills; Improvement of the retailers' standard. These are anticipated to lead to the following outputs: The two Joint Ventures have a 51% majority black worker/owner shareholding giving them a say in running the business and access to the retailers' preferential procurement process and owner/workers trained in governance, leadership, business skills and financial management and make a meaningful contribution on the board of the JV making the enterprise function more effectively. The expanded production process of the Joint Venture results in increased production output that is grown according to the retailers' standard. The retailer sources high quality sustainably produced horticulture commodities from a Joint Venture with a black majority ownership and the two Joint Ventures expand leading to improved income for worker-owners via the dividends. Finally this leads to more black owned businesses established and profitable selling to the retailer and workers in the retailers' supply chain having higher incomes.

The Creation of Joint Ventures project involves small-scale high quality fruit and vegetable production in the supply chain of a particular retailer in South Africa. A South African consultancy organisation is providing inputs, such as the training on governance and management skills, as well as M&E services, while the retailer is responsible for the training on sustainable practices. No independent evaluation is being conducted. Given that one of the joint ventures is planting mango trees, it will be unlikely that income benefits will be observable prior to the end of the TGVC, although changes in behaviour as a result of the governance and management training, for example, could be assessed.

The theory of change for the **Farmer Support and Linkages project** is set out in box 24 below.



#### **Box 24: Theory of Change for the Farmer Support and Linkages Project (FSLP)**

The project seeks to enable smallholder and emerging commercial farmers to supply high volumes of quality fresh produce consistently to make an appreciable profit from the farm business. This is different from the common approach which supports farmers to increase product quality, improve their traceability through certification or standards, and gain access to microfinance. Instead of focusing on numbers of farmers, and increasing volumes by increasing the number of supplying smallholders, which has associated risks of inconsistency for buyers, this project seeks to focus on securing consistent volumes through consolidating smallholders output via consolidation hubs. This requires careful collaboration between the project, demand planners, and the retailers' buyers as well as targeted buyers in other markets. Volumes from the participating hubs should be sufficient that demand planners in the large retail groups and the buyers in local fresh produce markets make their crop scheduling decisions with the FSLP beneficiaries in mind.

It is anticipated that the increased supply from smallholders increases their incomes and livelihood security. In turn the increased volumes sold via the emerging hubs increase the enterprise level turnover and on-farm jobs are created or maintained. For the retailer they benefit from an increased supply of consistent product in line with their quality specifications and are helped to meet their BEE standards and requirements.

The FSLP project is underway. The project has been selected as an EMU case study. EMU is collecting data on the control group, as well as collecting qualitative data at the treatment site. The lead grantee is a South African consultancy, and they are in partnership with a retailer based in South Africa. The consultancy is collecting treatment site data.

#### **5.6 Sustainability of Impact Pathway 4**

It is too early to tell whether the project investments are sustainable and continue post-donor funding. The FLSP project is seeking to address a challenge which has affected previous attempts in South Africa to engage smallholders in supplying fresh produce to retailers. A key challenge for the project is ensuring that market demand and prices offered are sufficient to deliver benefits to the emerging hubs and participating smallholders, and there are potential risks for smallholders if they fail to meet the relevant quality standards, which are stringent. The Creation of Joint Ventures project is also seeking to build on previous experiences with Joint Ventures in South Africa, in which black representation in boards has sometimes been tokenistic in nature by ensuring that governance and management training is provided. Further, the retailer has offered to buy all of the produce from the joint ventures, which would help to strengthen the viability of the business.



## ANNEX 7: TERMS OF REFERENCE FOR THE TGVCI EVALUATION

### 1. Introduction

- 1.1 The Trade and Global Value Chains Initiative (TGVCI) is a £3 million programme that will take place over three years starting in 2013. This project aims to improve the lives and working conditions of those working in value chains. The pilot phase of the programme will focus on horticulture and garment sector value chains in Kenya, South Africa and Bangladesh.
- 1.2 The programme will be a demand led Initiative managed by a Project Management Unit (PMU). The key purpose of the Evaluation Management Unit (EMU) is to ensure robust and independent monitoring and evaluation is established and applied across the projects and delivery of the Initiative.
- 1.3 These ToRs should be read in conjunction with the ToRs for the TGVCI Fund Manager and the business case.

### 2. Purpose and Scope of Evaluation

- 2.1 The EMU will be required to conduct the following activities:
  - a. Evaluate the efficiency, effectiveness and impact of the TGVCI;
  - b. Review and advise on the data to be collected for monitoring purposes;
  - c. Conduct the Annual Reviews and Project Completion Review for the project.
  - d. Undertake dissemination of evaluation findings.
- 2.2 The purpose of the evaluation is to answer the **two main evaluation questions** specified below:
  - a. **Does social upgrading lead to economic upgrading and if so in which sectors and under what conditions?** Answering this question will require assessing the effectiveness of specific projects funded, identifying key factors that contribute to or hinder success and highlighting lessons.
  - b. **Is the implementation model of a modified challenge fund an effective and efficient way to deliver social and economic upgrading outcomes?** This may require comparing the proposed model of a modified challenge fund compare with other models such as conventional challenge funds or a Making Markets Work for the Poor approach.
- 2.3 The evaluation should also make an assessment of sustainability over time and replicability of the programme interventions, addressing questions such as:
  - a. How sustainable are the individual interventions – were any of the benefits realised expected to continue over time in the absence of further DFID or other donor intervention?
  - b. How effective was the programme at building coalitions and what role did they play in the interventions? What lessons were learned in how to successfully engage key supply chain actors such as government, local firms, civil society etc.?
  - c. Were firms or others participating in the programme convinced of the value of investing in social upgrading as a good business model and therefore willing to continue similar projects in future in the absence of donor intervention?
  - d. What was the demonstration effect in terms of changes in attitude and/or behaviour of other value chain actors that were not involved in the programme?
- 2.4 The evaluation will make recommendations for whether the programme should be scaled up/rolled out and how this scale up should happen. It should make recommendations on which sectors and countries should be the focus on the scale up. The recommendation on

scaling up will be made in a mid-term rather than final evaluation report to allow for continuity in the case that a second phase of the programme is recommended.

### **3. Responsibilities for Monitoring and Evaluation Activities**

- 3.1 The EMU is responsible for designing and updating a performance management framework to measure economy and efficiency of implementing the project. The framework will include indicators such as number of project applications received, projects implemented per year, etc. The framework should include value for money indicators for the PMU performance and the programme. There should also be indicators that assess how well the modified challenge fund model is being implemented such as how effectively the PMU is able to harness coalitions around projects at country level and the quality of advice and support provided by the PMU to projects.
- 3.2 The PMU will review and provide assistance on developing this monitoring and evaluation framework, to ensure that it includes indicators that are feasible to collect data on as part of regular programme monitoring.
- 3.3 Data collection and reporting: The data for monitoring, particularly on project outputs but also outcomes if appropriate, will be collected by grant applicants and recipients and provided to the PMU as one of the conditions of receiving the grant. The PMU will provide quarterly progress reports to DFID and the EMU based on these monitoring data.
- 3.4 Baseline data for evaluation: the PMU will collect baseline data for agreed programme outcome indicators in the Inception Phase. The EMU may request that the PMU collect additional baseline information from grant applicants or recipients for evaluation purposes. The EMU will be responsible for collecting all other evaluation related baseline data that is not reasonably within the PMU's regular monitoring responsibilities.
- 3.5 Subsequent data collection: if any data additional to the monitoring data collected by the PMU is required for evaluation purposes, the EMU will be responsible for planning and managing these data collections in subsequent years of project implementation. This includes any qualitative data collections through interviews with PMU or grant recipients as well as quantitative data through surveys.
- 3.6 At project level, the PMU will design a monitoring and evaluation framework for each project in consultation with the relevant grant recipients. The level of detail of these individual project frameworks will be proportional to the size of the grant. The EMU will provide advice on the design of these monitoring frameworks.
- 3.7 The EMU is expected to periodically review the monitoring data that is being gathered by the PMU to ensure that it is robust, accurate and suitable for answering the evaluation questions. The EMU will make prompt recommendations to improve the quality of the data collected by the PMU if needed. The EMU should ensure that all data collected or used for monitoring and evaluation is easy to disaggregate by gender and also different segments of the population such as by income level, rural v urban where relevant and possible. The EMU will propose and carry out complementary data collection measures where necessary.
- 3.8 Annual reviews and project completion reviews: The EMU will be responsible for conducting the annual reviews of the project in each year and a project completion review in the final

year. These reviews will be based on the monitoring data and cover outputs of the programme and whether the programme is on track to achieve expected outcomes. The reviews also make recommendations for changes to the programme design in future years of implementation. The logframe for the programme will be updated at each annual review. The reviews will need to be completed in close collaboration and consultation with DFID staff and the PMU.

- 3.9 It is expected that the EMU will design the monitoring and evaluation framework in a way that not only monitors performance but also collects information that will ultimately be useful in answering the evaluation questions, as part of an efficient monitoring and evaluation strategy.
- 3.10 Dissemination of findings: The EMU will undertake a number of activities to ensure the evaluation findings of the programme are disseminated. This will include publishing articles, working papers, organising workshops/seminars and ensuring electronic distribution of TGVCi findings.

#### **4. Methodology and Data Sources**

- 4.1 The Evaluation Manager will be responsible for development and implementation of the evaluation methodologies for the mid-term and final evaluations. The proposed approach should start with refinement of the theory of change and the logical framework (logframe) within the Business Case and an analysis of where the detailed evidence gaps are. In identifying evidence gaps, the Evaluation Manager should review of current evidence on CtG. Based on this analysis, the Evaluation Manager may propose to DFID refinements of the evaluation questions found in the ToR. The Evaluation Manager will be expected to clearly identify the potential risks and challenges for the evaluation.
- 4.2 The methodology chosen for the evaluation will be rigorous enough to allow for clear identification of outcomes and impact and also provide some indication of the extent to which these outcomes (and impact if feasible) are attributable to the programme.
- 4.3 The EMU is encouraged to make use of quasi-experimental methods along with case study analysis or mixed methods. Where case studies are used, the evaluation must ensure the internal validity of conclusions drawn from each case study. As important, given that learning and replicability are major purposes of this work, the methodology must include a rigorous and credible approach to evaluating the external validity of the conclusions and the major contextual factors affecting external validity.
- 4.4 The methodology should show how the combination of qualitative and quantitative techniques will lead to a robust and credible set of conclusions and recommendations around the two main evaluation questions.
- 4.5 One of the main data sources for the EMU will be progress reports from the monitoring activities of the PMU (see below in Section 6 for more information on this). In addition to this monitoring data, if further primary data is required to answer the evaluation questions, it is expected that the EMU will design and conduct surveys to gather this.
- 4.6 The EMU may consider collecting qualitative as well as quantitative data to answer the evaluation questions e.g. by conducting interviews with the PMU, grant recipients or expected beneficiaries.

- 4.7 The EMU is expected to thoroughly scope out secondary data sources that could be used for the evaluation. These may include national or industry statistics in each of the three pilot countries and in some cases there may be data from other projects in the same sector (e.g. Responsible and Accountable Garments Sector programme in Bangladesh).

## **5. Expected Outputs**

- 5.1 There are four main outputs expected for the EMU's monitoring activities:
- a. Monitoring framework with finalised logframe, theory of change and results chain
  - b. Annual Review for Year 1
  - c. Annual Review for Year 2
  - d. Project Completion Review in Year 3
- 5.2 There are three main outputs expected for the EMU's evaluation activities:
- a. Evaluation Inception report with evaluation plan
  - b. Mid-Term Evaluation Report in 2016
  - c. Final Evaluation Report in 2017
- 5.3 Ad-hoc reviews: the EMU may be asked to undertake up to a maximum of 4 reviews over the programme lifetime. These will be on discrete topics that DFID may consider necessary to explore further during implementation e.g. a review of the PMU's systems for reviewing applications/providing funding/collecting data, whether the technical assistance channels are working as expected, etc. These ad-hoc reviews are not expected to be large deliverables. The timing and payments associated with them will be agreed at the time that DFID decides a review is needed.

## **6. Dissemination and Communication of findings to users**

- 6.1 Users: While the primary recipient of the evaluation outputs will be DFID, it is expected that the findings will be useful to a range of stakeholders including but not limited to: transnational corporations that act as lead firms in global value chains, domestic private sector firms in developing countries, labour unions, civil society, governments and academia.
- 6.2 The evaluation reports will be published on the DFID website and on the evaluation provider's website.
- 6.3 The EMU is encouraged to consider publication of the final report in a peer-reviewed academic journal. Submission to an academic journal would be expected to happen within 6 months of completion of the final evaluation.
- 6.4 Apart from publication of the reports, the EMU will be expected to pro-actively arrange for dissemination of findings through activities such as workshops or seminars with the private sector, donors and academics and other stakeholders in the UK and in the three programme countries (Kenya, Bangladesh and South Africa).